

Drishti

CURRENT AFFAIRS TODAY

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SPECIAL SUPPLEMENT

Economic Survey and Union Budget



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Target Mains
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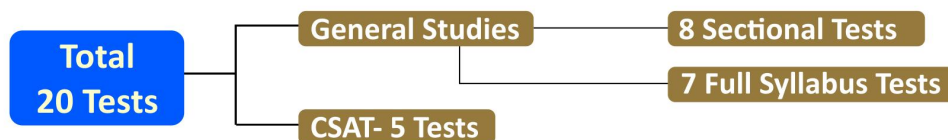
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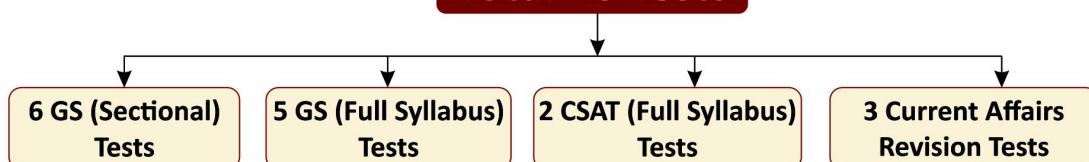


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THIS MAGAZINE IS A RESULT OF TEAM COLLABORATION. WE EXPRESS OUR GRATITUDE TO ALL OUR TEAM MEMBERS. APART FROM THE GIVEN NAMES, SEVERAL FREELANCE WRITERS HAVE ALSO MADE IMPORTANT CONTRIBUTIONS.

DEAR ASPIRANTS,

In order to honour and remember Netaji's indomitable spirit and selfless service to the nation, the Government of India has decided to celebrate his birthday on January 23 every year as 'Parakram Diwas' to inspire people of the country, especially the youth, to act with fortitude in the face of adversity as Netaji Subhash Chandra Bose did, and to infuse in them a spirit of patriotic fervour.

Subhash Chandra Bose once said, "Life loses half of its interest if there is no struggle - if there are no risks to be taken." This statement signifies the need of struggle that one has to go through in his/her life and when it comes to students, the struggle to achieve triumph is actually a treacherous path that needs to be walked through with ease and confidence. The phase that one goes through during preparations for the Civil Services Examination (CSE) has to be the best of his/her life to achieve something distinguishable.

The UPSC has notified the CSE-2021 and lakhs of students will apply again for bare minimum posts in the civil services. This bare minimum is the key element that mandates continuous effort by the aspirants to get through this exam. Aspirants have to follow the right guidance and relevant study material for covering static as well as contemporary portions of the syllabus.

Cognizant of the necessity of covering contemporary issues with full analysis, we present this issue of Drishti Current Affairs Today. In this issue, we have provided a comprehensive summary of one of the most relevant documents for CSE-2021 i.e. the Economic Survey 2020-21 and the Union Budget 2021-22. Questions are often asked from these documents both in the Preliminary as well as the Mains exam. This edition will help you understand the state of the economy during the COVID-19 times and the efforts being put by the government to ameliorate the crisis.

Together with you in this journey.

We look forward to your feedback and suggestions.

With Best Wishes

(Dr. Vikas Divyakirti)

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Polity & Governance

Bringing a Law into Force

The farmers have **rejected the government's offer of keeping the three contentious farm laws on hold** for one to one-and-a-half years. Farmers insist that the laws be repealed.

- Over the years, **Parliament has repealed several laws** and there have also been precedents of the **government not bringing a law into force for several years** after it has been passed.

Key Points

- **Bringing/Repealing a Law:**
 - **Parliament has the power to make a law and to remove it** from the statute books (a law can be struck down by the judiciary if it is unconstitutional).
 - A Bill is a draft proposal, which needs to be **passed in the Lower and Upper House**, and only after the **President gives his assent, it becomes an Act**.
 - **Repeal** means to **revoke, abrogate or cancel particularly a statute**. Any statute may repeal any Act in whole or in part, either expressly or impliedly by enacting matters contrary to and inconsistent with the prior legislation.
- **President's Assent:**
 - **Article 111 of the Constitution** specifies that the **President can either sign off on the Bill or withhold his consent**.
 - **A Bill is sent to Parliament for reconsideration** if the President withholds his assent on it. And if Parliament sends it back to the President, he has no choice but to approve it. Thus, **the President enjoys only a 'suspensive veto'**.
- **Making Law Operational:**
 - **Rules & Regulation: Parliament gives the government the responsibility** of making rules and regulations for efficient functioning of the Act.
 - ◆ The government not only has the power to make rules but **can also suppress rules** made by it earlier.
 - ◆ If the government does not make rules and regulations, **a law or parts of it will not get implemented**.

- ◆ **The Benami Transactions Act of 1988** is an example of a **complete law remaining unimplemented in the absence of regulations**.
- **Time Period:** Parliament has recommended that the government make rules **within six months of passing a law**.
 - ◆ **A parliamentary committee** has observed that this recommendation is **"being followed in breach by various ministries"**.

Veto Power of the President

- **Three Types of Veto Power:** Absolute veto, Suspensive veto and Pocket veto.
- **Exception:** The President has **no veto power** when it comes to the **constitutional amendment bills**.
- **Absolute Veto:**
 - **Meaning:** It refers to the power of the President to **withhold his assent to a bill** passed by the Parliament. The **bill then ends and does not become an act**.
 - **Generally Used in Following Two Cases:**
 - ◆ When the bill passed by the Parliament is a **Private Member Bill**.
 - ◆ **When the cabinet resigns** before the President could give his assent to the bill. The new cabinet may advise the President to not give his assent to the bill passed by the old cabinet.
- **Suspensive Veto:**
 - **Meaning:**
 - ◆ The President uses a suspensive veto when he **returns the bill to the Indian Parliament for its reconsideration**.
 - ◆ If the Parliament **resends the bill with or without amendment to the President**, he has to **approve the bill without using any of his veto powers**.
 - **Exception:** The President **cannot exercise his suspensive veto** in relation to **Money Bill**.
- **Pocket Veto:**
 - **Meaning:** The **bill is kept pending by the President for an indefinite period** when he exercises his pocket veto.

Nation & States

Registered Unrecognised Political Parties Increased: ADR

According to a report by **Association for Democratic Reforms (ADR)**, the number of **registered unrecognised political parties** has increased two-fold from 2010 to 2019.

- ADR is an Indian **non-governmental organization** established in 1999 situated in **New Delhi**.

Key Points

■ Registered Unrecognised Political Parties:

- **Meaning:**
 - ◆ Either **newly registered parties** or those **which have not secured enough percentage of votes in the assembly or general elections** to become a state party, or those **which have never contested elections** since being registered are considered **unrecognised parties**.
 - ◆ Such parties **don't enjoy all the benefits extended to the recognised parties**.
 - ◆ **Recognised Political Party:**
 - ◆ A **recognised political party** shall **either be a National party or a State party** if it meets certain laid down conditions.
 - ◆ **To become a recognised political party** either at the state or national level, a party **has to secure a certain minimum percentage of polled valid votes or certain number of seats** in the state legislative assembly or the Lok Sabha during the last election.
 - ◆ The **recognition granted by the Commission to the parties determines their right to certain privileges like allocation** of the party symbols, provision of time for political broadcasts on the state-owned television and radio stations and access to electoral rolls.
- **Election Commission's Guidelines:**
 - ◆ The **Election Commission of India** issued guidelines on '**Transparency and Accountability in party funds and election expenditure** – submission of reports by unrecognised

political parties' which were applicable to all political parties w.e.f 1st October, 2014.

- ◆ **As per these guidelines:** All **unrecognised parties are required to submit their requisite reports** in the office of the respective state **Chief Election Officers (CEOs)**.
- ◆ Scanned copies of **annual audited accounts, contribution reports and statements of election expenditure shall be uploaded on the websites** of CEOs of the respective states, within three days of receipt of the same for viewing by the public.

■ Findings:

● Increased Number:

- ◆ There are **2,360 political parties** registered with the **Election Commission of India** and **97.50% of them are unrecognised**.
- ◆ From **1,112 registered unrecognised parties in 2010**, the number has increased to **2,301 in 2019**.

● Donation to these Parties:

- ◆ The **contribution reports of only 78 or 3.39% of the total 2,301 registered unrecognised parties are available** in the public domain for Financial Year (FY) 2018-19.

■ Recommendations of ADR:

- **255 parties were delisted in 2016** from the list of registered unrecognised parties as they were no longer in existence or functioning.
 - ◆ This exercise should continue so as to **weed out all political parties which do not contest in any election for more than 5 years** and also as a means to strengthen the registration process.
- Regulation of registration of political parties is crucial to **avoid money laundering, corrupt electoral practices and abuse of money power**.
 - ◆ Thus, the ECI should impose strict norms for the registration of an association of persons as a political party apart from **taking the stringent step of de-listing those parties which fail to adhere to the rules**.

Economic Scenario

Investment Trends Monitor Report: UNCTAD

According to the recent **Investment Trends Monitor Report** issued by the **United Nations Conference on Trade and Development (UNCTAD)**, global **Foreign Direct Investment (FDI)** collapsed in 2020 by 42% to an estimated USD 859 billion from USD 1.5 trillion in 2019.

- Such a low level was last seen in the 1990s and is more than **30% below** the investment decline that followed the **2008-2009 global financial crisis**.

Key Points

■ Global Trend:

● India and China:

- ◆ India **witnessed a 13% year-on-year rise**, the highest among key nations, in FDI inflows in 2020, China's rose by 4%.
- ◆ In absolute terms, China remained way ahead, with an inflow of as much as \$163 billion, while India's stood at \$57 billion.

● Advanced Economies:

- ◆ The UK and Italy saw an over 100% crash each in FDI inflows, followed by Russia (96% drop), Germany (61%), Brazil (50%), the US (49%), Australia (46%) and France (39%).

● Developing Economies:

- ◆ Developing economies drew as much as 72% of global FDI in 2020 – their highest share on record.
- ◆ Asian nations did particularly well, attracting USD 476 billion in FDI in 2020.

■ Future Projection:

- The uncertainty about the Covid-19 evolution will continue to hamper global FDI inflows in 2021, threatening sustainable recovery prospects.

■ Reason for the Rise in FDI in India:

- Inflows into the **digital sector**. The sector has particularly high return capabilities in India as **favourable demographics, substantial mobile and internet penetration**, massive consumption along with technology uptake provides great market opportunity for a foreign investor.

■ India's Measures to Increase FDI:

- In 2020, schemes like **production-linked incentive (PLI) scheme** for electronics manufacturing, have been notified to attract foreign investments.
- In 2019, the Central Government amended FDI Policy 2017, to permit **100% FDI under automatic route in coal mining activities**.
- FDI in manufacturing was already under the 100% automatic route, however in 2019, the government clarified that investments in Indian entities engaged in contract manufacturing is also permitted under the 100% automatic route provided it is undertaken through a legitimate contract.
- **Foreign Investment Facilitation Portal (FIFP):**
 - ◆ It is the online single point interface of the Government of India with investors to facilitate FDI. It is administered by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry.

Foreign Direct Investment

■ About:

- FDI is an investment made by a firm or individual in one country into business interests located in another country.
- The key feature of foreign direct investment is that it establishes either effective control of, or at least substantial influence over, the decision-making of a foreign business.
 - ◆ This makes it different from portfolio investments in which an investor merely purchases equities of foreign-based companies.

■ Importance:

- FDI is important because it gives countries access to external capital, technology, market access and tax contributions.

■ Types: FDI are commonly categorized as being horizontal, vertical or conglomerate.

● Horizontal:

- ◆ A horizontal direct investment refers to the investor establishing the same type of business

International Relations

UN Human Rights Council

Recently, the United States announced that it would rejoin the **United Nations (UN)** Human Rights Council that it left in 2018.

- The **USA will return** to the Council as **an observer** with the aim of seeking election as a full member.

Key Points

■ About:

- The Human Rights Council is **an inter-governmental body within the United Nations** system responsible for strengthening the promotion and protection of human rights around the world.

■ Formation:

- The Council was **created by the United Nations General Assembly in 2006**. It replaced the former **United Nations Commission on Human Rights**.
- The Office of the High Commissioner for Human Rights (OHCHR) serves as the Secretariat of the Human Rights Council.
- **OHCHR is headquartered in Geneva, Switzerland.**

■ Members:

- It is made up of **47 United Nations Member States** which are elected by the UN General Assembly (UNGA).
 - ◆ The UNGA takes into account the candidate States' contribution to the promotion and protection of human rights, as well as their voluntary pledges and commitments in this regard.
- The Council's Membership is based on equitable geographical distribution. Seats are distributed as follows:
 - ◆ African States: 13 seats
 - ◆ Asia-Pacific States: 13 seats
 - ◆ Latin American and Caribbean States: 8 seats
 - ◆ Western European and other States: 7 seats
 - ◆ Eastern European States: 6 seats
- Members of the Council serve for a period of three years and are not eligible for immediate re-election after serving two consecutive terms.

■ Procedures and Mechanisms:

- **Universal Periodic Review:** UPR serves to **assess the human rights situations in all United Nations Member States**.
- **Advisory Committee:** It serves as the Council's "think tank" providing it with expertise and advice on thematic human rights issues.
- **Complaint Procedure:** It allows **individuals and organizations to bring human rights violations** to the attention of the Council.
- **UN Special Procedures:** These are **made up of special rapporteurs**, special representatives, independent experts and working groups that monitor, examine, advise and **publicly report on thematic issues or human rights situations in specific countries**.

■ Issues:

- **Related to the Membership:** A key concern for some critics has been the composition of Council membership, which sometimes includes countries widely perceived as human rights abusers.
 - ◆ China, Cuba, Eritrea, Russia and Venezuela, all of which have been accused of human rights abuses.
- **Disproportionate Focus:** USA pulled out of the Agency in 2018 due to its disproportionate focus on Israel, which has received by far the largest number of critical council resolutions against any country.

■ India and UN Human Rights Council:

- Recently, a group of Special Rapporteurs to the United Nations (UN) has written to the Indian government expressing concerns over the draft Environment Impact Assessment (EIA) notification 2020.
- In 2020, India's National Human Rights Commission submitted its mid-term report to the Council as a part of the third round of the Universal Periodic Review (UPR) process.
- India was elected to the Council for a period of three years beginning 1st January 2019.

Environment & Ecology

Uttarakhand Flash Flood

Recently, a **glacial break** in the **Tapovan-Reni area of Chamoli District of Uttarakhand** led to massive **Flash Flood** in **Dhauli Ganga** and **Alaknanda Rivers**.

- **In June 2013**, flash floods in Uttarakhand wiped out settlements and took lives.

Key Points

■ Cause of Flash Flood in Uttarakhand:

- It occurred in river Rishi Ganga due to the falling of a portion of **Nanda Devi glacier** in the river which **exponentially increased the volume** of water.
 - ◆ Rishiganga meets Dhauli Ganga near Raini. So Dhauli Ganga also got flooded.

■ Major Power Projects Affected:

- **Rishi Ganga Power Project:**
 - ◆ It is a privately owned 130MW project.
- **Tapovan Vishnugad Hydropower Project on the Dhauliganga:**
 - ◆ It was a 520 MW run-of-river **hydroelectric project** being constructed on **Dhauliganga River**.
- Several **other projects on the Alaknanda and Bhagirathi river basins** in northwestern Uttarakhand have also been impacted by the flood.

■ Flash Floods:

- **About:**
 - ◆ These are **sudden surges in water levels** generally during or following an **intense spell of rain**.
 - ◆ These are **highly localised** events of **short duration** with a very high peak and usually have less than six hours between the occurrence of the rainfall and peak flood.
 - ◆ The flood situation **worsens in the presence of choked drainage lines or encroachments** obstructing the natural flow of water.
- **Causes:**
 - ◆ It may be caused by heavy rain associated with a severe **thunderstorm, hurricane, tropical**

storm, or meltwater from ice or snow flowing over ice sheets or snowfields.

- ◆ Flash Floods can also occur due to **Dam or Levee Breaks, and/or Mudslides (Debris Flow)**.
- ◆ In areas on or near volcanoes, flash floods have also occurred after eruptions, when glaciers have been melted by the intense heat.
- ◆ The intensity of the rainfall, the location and distribution of the rainfall, the land use and topography, vegetation types and growth/density, soil type, and soil water- content all determine just how quickly the Flash Flooding may occur, and influence where it may occur.

Glaciers

■ About:

- Glaciers are a bulk of ice moving under its weight. It forms in areas where the amassing of snow goes beyond its ablation over many years.
- They are generally seen in the snow-fields.
- This largest freshwater basin covers around 10% of the land surface of the Earth.
- According to the topography and the location of the glacier, it can be categorized as **Mountain Glacier (Alpine Glaciers) or Continental Glacier (Ice Sheets)**.
- The Continental Glacier moves outward in all directions whereas the Mountain Glacier moves from a higher to a lower altitude.

■ Glaciers and Floods:

- **Glacial Lakes:**
 - ◆ Retreating glaciers, like several in the **Himalayas**, usually result in the formation of lakes at their tips, called **proglacial lakes**, often bound only by sediments and boulders.
- **Flood:**
 - ◆ If the **boundaries of these lakes are breached**, it can lead to **large amounts of water rushing down to nearby streams** and rivers, gathering momentum on the way by picking up sediments, rocks and other material, and **resulting in flooding downstream**.

Science & Technology

NASA's Mars 2020 Mission

National Aeronautics and Space Administration (NASA's) Perseverance Rover has landed on Mars.

- This was one of the most crucial aspects of the **Mars 2020 Mission**.

Key Points

- **About:**
 - The mission is designed to better understand the **geology of Mars** and seek **signs of ancient life**.
- **Objectives:**
 - **Assess ancient habitability.**
 - **Demonstrate technology** for future robotic and human exploration.
- **Duration:** At least one Mars year (about 687 Earth days).
- **Mission Steps:**
 - **Collect:** Perseverance will collect rock and soil samples in cigar-sized tubes. The samples will be collected, the canisters will be sealed, and left on the ground.
 - **Fetch:** A **Mars Fetch Rover (provided by the European Space Agency)** will land, drive, and collect all samples from the different locations, and return to the lander.
 - **Transfer:** These samples will be transferred to the **Mars Ascent Vehicle** which will meet with an Orbiter.
 - **Return:** The **Orbiter** will carry the samples back to Earth.

Perseverance Rover



- **About:**
 - Perseverance is the most advanced, most expensive and most sophisticated mobile laboratory sent to Mars.
 - It is **different from previous missions** because it is capable of drilling and collecting core samples of the most promising rocks and soils, and setting them aside in a "cache" on the surface of Mars.
- **Launch:** 30th July, 2020
- **Landing:** 18th February, 2021
- **Landing Site:**
 - **Jezero Crater** (an ancient river delta that has rocks and minerals that could only form in water).
- **Power Source:**
 - A Multi-Mission Radioisotope Thermoelectric Generator (MMRTG) which converts heat from the natural **radioactive decay of plutonium (Plutonium Dioxide) into electricity.**
- **Instruments:** It carries seven instruments, two microphones and 23 cameras in total in order to conduct unprecedented science and test new technology on Mars. Few **important instruments are:**
 - **Mars Oxygen In-Situ Resource Utilisation Experiment (MOXIE):**
 - ◆ This will use power to produce oxygen using atmospheric carbon dioxide.
 - ◆ If successful, it can be scaled up to provide the **two very critical needs** of humans: oxygen for breathing, and rocket fuel for the trip back to Earth.
 - **Radar Imager for Mars' Subsurface Experiment (RIMFAX):**
 - ◆ RIMFAX will provide high resolution mapping and also look for subsurface water on Mars.
 - **Mars Helicopter:** It is actually a small drone to test whether the helicopter can fly in the sparse atmosphere on Mars. The low density of the Martian atmosphere makes the odds of actually flying a helicopter or an aircraft on Mars very low.

History, Art & Culture

Lala Lajpat Rai

Recently, the Prime Minister paid tribute to **Lala Lajpat Rai** on his Jayanti.

- Lala Lajpat Rai's birth anniversary is **celebrated on 28th of January every year.**

If I had the power to influence Indian journals, I would have the following headlines printed in bold letters on the first page: Milk for the infants, Food for the adults and Education for all.



Key Points

■ About:

- Lala Lajpat Rai was one of the greatest **freedom fighters of India.**
- He was also called '**Punjab Kesari**' and '**Lion of Punjab**'.
- He **studied law** at the Government College, Lahore.
- Was **influenced by Swami Dayananda Saraswati** and joined the Arya Samaj in Lahore.
- He believed that the **ideals in Hinduism combined with nationalism will lead to the establishment of a secular state.**
- Along with Bipin Chandra Pal and Bal Gangadhar Tilak, **he formed the Lal-Bal-Pal trio of extremist leaders.**
- He was also **involved with the Hindu Mahasabha.**
- He **fought against untouchability.**

■ Birth:

- He was born on **28th January, 1865** in a small village named **Dhudike in Punjab's Ferozepur district.**

■ Contributions:

● Political:

- ◆ He **joined the Indian National Congress (INC)** and participated in many political agitations in Punjab.
- ◆ For his political agitation, **he was deported to Burma without trial in 1907** but returned after a few months because of lack of evidence.
- ◆ He was **opposed to the partition of Bengal.**
- ◆ He **founded the Home Rule League of America in 1917** in New York. In the USA, he worked to get moral support for the Indian independence movement from the international community.
- ◆ He was also elected **President of the All India Trade Union Congress.**
- ◆ He **supported the non-cooperation movement** of Gandhi at the Nagpur session of the Congress in 1920.
- ◆ He **protested against the Rowlatt Act** and the **Jallianwala Bagh massacre** that followed.
- ◆ He was elected **deputy leader of the Central Legislative Assembly in 1926.**
- ◆ In 1928, he moved a resolution in the assembly **refusing cooperation with the Simon Commission** since the Commission had no Indian members.

● Social:

- ◆ He founded **Hindu Relief movement in 1897** to provide help to the famine-stricken people and thus preventing them falling into the clutches of the missionaries.
- ◆ He founded the **Servants of People Society in 1921.**

● Literary:

- ◆ His important literary works include **Young India, England's Debt to India, Evolution of Japan, India's Will to Freedom, Message of the Bhagavad Gita, Political Future of India, Problem of National Education in India, The Depressed Glasses, and the travelogue 'United States of America'.**

Social Issues

Falling Numbers of SC & ST Students in IITs

Recently, data collected from a series of **Right to Information (RTI)** applications pertaining to five older **Indian Institutes of Technology (IITs)**, has indicated that the **acceptance rate is skewed against students from the Scheduled Caste (SC), Scheduled Tribe (ST), and Other Backward Classes (OBC) communities.**

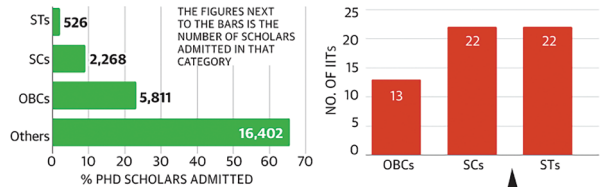
- **SC and ST applicants are half as likely to get selected for a Ph.D. programme at IITs as aspirants from the General Category (GC) are.**

Key Points

- **Data from the RTI Applications:**
 - **Acceptance Rate:**
 - ◆ It refers to the **number of students selected for every 100 students who applied.**
 - ◆ It stood at **4%** for students from **General Category (GC).**
 - ◆ It falls to **2.7% for OBC** students and further down to just **2.16% for SCs** and **2.2% for STs.**
 - ◆ This finding **comes against the backdrop of the Education Ministry's data** submitted to Parliament in 2020 showing the failure of the IITs to fill Ph.D. seats as per reservation.
 - ◆ The government's **reservation policy mandates allocation of 15% seats for students from the SCs, 7.5% from STs and 27% from OBCs.**
- **Significance:**
 - The **IITs have often cited the lack of applicants from the marginalised communities** for the situation. However, **the RTI data reveals quite the opposite.**
 - The **percentage of GC students** among those admitted was **always higher** than their percentage among those applied. However, the **converse was true for SC, ST and OBC candidates.**
- **Education Ministry's Data:**
 - Of the total admissions made by all **IITs from 2015 to 2019**, only **9.1%** went to **SC** and **2.1%** to **ST.**
 - Only **23.2%** seats went to applicants from the **OBCs.** Remaining **65.6%**, or roughly two-thirds of all the seats, went to General Category applicants.

Matter of inclusion

Of the 25,007 PhD scholars admitted in all 23 IITs in the last five years, only 9.1% were from the Scheduled Castes (SCs) and 2.1% were from Scheduled Tribes (STs). The reservation policy mandates 15% of the seats for SCs, 7.5% for STs and 27% for Other Backward Classes (OBCs)



ADMISSION PATTERN IN BIGGER IITs

Institute	Admitted	SCs (%)	STs (%)	OBCs (%)	Others (%)
IIT-Bombay	2,877	8.2	1.6	18.9	71.3
IIT-Kanpur	1,653	7.5	0.7	23	68.8
IIT-Delhi	3,081	6.7	1.2	15.6	76.5
IIT-Madras	3,874	6.4	1.3	27.9	64.4
IIT-Kharagpur	3,057	12.7	2.2	20.2	64.9

The chart shows the number of IITs that failed to meet the reservation mandate. For instance, 22 of the 23 IITs failed to fill the seats reserved for the SCs and the STs

Reasons for Falling Rate:

- **Given by IITs:**
 - ◆ **Eligibility Issue:**
 - ◆ Some institutions **could not even fill all the seats in the general category** since they **did not get enough eligible candidates.**
 - ◆ **Economic Causes:**
 - ◆ Students of the required calibre **tend to take up industry jobs rather than join for a PhD** which has extra uncertainties and lower income levels during PhD and in some areas even post PhD.
 - ◆ It is possible that the **family background and economic level** may have an impact on such candidates applying for a PhD.
- **Argument of 'Merit':**
 - There has been long-standing **opposition among IIT administrators and faculty to reservations**, which they see as a form of **unjust government intervention** in their meritocratic institutions.
 - The **recent report** of an Education Ministry-constituted committee **recommended the abolition of reservation in faculty recruitment.**
 - ◆ The committee based its recommendations primarily on arguments **claiming the need for IITs to maintain their academic excellence and the lack of candidates from the reserved categories** who fulfil the qualification criteria.



DID YOU KNOW?

Carbon Watch App: Chandigarh

- Chandigarh has become the first state or Union Territory in India to launch **Carbon Watch**--a mobile application to assess the **carbon footprint of an individual**.
- The app focuses on **individuals' actions and calculates carbon footprint** on the basis of Transport, Energy, Waste and Water consumption.
- It will also provide information such as the national and world average of the emission, and the individual's level of emission generation.
- According to the **World Health Organization (WHO)**, a carbon footprint is a measure of the impact people's activities have on the amount of carbon dioxide (CO₂) produced through the burning of fossil fuels and is expressed as a weight of CO₂ emissions produced in tonnes.
- Carbon footprint is **different from ecological footprint**. While the carbon footprint measures the emission of gases that contribute to global warming, the ecological footprint focuses on measuring the use of bio-productive space.

Scheme of Fund for Regeneration of Traditional Industries (SFURTI)

- The Ministry of Micro, Small & Medium Enterprises (MSME) inaugurated 50 artisan-based **SFURTI clusters**, spread over 18 States, to provide a **boost to the MSME sector**.
- The scheme was launched in 2005 with the objective of organizing **traditional industries and artisans into clusters** to make them competitive and increase their income.
- SFURTI clusters are of **two types** i.e., **Regular Cluster (500 artisans)** with Government assistance of up to ₹2.5 crore and **Major Cluster (more than 500 artisans)** with Government assistance up to ₹5 crore.

- **Khadi and Village Industries Commission (KVIC)** is the nodal Agency for promotion of Cluster development for Khadi as well as for Village Industries products.

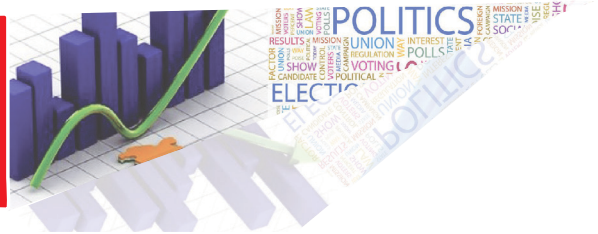
National Technology Awards 2020

- The **Technology Development Board (TDB)** has conferred **National Technology Awards 2020** to a total of 12 companies for **successful commercialization of innovative indigenous technologies**.
- The awards are given under **three categories - Indigenous technologies, MSME, and Startups**.
- These awards conferred to various industries provide a platform of recognition to Indian industries and their technology provider, who have worked as a team, to bring innovation to the market and contributed to the vision of **"Atmanirbhar Bharat"**.
- The Technology Development Board is a **statutory body** that was established in 1996 functioning under the **Department of Science of Technology**.
- The **National Technology Day (11th May)** is organised every year by the TDB. On this day India successfully tested nuclear bombs in Pokhran in 1998.

Non-Alcoholic Fatty Liver Disease

- Recently, the Ministry of Health & Family Welfare has launched the operational guidelines for integration of **NAFLD (Non-Alcoholic Fatty Liver Disease)** with **NPCDCS (National Programme for Prevention & Control of Cancer, Diabetes, Cardiovascular Diseases and Stroke)**.
- NAFLD is the abnormal accumulation of fat in the liver in the **absence of secondary causes** of fatty liver, such as harmful alcohol use, viral hepatitis. Fatty liver occurs when too much fat builds up in liver cells.
- It is a serious health concern as it encompasses a spectrum of liver abnormalities, from a **simple non-alcoholic fatty liver (NAFL, simple fatty liver disease)**

ECONOMIC AND POLITICAL WEEKLY



SUMMARY OF EDITORIALS AND ARTICLES: 28 NOVEMBER, 5, 12 AND 19 DECEMBER

COVID-19 and the Landscape of Financing Innovation in India

The COVID-19 pandemic has landed firms across the globe in unfamiliar terrain and has raised endless challenges for them trying to grapple with the supply disruptions and at the same time to secure their future. The past few months revealed the importance of innovation in tackling various facets of the pandemic ranging from the search for vaccine and testing kits, adoption and availability of digital consumption for entertainment, education, e-commerce and mobility.

Key points

- The crisis of the pandemic has put enormous strain on public and private avenues for financing innovation.
- Further, faced with declining revenue, uncertainty induced by the pandemic is pushing banks and investors towards more risk-averse alternatives.
- This is likely to severely reduce the external sources of financing available to innovative firms leading to reduced expenditure in research and development (R&D).
- Since much of the outcomes of the innovation are in the form of the creation of intangible assets, obtaining finance from capital markets, especially in developing economies, is difficult.
- In the present scenario, with the fiscal slippages facing all the economies, including India, the key question that remains is whether we are going to witness a change in the source of finances for innovative activities.
- Thus, the crisis has stimulated renewed interest in innovation as a means of overcoming the various disruptions created by the pandemic, concerns are being raised about the financing of such innovative activities.

Current scenario

- During the past two decades, India managed to build a robust innovation ecosystem driven by around

50,000 start-ups in the country, making India the third-largest start-up economy.

- The recently launched Global Innovation Index (GII) 2020 report ranks India at the 48th position with it breaking into the top 50 for the first time ever.
- This consistent advancement comes against the backdrop of improvement in knowledge and technology outputs and market sophistication aspects of the GI.
- The pandemic has already made it apparent that investment in R&D is critical for not only the health and growth trajectory of the Indian economy but for its citizens as well.
- Yet, India's public investment in its public R&D activities has remained stagnant over the past few years.
 - The R&D investment in India has slumped from 0.85% of the gross domestic product (GDP) in 2008–09 to 0.7% over the past few years.
 - Despite the fact that the absolute level of investment in R&D has experienced a rise, the contribution in terms of GDP is still a meagre 0.7% when compared to the other Brazil, Russia, India, and China (BRIC) countries and far behind the Asian leaders, South Korea and Singapore.
- Moreover, the involvement of private players in R&D efforts is quite grim when compared to other economies.
 - The contribution of the private sector is 41% compared to 78% in China, 73% in the United States and almost 80% in Korea.
- For India to reach the target of a substantial investment (around 2% of GDP) would require greater involvement of private entities and a substantial budget allocation by the Government.

Possible avenues

- The financial access available to innovative firms, especially the start-ups, depends upon the life cycle



Evolution of Indian Literature

Indian literature always had its own, unique style from the beginning. Due to the linguistic density of the Indian subcontinent Indian literature is very diverse in nature. The key to this diversity is the linguistic density of the Indian subcontinent and the willingness to absorb all wonderful things from any language or culture that people came across.

Indian literature

- Much before civilization dawned on many parts of the world, Indians were dabbling in and producing literature in a variety of genres.
- This early head start gave distinct advantage for Indian literatures as and when new genres popularised elsewhere in the world came to India.
- Brevity is in the genes of the Indians. India is land that gave birth to varieties of *Sutra* literature, *Thirukkural*, *Dohas* to name a few to claim the excellence in cryptic expressions.
- In the initial days there were no hard and fast rules and hence there was no separation between singing poetry, dance philosophy, etc.
- What one will discover is that the *Kavis* (in the early days the term was used to denote seers and later it was restricted to poets) outpouring most astonishing poetry and music (as in Sama Veda) highest philosophy (as in Rig Veda), etc.
- From the earliest time to the commencement of the medieval period, the majority of the literature of India was predominantly oral and poetry and play dominated the scene.
- The prose was there but poetry dominated. As the genres began to widen, and literature started covering technology, astronomy, agriculture, governance, etc., prose literature gained prominence.
- The emergence of a variety of literature in a large number of languages during the medieval period and almost on all the subjects of human endeavour marks the medieval period as the Golden one for India.

- Coming to modern times in the late 19th and early 20th century, many writers across the language tried to emulate their Western counterparts, especially when it came to stories and novels.
- Many religious classics and other texts were adopted and integrated into local culture milieu. This is one of the main reasons why there is a commonality of culture or a thread of common culture despite divergence among the cultural, linguistic and literary tradition of India.

Conclusion

Whether novels or stories or poems or plays, Indian literature is going very strong. The process might have been slower than the expectation but there is a saying that slow and steady wins the race. There is a reason for that. Indian literature always had its own, unique style from the beginning.

Urdu Language and Literature

Urdu is an important Indian language which is included in the Eight Schedule of the Indian Constitution. Spread across the country, the Urdu language has a rich literary heritage.

Urdu language

- Urdu is an Indo-Aryan language which is a comparatively younger member of the great fraternity of Indian languages.
- The process of evolution of Urdu language began taking shape around the 10th century in the area surrounding Delhi and was a result of admixture of *Sauraseni Apabhramsa*, *Khariboli* and *Brij Bhasha* with Persian, Arabic and Turkish words.
- In the earlier period the language was also referred to as Hindi, Hindavi and Rekhta before it finally came to be called by the name Urdu around the 18th century.
- The Urdu words had started making their way into the sayings and poetic works of Nizamuddin Aulia (1238-1325), Amir Khusro (1253-1325), Baba Farid (1173-1266), Namdev (1270-1350), Kabir (1398-1448), Guru Nanak (1469-1539), etc.



GIST OF MAJOR ARTICLES FROM THE FEBRUARY 2021 ISSUE

Rural Youth and Agriculture Transformation

The involvement of youth is integral to agriculture as they possess requisite zeal, energy and vigour along with an innate drive to take risks and swim against the tide which is needed in the farm sector.

Key points

- The agriculture sector is vital for the health and growth of the national economy as it contributes around 17% in GDP, 13% to exports and 55% to employment.
- Even during the distress of COVID-19, among many other economic sectors, agriculture emerged as the only bright spot with positive growth.
- However, India needs to constantly push-up agriculture and allied activities for enhancing per unit productivity in a sustainable manner to meet future demand for food, fodder and fibre.
- To meet the objective, Indian think-tanks have suggested transforming agriculture practices leveraging science, technology and innovation with out-of-box solutions for persisting issues that mar productivity, profitability and prospects for higher income.
- Here comes the critical role of rural youth that is widely regarded as the 'agents of change' because of their effectiveness of modern techniques and acceptance of innovation among rural people.

Challenge of rural-urban migration

- Currently, when India needs its youth power in farms and fields the most, the nation is struggling with the grim challenge of rural-urban migration.
 - For instance, every minute, an estimated 20-25 rural dwellers migrate to cities in search of better livelihood and lifestyle.
- It is found that the majority of rural youth lost interest in agriculture and allied activities due to unstable income, depleting natural resources and a poor image of farming as a profession.
- Behind this exodus, there are many socio-economic factors like shrinking landholdings, inadequate access

to finance, limited marketing avenues, and paucity of mentorship or guidance.

- Rural youth move towards urban centres mainly for acquiring vocational education and technical skills that will fetch secured and 'white-collar' jobs in cities.
- The waning interest of rural youth has led to the ageing of the Indian farming community which is a bad omen for the future of agriculture and food security.
 - While the average age of the Indian population is only 29 years, the average age of farmers is 55 years.
- If the trend persists, very soon, there will not be enough able-bodied farmers to feed the nation, making the situation catastrophic to sustain food security.
- In 2006, the National Commission on Farmers, headed by renowned agricultural scientists and Dr M.S. Swaminathan, first raised the issue of participation of rural youth in agricultural development.
- Later, the subject was included in the National Policy for Farmers, adopted by Parliament in 2007, as one of its objectives.

Opportunities and offer

- To attract rural youth towards agriculture, as a first step, agriculture needs to be transformed into a high-profitable venture with low risks and stable income.
- Farm activities will have to be diversified with cash yielding, low volume, high-value and demand-driven quality output.
- Adoption of integrated farming models, precision farming, organic farming, protected cultivation, multiple and vertical uses of farmland and pisciculture are some other potential options to increase farming income multifold.
- In line with national missions, 'Start up India' and 'Stand up India', several programmes have been launched to promote agri-start-ups along with several verticals of agriculture.

DOWN TO EARTH



GIST OF MAJOR ARTICLES FROM 31 JANUARY AND 15 FEBRUARY ISSUES

Naming of Species Listed in Wildlife (Protection) Act

India's wildlife law has not incorporated new scientific discoveries and understandings, which is leading to confusion and chaos in wildlife management.

Key points

- Confusion over names of species listed in the schedules of Wildlife (Protection) Act, 1972, (WLPA), occurs because scientific and common names have never been updated.
- The four schedules of WLPA, ranging from maximum protection (Schedule I) to least protection (Schedule IV) list the species based on their nomenclature.
- The common name of a species, say in Karnataka, will be different from the one used in Uttar Pradesh. That's why scientific names are considered more stable.
- Scientific names are also revised whenever a new understanding of the species emerges. However, there has been no revision in names under WLPA since it came into force in 1972.

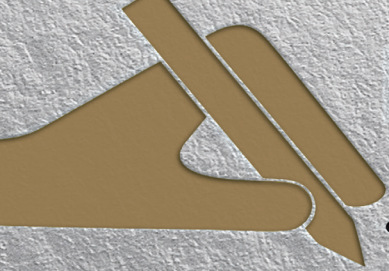
Catching up to do

- The science of identifying and naming species has changed over the decades. In the 1970s, the identification was based on the morphological attributes of the species.
- Now, it is based on DNA technology. This, along with more researchers studying species on the ground, has led to a more rigorous identification and naming process.
- While there have been multiple amendments to WLPA, none of them have looked at scientific names.

Species in a flux

- We have seen a lot of scientific progress in recent years, and new knowledge produced by DNA evidence and molecular analysis have not just led to the discovery of new species, but led to the revision of the names of existent species.

- This failure to catch up with science means there are species listed in the schedules of WLPA that are not found in India. Yet, many species that are found in the country are not even mentioned in the schedules. Few examples are given below related to misrepresentations.
- Loris is a small, nocturnal primate. The scientific name of the species mentioned in Schedule I of WLPA is *Loris tardigradus*.
- However, its scientific name was revised in 1988, when *Loris tardigradus* was recognised as a separate species: Red slender loris which is restricted to Sri Lanka, and loris, found in India - this was revised to *Loris lydekkerianus*. The species found in India is not in the schedule.
- Similarly, the Mouse Deer is listed in the Schedule I of the Act as *Tragulus meminna*. Till 2005, the species was considered the only one in the genus.
- However, since then, it has been found that *Tragulus meminna* is endemic to Sri Lanka, and the Indian species has been revised as *Moschiola indica*. The Indian species is not listed in WLPA.
- Apart from this, WLPA also lists the entire genus of some species like tortoise (*Testudinidae*, *Tryonichidae*) under Schedule IV.
 - This is hugely unfair to species such as the star tortoise, which is severely exploited in trade.
 - Several thousands are traded every year, but as they are included in Schedule IV, the protection accorded to them under the Act is minimal compared to what needs to be done.
- Then there are new species which have been discovered under a genus, but find no mention in WLPA. This is especially true in the case of smaller wildlife such as geckos, frogs, birds and various insects, as there is little scope for large discoveries in the mammalian space for now.
- This taxonomical lacuna in the schedules of WLPA has led to problems in wildlife protection and created new grey areas for the criminal justice system.



ESSAY WRITING

COMPETITION

“A drop of ink may make a million think.”

- PAPER-I (250 Marks, UPSC CS Main Examination): “Essay: Candidates may be required to write essays on multiple topics. They will be expected to keep closely to the subject of the essay to arrange their ideas in orderly fashion and to write concisely. Credit will be given for effective and exact expression.” That is what the UPSC says about the Essay paper in the CSE notification. Through an essay, the commission wants to know if you will make the right civil servant who has balance of judgement, variety and depth of interest, logical exposition and other such bureaucratic qualities.
- Keeping this in mind, we present a forum where you are asked to practice your writing skills by writing essays on the given topics. The topics are decided keeping in view the thematic trends in CS (Mains) examination.
- If that is not all, the best essays shall be rewarded and published. We’ll judge the essay based upon four parameters viz. Structure of the essay, Content, Flow and Language.
- The prize details are as follows:

First Prize: 6 Months Subscription

Second Prize: 4 Months Subscription

Third Prize: 2 Months Subscription

Essay Writing Competition—59

Topic:

‘Science is organised knowledge; wisdom is organised life.’

Terms and Conditions—

1. The essay shall be of length between 1000-1200 words.
2. It should be neatly written or printed on A4 sheets.
3. Only one entry per participant is allowed.
4. Entries are to be sent by Registered/speed post only on following address: EXECUTIVE EDITOR, DRISHTI CURRENT AFFAIRS TODAY, 641, FIRST FLOOR, DR. MUKHERJEE NAGAR, DELHI-110009. Please mention ‘For Essay Competition’ in capital letters on the envelope.
5. Remember to submit your personal details on the form printed on this page after neatly tearing it off the marked pointers. Submissions without this form shall not be entertained.
6. Your essay must reach the given address before **20th March, 2021**. Entries reaching us after the given date will not be accepted.
7. Essays should be original and not plagiarized or copied except for properly quoted references. Prior published or awarded essays will not be accepted.
8. All rights related to the results of the competition are secure with ‘Drishti Current Affairs Today’. The winners shall be announced in the subsequent issue of the magazine and the winners shall be contacted by email and telephone.
9. Copyrights of the rewarded essays will lie with the magazine which may be used in any way by ‘Drishti Publications’.



Form for Essay Competition-59

(Kindly cut and attach this form along with your essay. Use original form and not photocopy.)

Name of participant: Mobile no.

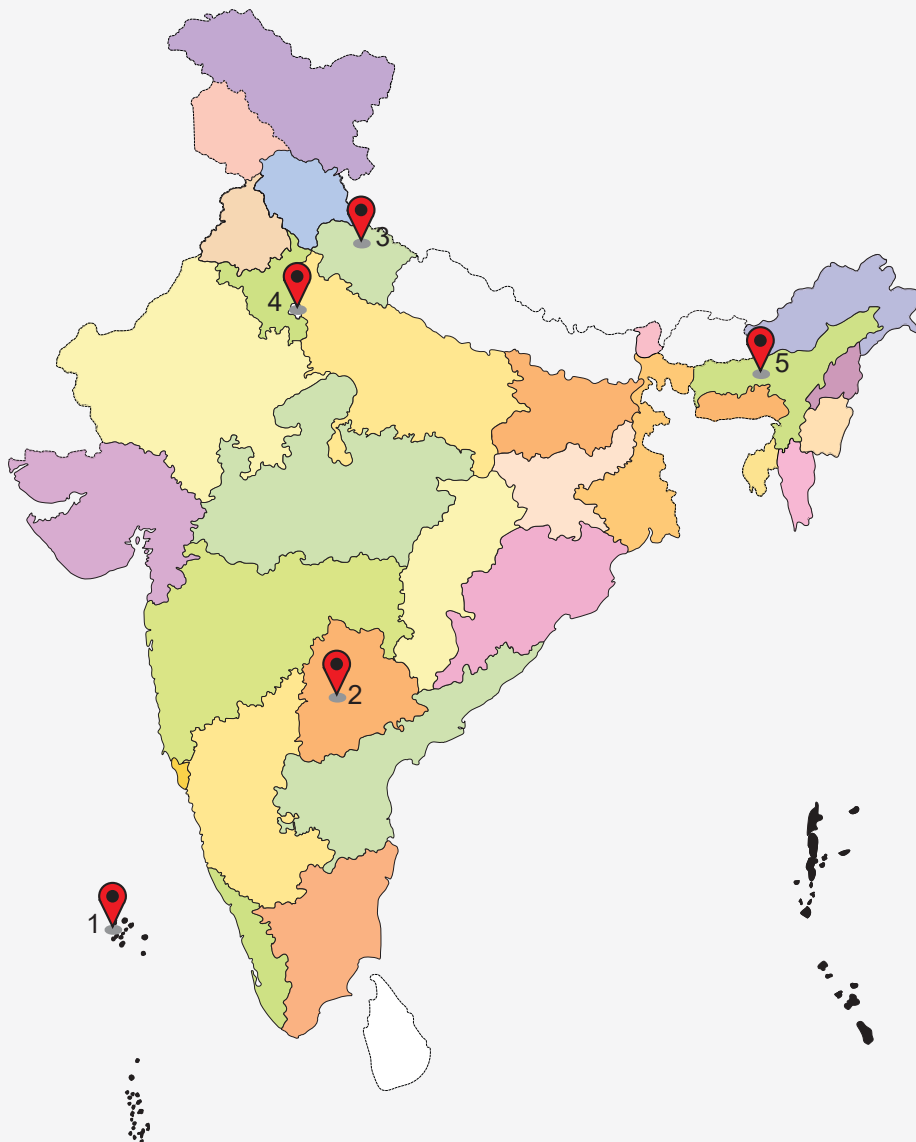
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Pin code: Email ID:



LEARNING

MAP-1



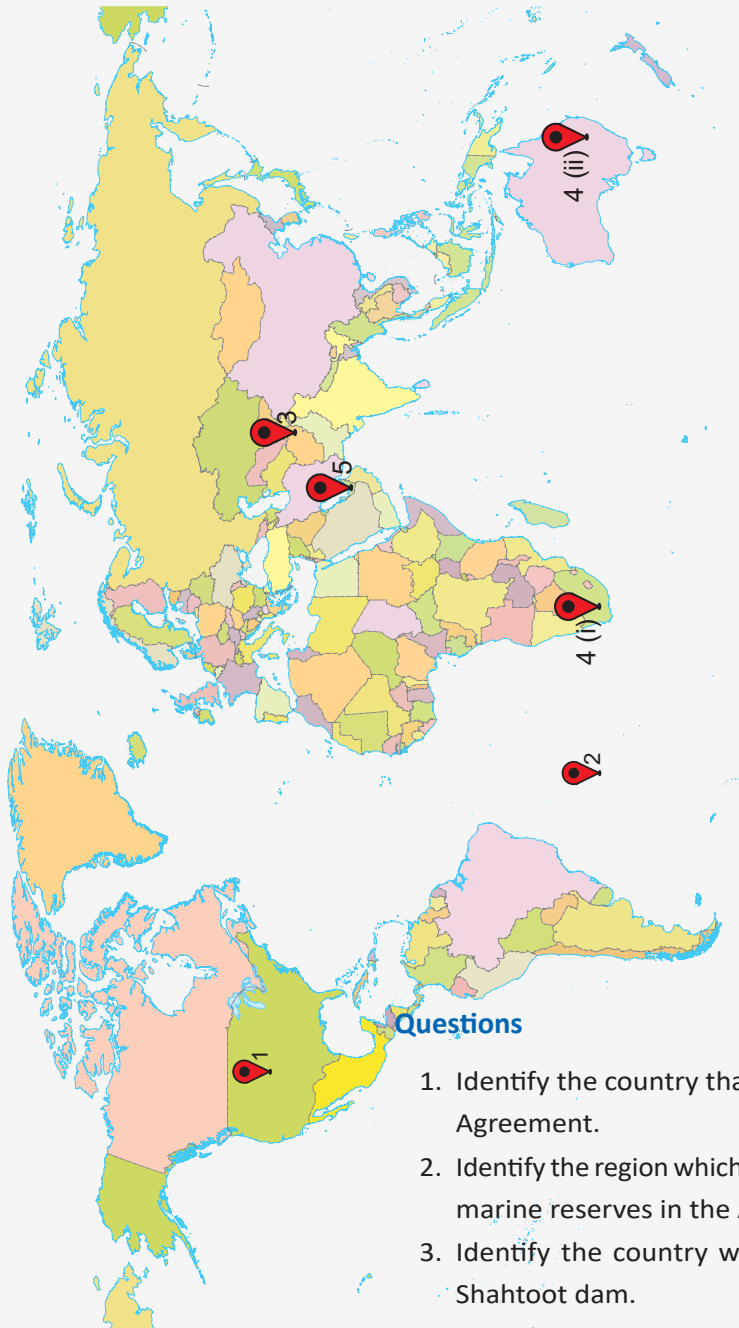
Questions

1. Identify the place where the Atal Paryavaran Bhawan has recently been inaugurated.
2. Identify the city recognised as 'Tree City of the World' by the Food and Agriculture Organisation.
3. Identify the origin place of the river Dhauliganga that witnessed a recent glacial flood.
4. Identify the place where the tomb of Abdur Rahim Khan-i-Khanan is located.
5. Identify the protected area which hosts the second largest population of Indian rhinoceros.

(Answers : Refer to Page No. 178)

THROUGH MAPS

MAP-2



Questions

1. Identify the country that recently joined back the UNFCCC Paris Agreement.
2. Identify the region which was declared as the largest fully protected marine reserves in the Atlantic Ocean..
3. Identify the country where India is collaborating to build the Shahtoot dam.
4. Identify the countries where two radio telescope networks of the Square Kilometre Array Observatory (SKAO) will be established.
5. Identify the country where NAVDEX 21 (Naval Defence Exhibition) and IDEX 21 (International Defence Exhibition), 2021 were organised.

(Answers : Refer to Page No. 178)



TO THE POINT

Designed to hit the bull's eye: Point wise, short, crisp material in an easy-to-understand format.

Hydrogen: An Alternate Fuel

Recently, the Budget 2021-22 had announced the National Hydrogen Energy Mission for generating hydrogen from green power sources. The Mission aims to reduce petroleum use, greenhouse gas emissions, and air pollution, and contribute to more diverse and efficient energy infrastructure.

Production of hydrogen

- At present, there are a number of ways to produce hydrogen, but the most common method involves production from fossil fuels (i.e. from natural gas, coal) and electrolysis of water. However, it can also be produced from renewable sources of energy such as solar and wind.
- **Types of Hydrogen:**
 - **Grey Hydrogen:** It constitutes the bulk of India's production and is extracted from hydrocarbons (fossil fuels, natural gas). It produces CO_2 as a byproduct.
 - **Blue Hydrogen:** It is sourced from fossil fuels. Its by-products CO and CO_2 are captured and stored. It is better than grey hydrogen.
 - **Green Hydrogen:** It is generated from renewable sources of energy such as solar and wind. Electricity splits water into hydrogen and oxygen. Its by-products are water and water vapour.
- Hydrogen is an energy carrier and not a source of energy. It is transformed into electricity via a **fuel cell** before it can be used to power a car or a truck. A fuel cell converts chemical energy into electric energy with the help of an oxidation-reduction reaction.

Advantages of hydrogen as a fuel

- Hydrogen is one of the most abundant elements on the earth. India's electricity is heavily coal-dependent. Thus, introduction of Hydrogen can

replace fossil fuels and will address pollution levels and oil-price hike.

- Hydrogen fuel cells work through a chemical reaction of hydrogen gas with oxygen inside a fuel cell, which generates electricity and water as by-products. Hydrogen fuel cells do not produce any CO_2 during operation.
- Both, the fuel cell based vehicles and battery-powered vehicles, are powered by electric energy. However, the fuel cell based ones need refuelling and not recharging. The refueling process for hydrogen fuel cells is easy and quick, compared to the longer process of charging.
- Because the **energy density** of hydrogen fuel cells is very high, hydrogen-powered equipment can operate for longer times and with less frequent refueling.

Disadvantages of hydrogen as a fuel

- Hydrogen is not found freely and has to be extracted from naturally occurring compounds such as water. Although Hydrogen is a clean molecule, the process of extracting is energy-intensive.
- Hydrogen needs to be stored as either gas in high-pressure tanks or as a liquid in cryogenic temperatures. Both methods of hydrogen storage involve an inherent loss of energy.
- Hydrogen gas is highly flammable and thus carries the inherent risks of explosion. Its application in passenger vehicles and crowded areas needs proper streamlining.
- The technology is still not available on a commercial scale. Currently, a limited number of manufacturers are producing fuel-cell electric vehicles globally.
- Besides, the refuelling infrastructure is also lacking with less than 500 hydrogen stations functioning globally.

D C A T

TARGET MAINS

PAPER-I

Question 1. *Both Mahatma Gandhi and Netaji Shubhash Chandra Bose had the goal of liberating India from the Britishers but their methods differed. Bring out a comparative analysis of their role in India's independence movement.*

Answer: Though Mahatma Gandhi and Netaji Shubhash Chandra Bose had the goal of liberating India from the Britishers, their methods differed in many ways:

- Subhas Chandra Bose had been consistent throughout in his demand for political independence by virtue of complete severance from the British.
 - While in India, he pushed Congress to launch mass movements demanding complete independence, and from outside India he led the Indian National Army to liberate India through war.
 - He wanted to develop free India as a modern, industrialised nation with focus on advances in science, livelihood, and education for the masses.
 - He sought political emancipation through the means which could involve armed conflict or even a war.
- Mahatma Gandhi, on the other hand, identified Spiritual Swaraj, which would cure Indian civilisation from evils such as railways, mill made cloth, heavy machinery, medicine and contraceptives, as his goal early on.
 - He subsequently verbally demanded Dominion Status with membership in the British Commonwealth most of the time, without, however, revoking his articulation of spiritual Swaraj.
 - Gandhiji followed the path of Satyagraha and non-violence as a means to achieve independence.
 - Struggles initiated by Gandhi were mostly centered around social agenda, specific grievances, extra-territorial Muslim Caliphate and financial reforms.
 - During the Quit India Movement, Gandhiji gave the slogan of 'Do or Die' in order to give ultimate strength to the movement.

Mahatma Gandhi and Shubhash Chandra Bose were quite different in the way chosen for the struggle but their goal was the same i.e. liberation from Britishers which was gained on 15th August 1947.

Question 2. *How does biodiversity conservation for ecological balance impact indigenous people and their social stability? Discuss.*

Answer: The incentive to protect biodiversity does not simply arise from a benevolence towards the natural world. Rather, a high level of biodiversity also ensures that we are supplied with the 'ecosystem services' that are essential to the sustainability of our standard of living and to our survival.

Biodiversity conservation impacting indigenous people and their social stability

- **Disruption after Designation of the Status of World Heritage Site:** The approach adopted to isolate the indigenous people from their natural habitats to protect biodiversity is the root cause of conflict between them and conservationists.
 - With the announcement of natural habitat as a World Heritage Site, UNESCO takes charge of the region's conservation.
 - This leads to an infusion of many outside people and technological equipment, which in turn disrupts the lives of the indigenous people.
- **Lax implementation of the Forest Rights Act:** Many states in India have a dismal record in implementing the Forest Rights Act (FRA).
 - This can be reflected with the fact that states like Karnataka have recognised only 5.7% of the total claims made.
 - Further, the FRA's constitutionality has been challenged in the Supreme Court several times by various conservation organisations.
- **Development vs Conservation:** Often, the combined stretch of land claimed by indigenous people has been taken away for building dams, mining, laying railway lines and roads, power plants, etc.
- **Illegal Encroachment of Land:** The government records also reveal that 43 lakh hectares of forest land was

more attractive income support scheme has to be conceived coupled with much higher investment, both public and private, in agri-infrastructure.

- The Rashtriya Krishi Vikas Yojana (RKVY) incentivised the states, which increased their expenditure on agriculture. The Centre's assistance for such states should be higher.
- Focused research on crops grown in low-productivity states can deliver better seeds, which can withstand the challenge of higher temperature due to climate change.
- Democratic norms and processes like open public debate, dialogue with stakeholders and detailed Parliamentary scrutiny to ensure every aspect and implication of a public policy goes through meticulous examination before being adopted and implemented is crucial to fix the issues with agriculture.

Adequate measures should also be undertaken in the rural areas and farmers should shed off their fatalism and adopt themselves with changing ideas. Thus the agricultural productivity in India can be improved with the adoption of healthy policy making and consolidating the lands of farmers.

Question 9. *Nanotechnology holds enormous potential for healthcare. Enumerate the potential of nanotechnology in improving human health and identify the challenges that hinder its adoption in India. Explain.*

Answer: Nanotechnology is the technology that involves the manipulation of matter on atomic, molecular, and supramolecular scales. This includes particles of a scale of 1 to 100 nanometers.

Potential of nano-technology in health

- **Targeted Drug delivery:** Nanotechnology can revolutionise drug delivery. The first generation of cancer drugs are being delivered via nanoparticles.
- **Detecting disease:** Nanosized semiconductors can be used as biosensors to find disease.
- **Health monitoring:** Nanotubes and nanoparticles can be used as glucose, carbon dioxide and cholesterol sensors and for *in-situ* monitoring of homeostasis.
- **Vaccines:** Nanotechnology could herald a new era in immunisation by providing alternatives to injectable vaccines.

Challenges

- **Expensive:** Nanotechnology is an expensive method so countries like India need more financial setup to fetch potential of this technology.
- **Public acceptance:** In developing nations like India, nanomedicine evokes ethical issues similar to genetically modified foods.
- **Privacy:** The invisible nature of nanotechnology makes it easier to 'hide' nanotech products, and to invade privacy.

India is taking nanotechnology seriously, but it requires immense research in this field like in the UK and USA. There is a need to identify key gaps in knowledge and areas where further research may be targeted in order to efficiently exploit the technology.

Paper-IV

Question 10. *What does the following quote mean to you?*

"One individual may die for an idea, but that idea will after his death incarnate itself in a thousand lives."

- Subhash Chandra Bose

Answer: History itself talks that a man with a strong and genuine idea could die but his idea survives after centuries and ages. The ideas that have a strong logic behind their origin have a significant backing of people who become the followers and in the future the number of followers undergoes a multiplier effect and comes out as a legitimate idea.

- Jainism had a philosophy of Ahimsa or non-violence which was later on followed by Mahatma Gandhi and lakhs of others to liberate India with non-violence as a tool. So after hundreds of years non-violence became a tool to gain independence.
- Nelson Mandela raised a voice against racism. After his death even today a sense of equality among blacks and whites has been surviving.
- The pride and patriotism among Indians has been gifted by our freedom fighters like Shubhash Chandra Bose, Bhagat Singh who have sacrificed their lives for a single idea.

Thus, one individual may die for an idea, but that idea will after his death incarnate itself in a thousand lives.

D C A T

Following the constitutional obligation and established convention, the Union government presented the Budget (2021-22) and the Economic Survey (2020-21) in the Parliament. These two documents provide vital insights pertaining to the economy and, thus, become very useful for all those who want to understand its basics and concepts.

To illustrate, these hold enormous significance from the Civil Services Examination (CSE) point of view. The preparation of Economy segment for the CSE is considered incomplete without the in-depth understanding of the Budget and the Economic Survey. However, aspirants often find it difficult to sift out and assimilate the relevant concepts and facts from these two documents.

In the next 60 pages we provide a lucid and easy to understand version of the Union Budget and the Economic Survey after curating these two from the CSE perspective. Some associated definitions and explanations have also been provided.

It is our stern view that this supplement will be of immense use to all those who wish to appear in the CSE 2021.

Economic Survey & Union Budget

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ECONOMIC SURVEY

Economic Survey 2020-21 (Volume I)

Saving Lives and Livelihoods amidst a Once-in-a-Century Crisis

The COVID-19 pandemic engendered a once-in-a-century global crisis in 2020 – a unique recession where 90% of countries are expected to experience a contraction in GDP per capita. Faced with unprecedented uncertainty at the onset of the pandemic, India focused on saving lives and livelihoods by its willingness to take short-term pain for long term gain.

Key points

- The virus has posed an unprecedented challenge for policymaking, globally and nationally as it tested the mettle of policymakers to deal with uncertain, fluid, complex and dynamic situations having far-reaching socio-economic implications.
- It has also tested the frontiers of medical science, which rose to the challenge by developing an effective vaccine within a year.
- The only strategy that seemed viable for containment of the pandemic was active surveillance, early detection, isolation and case management, contact tracing and prevention of onward spread by practising social distancing and safety precautions.
 - These were aimed to slow down the transmission of infection or 'flatten the epidemic curve' and buy the health care system some time to handle the surge in demand for its services and for development of effective treatment and a vaccine.
- The world economy is estimated to contract in 2020 by 4.3%, as per the World Bank, and 3.5%, as per IMF.
- The pandemic is once in a 150-year event with an unprecedented impact with all regions in the world projected to experience negative growth in 2020. It is aptly called the 'Great Lockdown'. The other pandemic that the world faced was almost a century ago that was Spanish Flu.

Lessons from the Spanish flu

- The **pandemic curve needs to be 'flattened'** to spread the pandemic over time and enable more people to receive proper health treatment, thereby lowering the fatality rate ultimately.
- Given the network structures that affect the transmission of the pandemic, the higher population can lead to a faster spread of the pandemic.
- Denser areas are more vulnerable to faster spread of the virus and this effect is especially strong at the onset of the pandemic.

Flattening the Curve

- Epidemiological research highlights that a key strategy to combat the spread of an epidemic is termed as "flattening the curve."
- The curve refers to the projected number of people who will contract the disease in a given population.
- The shape of the curve varies according to the rapidity with which the infection spreads in the community.
- There is a "peak" of the disease, where the number of infected individuals reaches a maximum, followed by a decline.
- Policymakers care particularly about the time taken to reach this peak because this determines the time available to respond to early signs of a pandemic.
- Overloaded healthcare systems that are forced to operate beyond their capacity lead to higher case fatality rates.
- In the short run, the capacity of any country's health system is finite (number of hospital beds, the number of skilled health professionals, ventilators/Integrated Care Units among others).
 - This puts an upper bound on the number of patients that can be properly treated, at any given point of time.
 - If the spread of the pandemic exceeds the existing capacity of the health system, it may lead to higher mortality rates.
- The 'flattening of the curve' spreads the pandemic over time, enabling more people to receive proper health treatment – ultimately lowering the fatality rate.

- Early lockdowns delay the time taken to reach the peak, reduce the magnitude of the peak, and thereby

policy must continue focusing on its long-term healthcare priorities but not limiting it to communicable diseases. Simultaneously, to enable India to respond to pandemics, the health infrastructure must be agile.

- For instance, every hospital may be equipped so that at least one ward in the hospital can be quickly modified to respond to a national health emergency while caring for the normal diseases in usual times.
- Governments need to invest in telemedicine on a mission mode to complement the government's digital health mission and thereby enable greater access to the masses.
- An increase in public spending from 1% to 2.5-3% of GDP – envisaged in the National Health Policy 2017 – can decrease the OOPE from 65% to 30% of overall healthcare spend.
 - PM - Jan Aarogya Yojana has been a marquee evolution in this direction, providing financial affordability to a large percentage of the Indian population and must be continued.
- A standardised system for quality reporting on healthcare for hospitals, physicians and insurance companies can start with basic input indicators to be reported mandatorily by every healthcare stakeholder.

Process Reforms: Enabling Decision-Making under Uncertainty

International comparisons show that the problems of India's administrative processes (in firms insolvency) derive less from lack of compliance to processes or regulatory standards, but from overregulation. Even when there is no dispute/litigation and all paperwork is complete, it takes 1570 days (4.3 years) for a firm or a company to be struck off from the records. This is an order of magnitude longer than what it takes in other countries.

Key points

- The problem of over-regulation and opacity in Indian administrative processes flows from the emphasis on having complete regulations that account for every possible outcome.
- The real issue seems to be the effectiveness of regulations caused by undue delays, rent seeking, complex regulations and quality of regulation.

- The '**World Rule of Law Index**' published by the **World Justice Project** provides a cross country comparison on various aspects of regulatory enforcement.
 - In 2020, India's rank was 45th out of 128 countries in the category of 'Due process is respected in administrative proceedings' (proxy for following due process).
 - In contrast, in the category 'Government regulations are effectively enforced' (proxy for regulatory quality/effectiveness), the country's rank is 104.
 - This shows that, contrary to the popular belief, India is relatively good at complying with processes, but lag in regulatory effectiveness.
- India is placed better than other BRICS countries (barring South Africa) in terms of respecting due process, but worse than them in the effectiveness of those standards.
- Similarly, the World Bank's Ease of Doing Business (EoDB) report (2020) shows that despite making huge strides in the overall EoDB rank, India still lags behind in the sub-categories 'Starting a business' and 'Registering Property' where the country's rank is 136 and 154 respectively.

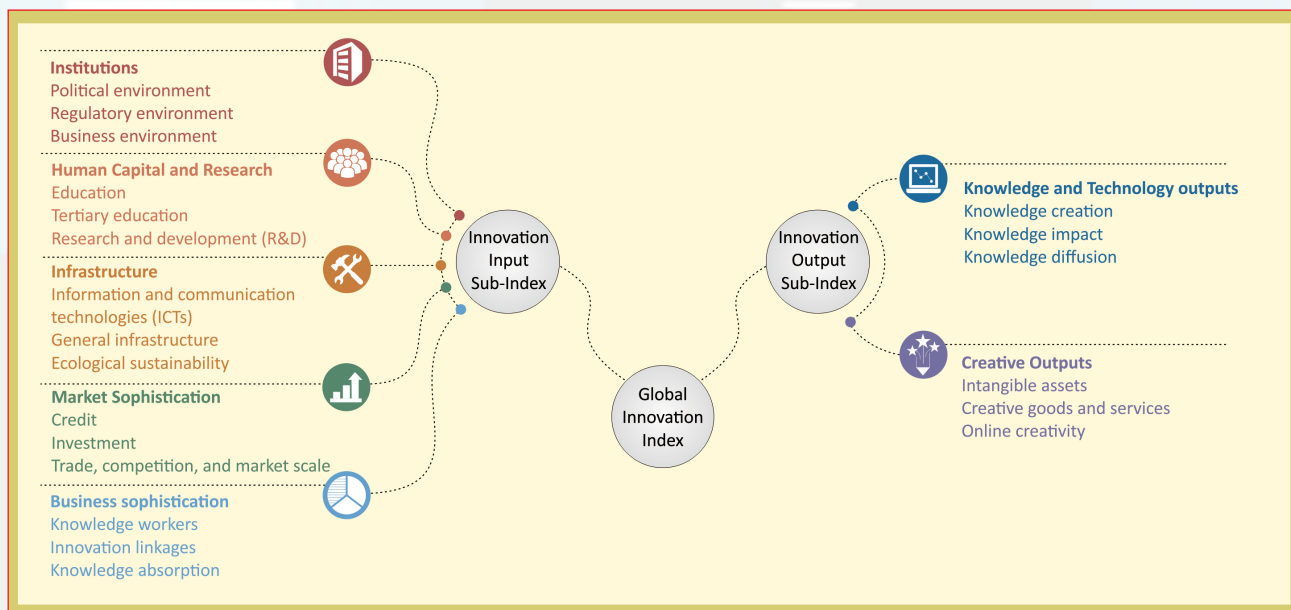


Problem of regulatory default

- There is a need to create simple regulation and complement the same by providing flexibility and discretion to the supervisor.

Global Innovation Index

- The GII (since 2007) is published by Cornell University, INSEAD, and the World Intellectual Property Organization (WIPO), a specialized agency of the United Nations. It seeks to assist economies in evaluating their innovation performance.
- **GII has two sub-indices:** the Innovation Input Sub-Index and the Innovation Output Sub-Index, and seven pillars, each consisting of three sub-pillars, further divided into a total of 80 indicators.
- The Innovation Input sub-index and the Innovation Output Sub-Index have equal weight in calculating the overall GII.
- The Innovation Input sub-index has five pillars: (i) Institutions; (ii) Human Capital and Research; (iii) Infrastructure; (iv) Market Sophistication; and (v) Business Sophistication. The Innovation Output Sub-Index has two pillars (i) Knowledge and Technological outputs and (ii) Creative outputs.
- GII 2020 includes 131 countries/economies, which represent 93.5 % of the world's population and 97.4% of the world's GDP in purchasing power parity current international dollars.



India and innovation

- India ranks 48th amongst 131 countries in terms of its innovation performance as measured using the Global Innovation Index (GII) 2020.
- India entered the top 50 innovating countries for the first time since the inception of the index in 2007. Along with three other economies – Vietnam, Republic of Moldova and Kenya, India has the rare distinction of being an innovation achiever for ten consecutive years.
- India performed particularly well regionally and in its income category, ranking first in the GII rankings in Central and South Asia, and third amongst lower middle-income group economies.
- India performs above expectation for its level of development (per capita GDP) on the GII as well as the Innovation Output and Innovation Input sub-indices.
- R&D investment is a key input in innovation.
 - Although India's **gross domestic expenditure on R&D** (GERD) is in line with expectation for its level of development, there is much scope for improvement.
 - In India, the Government contributes 56% of GERD while this proportion is less than 20% in each of the top ten economies.
- The total number of patents filed in India has risen steeply since 1999, mainly on account of an increase in patent applications filed by non-residents.
 - While patent applications filed by residents have increased steadily since 1999, they have risen at a much lower rate than patent applications by non-residents.
- Given that most of these large economies are more innovative than India and equity market development

Economic Survey 2020-21 (Volume II)

State of the Economy 2020-21: A Macro View

The year 2020 witnessed unrivalled turmoil with the COVID-19 pandemic emerging as the biggest threat to economic growth in a century. The World Health Organization (WHO) declared COVID-19 a 'Public Health Emergency of International Concern' (PHEIC) on 30th January 2020 and advised that all countries should be prepared to tackle the virus and its spread.

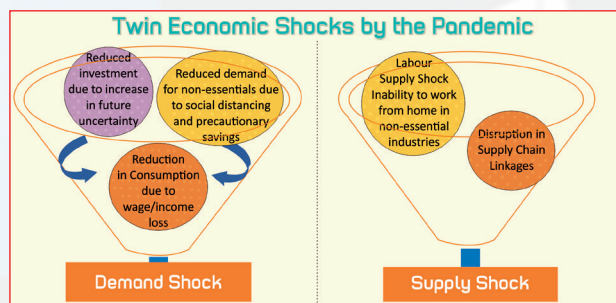
Lives vs livelihoods

- Given the fast spread of the pandemic, the immediate public health policy priority was, 'flattening the epidemiological curve' to mitigate the impact of the spread.
 - The steps to "flatten the curve" were intended to slow the transmission of the virus, push the peak of the curve and spread the distribution of cases over time.
- Even if no containment measures were implemented, a recession would have been fuelled by the precautionary or panic behaviour of households and firms faced with the uncertainty of dealing with a pandemic that has no clue.
- The public health measures, adopted to contain the spread, engendered sizable **immediate economic costs** as they led to almost full suspension of economic activity, curbed consumption and investment, as well as restricted labour supply and production.
- COVID-19, therefore, led the world to the predicament of saving 'lives' or 'livelihoods' as the steps taken to flatten the infection curve, steepened the macroeconomic recession curve.

Demand-side and supply-side shocks

- The pandemic has been a unique economic shock that has triggered both supply and demand-side shocks simultaneously across economies around the world.
 - Increased uncertainty, lower confidence, loss of incomes, weaker growth prospects, fear of contagion, the triggering of precautionary savings, risk aversion among businesses and resultant fall in consumption and investment – leading to the first order demand shock.

- The supply chain disruptions caused by the closure of economic activity and restricted movement of labour lead to the first order supply shocks.
- The initial supply shock, resulting in wage and income loss, could impact aggregate demand and impair productive capacity leading to supply shocks. These effects were further amplified through international trade and financial linkages, dampening global activity and pushing commodity prices down.
- The feedback loops of demand and supply had generated potential **hysteresis effects** - when households demand less, firms get reduced revenues, which feeds into reduced activity by firms, and thus reduced household income.
- The policies to '**flatten the epidemiological curve**', therefore, needed to be accompanied by economic policies designed and targeted to mitigate the resulting shock to the economic system and 'flatten the recession curve'.



Recovery of Indian Economy

- The economy witnessed a sharp contraction of 23.9% in Q1: FY 2020-21 (Q - Quarter and FY - Financial Year) and 7.5% in Q2: FY 2020-21 due to the stringent lockdown imposed during March-April, 2020.
- The National Statistics Office (NSO) has estimated a contraction of real GDP by 7.7% in 2020-21 as compared to a growth of 4.2% in 2019-20. This is the fourth contraction in India's GDP since 1960-61.
- There has been a rapid recovery in India's economic activity on the back of extraordinary fiscal and monetary support provided by the Government and RBI.
- Faster normalisation of business activities amid gradual lifting of restrictions, higher festive demand

Need for an independent Ombudsman

- The present tax grievance redressal system consists of grievance cells headed by department officials/ Aaykar Sewa Kendras (ASK), e-Nivaran portal which is a separate and dedicated window for grievance redressal in the Income Tax Business Application, and CPGRAMS (Central Public Grievance Redress and Monitoring System).

Global experience with independent tax Ombudsman

- The global experience suggests that countries with an independent tax Ombudsman have performed better on the tax administration front through better trust between taxpayers and tax authorities, and have exhibited a higher average Tax to GDP ratio and lower time taken to file taxes.
- Dedicated bodies like the Ombudsman in Australia, Canada, UK, Brazil, South Africa and tax mediators in Belgium and France look into tax related complaints across many countries. These bodies are independent of the tax administration.
- For instance, the US has an independent organization within the (Internal Revenue Services) IRS called the Taxpayer Advocate Service (TAS) to act as the guardian of taxpayers rights. It protects taxpayer rights and promotes taxpayer confidence in the integrity and accountability of the IRS, and has significant independent powers.

Way forward

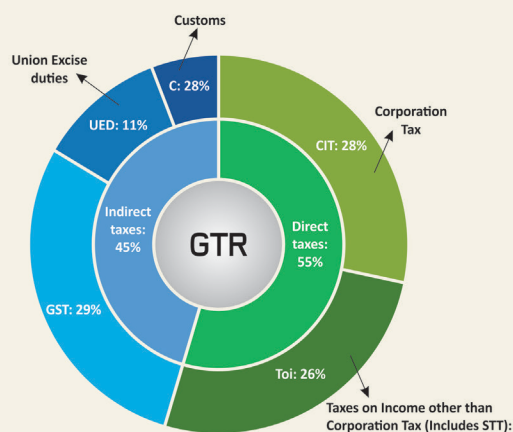
- International experience suggests an ombudsman system is necessary for ensuring the protection of taxpayer's rights.
- Therefore, there is a need to reinvigorate the systems of grievance redressal in India and incorporate a more holistic view of enhancing customer experience and protecting taxpayer rights.
- It is imperative that the redressal organisation has adequate teeth and is independent of the tax department.
- Such an institution would thereby make the 'Honoring the Honest' platform more successful by ensuring accountability and trust in the tax administration system.

Some trends in government finances

- During the year 2019-20, the structural reforms initiated by the Central Government to boost the economic performance had fiscal implications for the economy.
 - Fiscal Deficit for 2019-20 stood at 4.6% of GDP, which was 0.8 percentage points higher than 2018-19, and 1.2 percentage points higher than 2018-19.
- The **direct taxes**, consisting mainly of the corporate and personal income tax, constitute around 55% of Gross Tax Revenue.

- The trends in major taxes in relation to GDP show that receipts from corporate and personal income tax have come down in 2019-20 compared to the trend of improvement observed over the previous years.
 - This is due to the moderation in the growth of the economy during 2019-20 and implementation of structural reforms like Corporate Tax rate cut.
- **Non-Tax revenue** consists mainly of interest receipts on loans to States and Union Territories, dividends and profits from Public Sector Enterprises including the surplus of Reserve Bank of India (RBI) transferred to Government of India, receipts from services provided by the Central Government and external grants.
 - Nearly 40% of the Non Tax revenue is envisaged to be raised from dividends and profits.
- **Non-debt Capital receipts** mainly consist of recovery of loans and advances, and disinvestment receipts.
 - The contribution of Non-debt Capital receipts in the total pool of Non-Debt receipts has declined from 6.8% in 2018-19 to 3.9% 2019-20, primarily due to shortfall in disinvestment proceeds.
- On the expenditure front, Budget 2020-21 estimated **total expenditure** comprising revenue expenditure and capital expenditure to be 11.7% and 1.7% of GDP, respectively.

Composition of taxes in Gross Tax Revenue in 2020-21 BE



	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20 PA	2020-21 BE
(in ₹ Lakh crore; Figures in parenthesis are as a per cent of GDP)							
Revenue Receipts	11.01 (8.8)	11.95 (8.7)	13.74 (8.9)	14.35 (8.4)	15.53 (8.2)	16.82 (8.3)	20.21 (9)
Gross Tax Revenue	12.45 (10)	14.56 (10.6)	17.16 (11.2)	19.19 (11.2)	20.80 (11)	20.10 (9.9)	24.23 (10.8)
Net tax revenue	9.04 (7.2)	9.44 (6.9)	11.01 (7.2)	12.42 (7.3)	13.17 (6.9)	13.56 (6.7)	16.36 (7.3)
Non-tax revenue	1.98 (1.6)	2.51 (1.8)	2.73 (1.8)	1.93 (1.1)	2.36 (1.2)	3.26 (1.6)	3.85 (1.7)
Non-debt capital receipts*	0.51 (0.4)	0.63 (0.5)	0.65 (0.4)	1.16 (0.7)	1.13 (0.6)	0.69 (0.3)	2.25 (1)
Non-debt receipts	11.53 (9.2)	12.58 (9.1)	14.4 (9.4)	15.51 (9.1)	16.66 (8.8)	17.51 (8.6)	22.46 (10)
Total Expenditure	16.64 (13.3)	17.91 (13.0)	19.75 (12.9)	21.42 (12.5)	23.15 (12.2)	26.86 (13.2)	30.42 (13.5)
Revenue Expenditure	14.67 (11.8)	15.38 (11.2)	16.91 (11.0)	18.79 (11.0)	20.07 (10.6)	23.50 (11.6)	26.30 (11.7)
Capital Expenditure	1.97 (1.6)	2.53 (1.8)	2.85 (1.9)	2.63 (1.5)	3.08 (1.6)	3.37 (1.7)	4.12 (1.8)
Fiscal Deficit	5.11 (4.1)	5.33 (3.9)	5.36 (3.5)	5.91 (3.5)	6.49 (3.4)	9.36 (4.6)	7.96 (3.5)
Revenue Deficit 3.66	3.43 (2.9)	3.16 (2.5)	4.44 (2.1)	4.54 (2.6)	6.68 (2.4)	6.09 (3.3)	(2.7)
Primary Deficit	1.08 (0.9)	0.91 (0.7)	0.55 (0.4)	0.62 (0.4)	0.67 (0.4)	3.25 (1.6)	0.88 (0.4)
Memo Item							
GDP at Market Price	124.68	137.72	153.62	170.95	189.71	203.40	224.89

- Revenue Expenditure, which constitutes over 87% of the total expenditure was envisaged to grow at 11.9% in 2020-21.
- Total expenditure is estimated to increase roughly by 1 percentage point in 2020-21 over 2019-20 which accounts for an expected growth of 22.4% in capital expenditure over 2019-20.
- Apart from budgetary spending, **Extra Budgetary Resources** (EBR) have also been mobilized to finance infrastructure investment since 2016-17.
 - EBRs are those financial liabilities that are raised by public sector undertakings for which repayment of the entire principal and interest is done from the Central Government Budget.
 - It proposes to raise EBR in the 2020-21 Budget Estimate which is 0.22% of GDP.
- The recommendations made by the Fifteenth Finance Commission (FC-XV) were accepted for the financial year 2020-21, relating to the Post Devolution Revenue Deficit Grant, Grants to Local bodies and Disaster Management Grants for the financial year 2020-21.
 - FC-XV recommended Grant-in-Aid transfer to States during 2020-21 for Post Devolution Revenue Deficit Grant, Grants to Local bodies and Disaster Management Grants which is approximately 50% higher than recommended by the FC-XIV for the award year 2019-20.



BUDGET

2021-22

Union Budget

Constitutional provisions

- The Union Budget (since 2016) is presented on the first day of February so that it could be materialised before the beginning of the new financial year beginning April.
- The genesis of the Central or Union Budget in India goes back to 1860 when it was first introduced by the then Finance Minister James Wilson, two years after the transfer of Indian administration from the East India Company to the British Crown.
- However, the **first Union Budget of independent India** was presented by **R.K. Shanmukham Chetty** on 26th November 1947.
- Until 1955, the Budget was only printed in the English language. After that, it started getting printed in both Hindi and English.
- Until 2018, as a part of a tradition, the Finance Minister carried the budget in a leather briefcase. On 5th July 2019, the Finance Minister broke this tradition by carrying the budget in a **Bahi-Khata**.

Annual financial statement (AFS)

- The Constitution of India does not specifically use the word Budget.
- **Article 112 provides for laying before Parliament** an 'Annual Financial Statement' providing a statement of the estimated receipts and expenditure for the upcoming year in relation to estimates for the current year as also actual expenditure for the previous year.
- This statement evidences the receipts and expenditure of the Government in three separate parts under which accounts are maintained i.e. the **Consolidated Fund (Article 266)**, **Contingency Fund (Article 267)** and **Public Account (Article 266)**.
- AFS distinguishes the expenditure on revenue account from the expenditure on other accounts, as mandated in the Constitution of India. It comprises **Revenue budget** and **Capital budget**.

- The estimates of receipts and expenditure included in the Annual Financial Statement are for expenditure net of refunds and recoveries.

Budget and Articles of the Constitution

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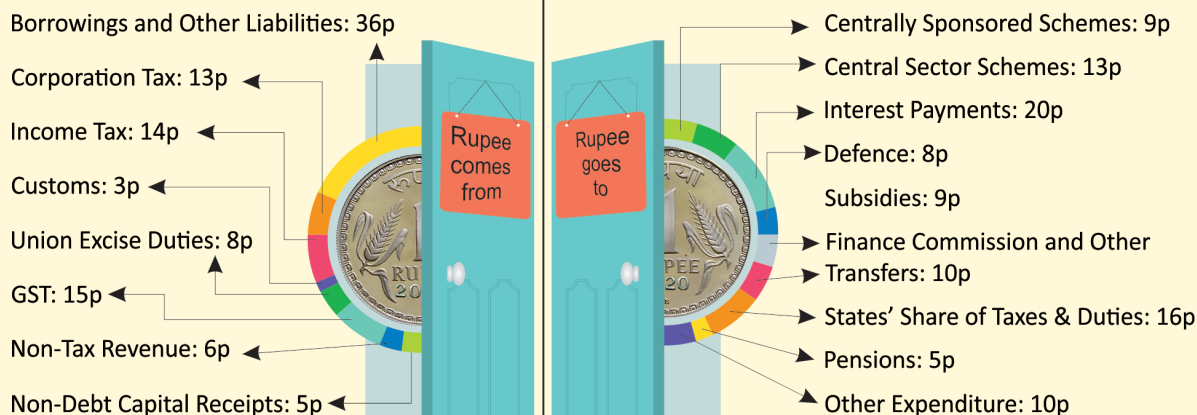
Demands for Grants

- Article 113 of the Constitution requires that any proposal or estimate seeking withdrawal of money from the Consolidated Fund of India should be presented to the Lok Sabha in the form of a demand for grants.
- **No demand for grants** can be presented in the Lok Sabha **without the President's prior approval**. Usually, there is a demand for grants for each ministry.
- The demand for grants distinguishes between charged and voted expenditure:
 - Charged expenditures are considered liabilities of the Government such as payment of interest and **are not** put to vote in the Lok Sabha.

Union Budget 2021-22

Central Revenue and Expenditure

% of GDP



Monetary Aggregates

- **M0 (Reserve Money)** = Currency in Circulation + Bankers' Deposits with RBI + 'Other' Deposits with RBI
- **M1 (Narrow Money)** = Currency with the Public + Demand Deposits with the Banking System + 'Other' Deposits with RBI
- **M2** = M1 + Time Liabilities Portion of Savings Deposits with the Banking System + Certificates of Deposit issued by Banks + Term Deposits of residents with a contractual maturity of up to and including one year with the Banking System (excluding Certificate of Deposits).
- **M3 (Broad Money)** = M2 + Term Deposits of residents with a contractual maturity of over one year with the Banking System + Call/Term borrowings from 'Non-depository' financial corporations by the Banking System.

- These developments have led to an accretion of foreign exchange reserves that rose to US\$ 580.8 billion as of December 25, 2020.

Banking and Non-Banking sector

- Bank credit growth was 6.1% as on December 18, 2020 as compared to 7.1% in the corresponding period of the previous year.
- Gross Non-Performing Advances (GNPA) ratio (i.e. GNPA as a percentage of Gross Advances) of Scheduled Commercial Banks decreased from 8.2% at the end of March 2020 to 7.5% at end of September 2020.
- Restructured Standard Advances (RSA) ratio of Scheduled Commercial Banks (SCBs) increased from 0.36% to 0.41% during the same period.

Agriculture

- In 2019-20 (as per Fourth Advance Estimates), total food grain production in the country is estimated at 296.65 million tonnes which is higher by 11.44 million tonnes than the production of food grain of 285.21 million tonnes during 2018-19.
- Milk production in the country has increased from 146.3 million tonnes (2014-15) to 198.4 million tonnes (2019-20).
- The fish production in India has reached an all time high of 14.07 million metric tons during 2019-20.

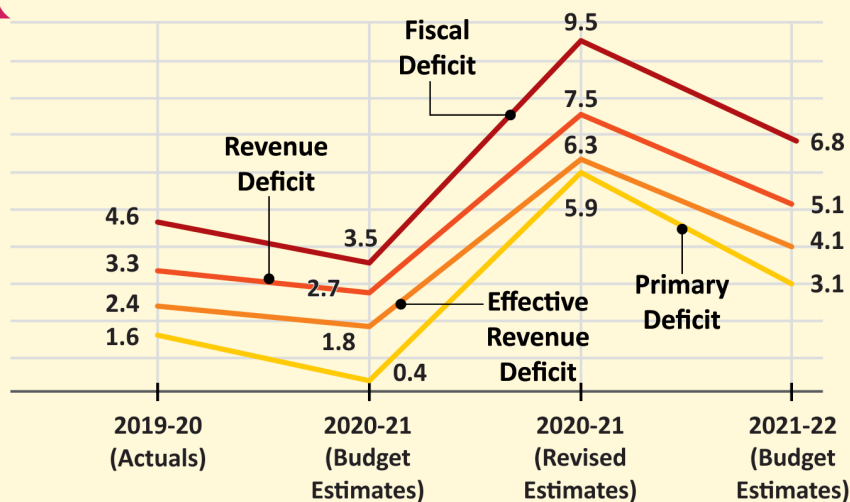
External sector

- Merchandise exports (customs basis) during 2020-21 (April-December) declined by 15.7% in the corresponding period of the previous year.
- Amidst the uncertain and shaky global economic environment affected by COVID-19, India's external sector has emerged as a key cushion for resilience.
 - In H1: FY 2020-21, steep contraction in merchandise imports and stable net service receipts led to a current account surplus of US\$ 34.7 billion (3.1% of GDP).
 - Balance on the capital account, on the other hand, has been buttressed by robust FDI and FPI inflows.

Union Budget 2021-22

Trends in Deficits

% of GDP



- Since there is expected to be no fresh on-lending to the States except the back to the back transfer of the loans taken for Externally Aided Projects (EAPs), this receipt shows a declining trend. The other sources of recovery of loans are from the public sector enterprises, for repayment of loans earlier extended to them.
- The Central Government's Debt-GDP ratio has stabilized in recent years after witnessing a consistent decline from 61.4% in 2001-02, particularly after the FRBM Act came into effect.
- The COVID-19 related uncertainty makes any forecast of economic growth and fiscal variables including the specification of a return path challenging.
- The Government endeavours to return to the path of fiscal consolidation as soon as economic growth and receipts return to their long-run averages.

FRBM Act

- The Fiscal Responsibility and Budget Management Act (FRBM Act), 2003, establishes financial discipline to reduce the fiscal deficit.
- The FRBM Act aims to introduce transparency in India's fiscal management systems.
- The Act's long-term objective is for India to achieve fiscal stability and to give the Reserve Bank of India (RBI) flexibility to deal with inflation in India.
- The FRBM Act was enacted to introduce a more equitable distribution of India's debt over the years.

Total expenditure - policy stance

■ Revenue Expenditure

- The major components of the revenue expenditure of the Government include interest payments, subsidies, salaries, pensions, defence revenue expenditure, expenditure on Central Police Organizations and the revenue transfers made to the States/ UTs Governments in the form of Finance Commission grants, Centrally Sponsored Schemes and other transfers.
- Transfers to the States as compensation for revenue losses on account of implementation of GST, the grants to Central autonomous bodies, Central Sector Schemes are also of revenue nature.

■ Capital Outlay

- Capital Expenditure has been significantly increased in BE 2021-22 to ₹5,54,236 crore which shows 26.2% increase over RE 2020-21 and 34.5% compared to BE 2020-21.
- With this increase capital expenditure as a percentage of GDP increased from 1.8% in BE 2020-21 to 2.5% in BE 2021-22.

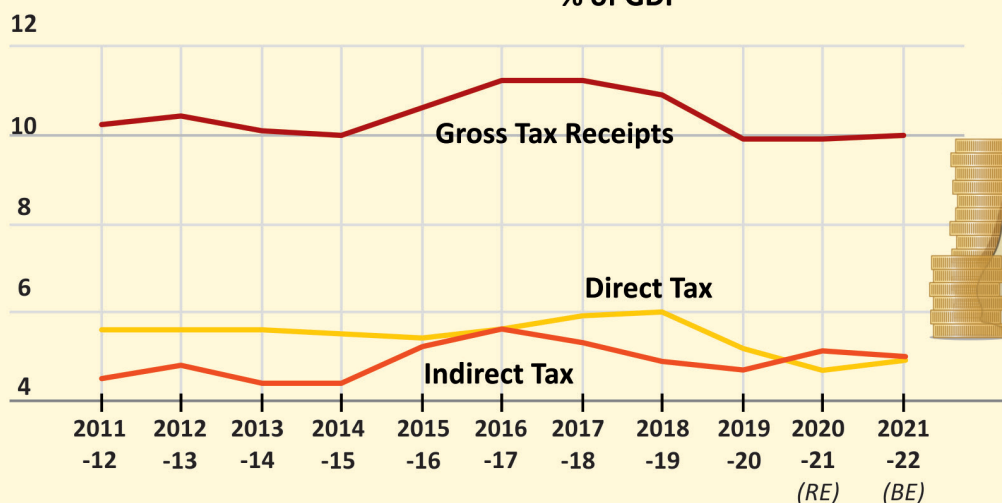
Pillars of the Union Budget 2021-22

The Budget proposals for 2021-2022 rest on 6 pillars i.e. (i) Health and Wellbeing (ii) Physical & Financial Capital, and Infrastructure (iii) Inclusive Development

Union Budget 2021-22

Trends in Tax Receipts

% of GDP



Anti Dumping Duties (ADD)

- Antidumping duties are assessed when it is determined that foreign suppliers or manufacturers are selling goods in India at a less-than-fair market value.
- Dumping occurs when goods are sold at a price less than that of the exporter's home market, or at a price lower than the goods' cost of production.
- To receive an AD duty, the dumping must be proven harmful to a company or industry in India. The amount of the AD duty is usually calculated to offset the margin of dumping.

Countervailing Duties (CVD)

- Countervailing Duties are applicable when a foreign government provides subsidies or assistance to local industry.
- This can be in the form of low-rate loans, tax exemptions, or indirect payments.
- The assistance provided enables these suppliers and manufacturers to potentially export and sell the goods for less than domestic companies.

■ Electronic and Mobile Phone Industry

- For greater domestic value addition, the budget is withdrawing a few exemptions on parts of chargers and sub-parts of mobiles.
- Further, some parts of mobiles will move from 'nil' rate to a moderate 2.5%.

■ Iron and Steel

- MSMEs and other user industries have been severely hit by a recent sharp rise in iron and steel prices. Therefore, customs duty is proposed to be reduced uniformly to 7.5% on semis, flat, and long products of non-alloy, alloy, and stainless steels.
- Anti-Dumping Duties (ADD) and Countervailing Duties (CVD) on certain steel products have also been revoked. Also, to provide relief to copper recyclers, duty on copper scrap has been reduced from 5% to 2.5%.

■ Textile

- The Textiles Sector generates employment and contributes significantly to the economy. There is a need to rationalize duties on raw material inputs to manmade textiles.
- The BCD rates have been reduced on caprolactam, nylon chips and nylon fiber & yarn to 5%. This will help the textile industry, MSMEs, and exports, too.

■ MSME Products

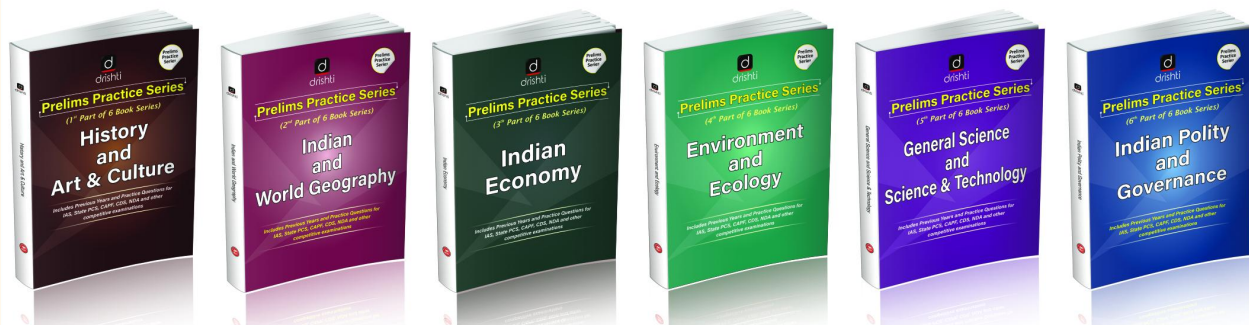
- It is intended to rationalize exemptions on import of duty-free items as an incentive to exporters of garments, leather, and handicraft items. Almost all these items are made domestically by MSMEs.
- Also, customs duty is proposed on finished synthetic gemstones to encourage their domestic processing.



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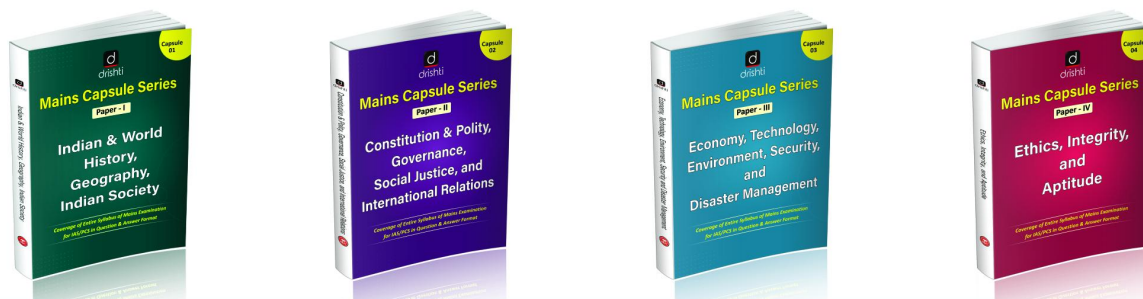
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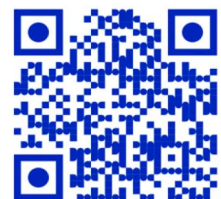
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