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Measures on Atmanirbhar Bharat 3.0

Why in News

The government has announced a fresh set of measures, **worth around Rs. 1.2 lakh crore**, to boost job creation, provide liquidity support to stressed sectors and encourage economic activity in housing and infrastructure areas.

- An additional outlay of **Rs. 65,000 crore is being provided as a fertiliser subsidy** to support increasing demand on the back of a good monsoon and sharp increase in the crop-sown area.
- The measures have been announced under Aatmanirbhar Bharat 3.0. The recent announcement of **Expansion of Production Linked Incentives (PLI) Scheme to 10 more sectors** is also a part of Atmanirbhar Bharat 3.0.

Booster dose | A look at the fresh stimulus steps announced by the Finance Minister



Jobs

A new **Atmanirbhar Bharat Rozgar Yojana** mooted to spur job creation

- Govt. to foot **two years' EPF dues** (24% of wages) for new employees hired between Oct. 1, 2020 and June 30, 2021
- People earning less than **₹15,000 per month** who lost jobs between March 1 and Sept. 30 to be covered if reemployed
- Firms with more than 50 employees must hire at **least 5 more** to be covered



Farmers

Govt. to provide **₹65,000 crore** as fertilizer subsidy to ensure adequate availability in view of expected rise in sown area

- Additional **₹10,000 crore** announced for the PM Garib Kalyan Rozgar Yojana which could be used for MGNREGS or PM Gram Sadak Yojana



Salaried taxpayers

Some income tax relief for purchase of residential units of value up to **₹2 crore**

- Permissible differential under Income Tax Act between circle rate and agreement value to be raised from **10% to 20%** for primary sale of new units till June 30, 2021



Infrastructure

₹18,000 crore allocated to PM Awas Yojana to build urban housing, over the **₹8,000 crore** allotted in the Budget

- Govt. expects this would create **78 lakh new jobs** and drive

demand for 25 lakh MT of steel and 131 lakh MT of cement

- Free up infrastructure contractors' capital by reducing performance security charges, and scrapping earnest money deposits for bidding on government projects

- **₹6,000 crore** equity infusion in debt platform of National Infrastructure Investment Fund, which will be used to raise **₹1.1 lakh crore** for infra projects by 2025

- **₹10,200 crore** additional funding for capital and industrial expenditure



Stressed sectors

Emergency Credit Line Guarantee Scheme extended till March 31, 2021

- New scheme to provide credit to firms in the healthcare sector and 26 other sectors identified as 'stressed'

 If you take all the packages and the RBI measures announced so far, a total of **₹29,87,641 crore** has been given so far as stimulus. A total of **15% of GDP**. The Central government on its own has provided **9% of GDP** as stimulus

MIRMALA SITHARAMAN



Key Points

- **Atmanirbhar Bharat Rozgar Yojana:**
 - **Aim:** It is aimed at incentivising the creation of new employment opportunities during the **Covid-19** economic recovery phase.
 - **Government Contribution:** It will provide **subsidy** for **provident fund** contribution for adding new employees to establishments registered with the Employees' Provident Fund Organisation (EPFO).
 - The **organisations of up to 1000 employees** would receive **employee's contribution (12% of wages) & employer's contributions (12% of wages)**, totalling 24% of wages, for **two years**.
 - Employers with **over 1,000 employees** will get **employees' contribution** of 12%, for **two years**.
 - The subsidy amount under the scheme will be **credited upfront only in Aadhaar-seeded EPFO accounts (UAN)** of new employees.
 - **Eligibility Criteria for Establishments:** Establishments registered with EPFO will be eligible for the benefits if they **add new employees compared to the reference base of employees as in September 2020**.
 - Establishments, with **up to 50 employees**, would have to add a minimum of two new employees.
 - The organisations, with **more than 50 employees**, would have to add at least **five employees**.
 - **Target Beneficiaries:**
 - Any new employee joining employment in EPFO registered establishments on **monthly wages less than Rs. 15,000**.
 - Those who left their job between 1st March to 30th September and are employed on or after 1st October.
 - **Time Period:** The scheme will be effective from **1st October, 2020 and operational till 30th June 2021**.
- **ECLGS 2.0:**
 - **Emergency Credit Line Guarantee Scheme (ECLGS) 2.0** is being launched for the **Healthcare sector and 26 stressed sectors** (as identified by the **Kamath Committee**) with credit outstanding of above Rs. 50 crore and up to Rs. 500 crore as on 29th February 2020 stressed due to Covid-19, among other criteria.
 - Entities will get **additional credit up to 20%** of outstanding credit with a tenor of five years, including a **1 year moratorium** on principal repayment.
 - This scheme will be **available till 31st March, 2021**.

- **Additional Outlay for PM Awas Yojana - Urban:**
 - A sum of **Rs. 18000 crore** is being provided for **PMAY- Urban** over and above Rs. 8000 Crore already allocated this year.
 - This will help ground 12 Lakh houses and complete 18 Lakh houses, create additional 78 Lakh jobs and improve production and sale of steel and cement, resulting in a **multiplier effect on the economy**.
 - **PMAY - Urban Mission** was launched in 2015 with an intention to provide housing for all in urban areas by year 2022.
- **Relaxation of Earnest Deposit Money & Performance Security on Government Tenders:**
 - **Performance security deposit** on contracts has been reduced to 3% from around 5-10%, while **Earnest Deposit Money (EMD) will not be required**.
 - The relaxations provided till 31st December, 2021 will be a **major relief to the construction sector** as it will free up the capital of the contractors and will enhance their financial ability to carry out the project.
 - **Security Deposit:** The contractor is required to deposit with the owner a sum stated as a percentage of the cost of the work in order to safeguard the interests of the owner in the event of improper performance of the contract.
 - **Earnest money:** It is assurance or guarantee in the form of cash on the part of the contractor to keep open the offer for consideration and to confirm his intentions to take up the work accepted in his favour for execution as per terms and conditions in the tender.
- **Income Tax relief for Developers & Home Buyers:**
 - Developers have been allowed to sell their **housing units at 20% lower than the circle rate** by increasing the permissible differential from 10% to 20% (Section 43 CA of IT Act).
 - **Circle rates**, also known as **ready-reckoner rates**, are official area-wise prices set by state governments and are considered by the Income-Tax Department to assume purchase prices.
 - The government has allowed a differential of 20% between actual prices and circle rates, up from 10% earlier.
 - The benefit will, however, be available **only on primary sale of residential units** with price value up to Rs. 2 crore until 30th June, 2021.
- **Infra Debt Financing:**

Government will make **Rs. 6,000 Crore equity investment in debt platform** of **National Investment and Infrastructure Fund (NIIF)**, which will help NIIF provide a debt of Rs. 1.1 Lakh Crore for infrastructure projects by 2025.

- **Boost for Rural Employment:**
Additional outlay of **Rs. 10,000 Crore** is being provided for **PM Garib Kalyan Rozgar Yojana** to provide rural employment. This will help **accelerate the rural economy.**
- **Boost for Project Exports:**
 - **Rs. 3,000 Crore** boost is being provided to **EXIM Bank** for promoting project exports under **Indian Development and Economic Assistance Scheme** (IDEAS Scheme).
 - Under the IDEAS Scheme, most recipient countries get Indian firms executing projects such as railway lines, transmission lines and so on.
- **Capital and Industrial Stimulus:**
Rs. 10,200 Crore additional budget stimulus is being provided for capital and industrial expenditure on domestic defence equipment, industrial infrastructure and green energy.
- **R&D grant for Covid Vaccine:**
Rs. 900 Crore is being provided to the **Department of Biotechnology** for Research and Development of Indian Covid Vaccine.

Analysis

- The latest announcement reinforces the **‘fiscal conservatism’** ideology of the government, i.e. rather than large cash transfers, the growth philosophy centres around **creating an ecosystem that aids domestic demand**, incentivises companies to generate jobs and boost production, and simultaneously extends benefits to those in severe distress, be it firms or individuals.
- The measures follow a **multi-pronged approach**, aimed at generating employment and encouraging formalisation of the workforce in urban areas, expanding the scope of distress employment provided in rural areas, easing the flow of credit to stressed parts of the economy, expanding the incentives offered to boost domestic manufacturing, and kickstarting the real estate cycle, among others.
- Put together, all Covid-19 relief measures would **increase the Centre’s actual fiscal outgo by under 2% of GDP** in 2020-21.
 - As per the government, the total stimulus announced by the Government and **Reserve Bank of India** (RBI) till date (including **Atmanirbhar 1.0** and **Atmanirbhar 2.0**), to help the nation tide over the Covid-19 pandemic, works out to Rs. 29.87 lakh crore, which is **15% of national GDP**.
 - Out of this, the stimulus worth **9% of GDP** has been provided by the government.

Way Forward

- The government’s announcements focus on job creation, easing credit flow, but **actual spending remains limited**. More support is needed.
- The finance ministry’s view of the state of the economy suggests that it believes a strong and durable recovery is taking hold. This is **partly in line with the results of a study carried out by economists at the RBI**, who now expect the economy to contract at a slower pace in the second quarter than what was expected before.
- As the RBI noted in its ‘**State of the Economy**’ report, while it is possible that the third quarter (October-December) may not see a contraction in GDP growth, there are significant risks – relentless pressure of inflation, poor global growth following a second wave of Covid-19, and intensifying stress among households and firms both. Thus, the government needs to take steps accordingly.

Source: IE

17th ASEAN-India Summit

Why in News

Recently, India has participated in the **17th ASEAN-India Virtual Summit** on the invitation of Vietnam, the current Chair of **Association of Southeast Asian Nations** (ASEAN).

The summit focused on **measures to recover from the economic turmoil triggered by the Covid-19 pandemic** and ways to **further broad-base strategic ties**.

Key Points

- **ASEAN’s Centrality with respect to:**
 - **India's Act East Policy:**

Against the backdrop of aggressive moves by China, including the **Ladakh standoff**, India placed the ASEAN at the centre of India’s **Act East policy** and held that a cohesive and responsive ASEAN is essential for security and growth for all in the region.
 - **India's Indo-Pacific Vision and Security And Growth for All in the Region Vision:**
 - India underscored the importance of strengthening convergence between India's **Indo-Pacific Oceans Initiative** (IPOI) and the ASEAN Outlook on **Indo-Pacific**, to ensure a free, open, inclusive and rules-based region.
 - It also highlighted the importance of cooperation by ASEAN in for the **Security And Growth for All in the Region** (SAGAR) Vision.

- **Regional Comprehensive Economic Partnership:**
 - India would explore ways to **increase trade despite** its exit from the 15-nation **RCEP agreement** in 2019.
 - The RCEP free trade agreement is **expected to be signed on 15th November 2020** between **China, Australia, South Korea, Japan, and the ASEAN Members.**
 - However, experts have warned that **once the RCEP is adopted, trade between RCEP nations will assume primacy, which could affect trade ties with other countries** including India.
- **South China Sea:**
 - Affirmed the importance of maintaining and promoting peace, stability, safety and security in the **South China Sea**, and **ensuring freedom of navigation and overflight.**
 - Noted the importance of promoting a rules-based order in the region including through **upholding adherence to international law**, especially the **United Nations Convention on the Law of the Sea (UNCLOS).**
- **Regulating Covid-19 Pandemic:**
 - India welcomed ASEAN's **initiatives to fight the pandemic** and announced a **contribution of USD 1 million to Covid-19 ASEAN Response Fund.**
 - It also underlined the importance of cooperation and regular exchanges in the field of traditional medicines as a source of healthy and holistic living.
- **Trade and Investment:**
 - India underlined the **importance of diversification and resilience of supply chains** for post-Covid-19 economic recovery.
 - India called for an early review of **ASEAN-India Trade in Goods Agreement (AITIGA)**, which is pending for a long time.
- **Connectivity:**

Underscoring the importance of greater physical and digital connectivity, India reiterated its offer of **USD 1 billion Line of Credit to support ASEAN connectivity.**
- **India's Significance Highlighted by ASEAN:**
 - Towards **promoting peace and stability in the region** and India's support to ASEAN centrality.
 - Welcomed the adoption of the new **ASEAN-India Plan of Action for 2021-2025.**
 - Acknowledged **India's capacity-building initiatives**, including the **PhD Fellowship Programme** at IITs and **setting up of Centres for Excellence** in Software Development and Training.

Association of Southeast Asian Nations

- It is a **regional grouping** that promotes economic, political, and security cooperation.
- It was established on **8th August 1967 in Bangkok, Thailand** with the signing of the **ASEAN Declaration** (Bangkok Declaration) by the **founding fathers** of ASEAN, namely **Indonesia, Malaysia, Philippines, Singapore and Thailand**.
- **Ten Members:** Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.
- **Chairmanship:** It rotates annually, based on the alphabetical order of the English names of Member States.
- ASEAN countries have a **total population of 650 million** people and a combined **Gross Domestic Product (GDP) of USD 2.8 trillion**. It is **India's 4th largest trading partner** with about USD 86.9 billion in trade.
- The group has **played a central role in Asian economic integration**, signing six free-trade agreements with other regional economies and helping spearhead negotiations for what could be the world's largest free trade pact.



Way Forward

- A cohesive and responsive ASEAN is essential for security and growth for all in the region and cementing the connection between India and ASEAN on all fronts, including economic, social, digital, financial, maritime, is an important priority area.

- ASEAN-India Strategic Partnership stands on a strong foundation of shared geographical, historical and civilisational ties. A fruitful exchange with ASEAN leaders and a successful Summit will further strengthen this relationship.

Source: PIB

Technical Recession in India

Why in News

According to the **Reserve Bank of India's**, “**nowcasting**”, India’s economy will contract by 8.6% in the **second consecutive quarter (July, August, September)** of the current financial year which means the economy is in a ‘**technical recession**’.

In simpler words, a technical recession is two quarters in a row of economic contraction.

Key Points

- **Nowcast:**
 - **Nowcast** in economics means the prediction of the present or the very near future of the state of the economy.
 - Nowcast began with the first issue of the Bulletin in January 1947, but interrupted during the period 1995 to date.
- **Current Scenario:**
 - In the second quarter the pace of contraction is **8.6%**.
 - This is considerably slower than the **23.9% decline in the real GDP** during the first quarter (April, May, June).
- **Implication:**

The contraction implies that India has entered a **technical recession** in the first half of 2020-21 for the first time in its history.

CONTRACTION IN INDIA. ELSEWHERE

Quarterly Real GDP growth rate (in %)

	October to December 2019	January to March 2020	April to June 2020	July to September 2020
India	4.1	3.1	-23.9	-8.6*
US	2.3	0.3	-9	-2.9
UK	1	-2.1	-21.5	-9.6
China	6	-6.8	3.2	4.9
Brazil	1.7	-0.3	-11.4	NA
Indonesia	5	3	-5.3	-3.5
South Africa	-0.5	0.1	-17.1	NA

Key Economic Words

- **Gross Domestic Product (GDP)** is the **final value of the goods and services** produced **within the geographic boundaries** of a country during a specified period of time, normally a year.
- **Expansionary Phase:** When the overall output of goods and services typically measured by the **GDP increases** from one quarter (or month) to another.
- **Recessionary Phase:** When the overall output of goods and services typically measured by the **GDP decreases** from one quarter (or month) to another.
- **Business Cycle:** It is composed of concerted **cyclical upswings and downswings** in the broad measures of economic activity which are output, **employment, income, and sales** in other words it is a cycle created by the expansionary and recessionary phases clubbed together.
- **Recession:** It is a **macroeconomic** term that refers to a **slowdown or a massive contraction** in economic activities for a **long enough period**, or it can be said that when a recessionary phase sustains for long enough, it is called a **recession**.
- **Depression:** It is a **deep and long-lasting period of negative economic growth**, with output falling for at least 12 months and GDP falling by over 10% or it can be referred to as a severe and prolonged recession.

Source:IE

INS Vagir

Why in News

Recently, the fifth **Scorpene class submarine** of **Project-75** named '**Vagir**' has been launched at **Mazagon Dock** in Mumbai.

Key Points

- **INS Vagir:**



- **Background:**

- The first Vagir, a submarine from **Russia**, was commissioned into Indian Navy on **3rd December 1973** and was decommissioned on **7th June 2001** after almost three decades of service to the nation.
- **Public shipbuilder Mazagon Dock Ltd (MDL)** gave a new incarnation to the submarine with the same name.
- It is named after the **Sand Fish**, a deadly deep sea predator of the Indian Ocean.
- It is a part of the six **Kalvari-class submarines** being built in India.
- The state-of-art technology used in the submarine has ensured:
 - **Superior stealth features** such as advanced acoustic absorption techniques, low radiated noise levels, and hydro-dynamically optimised shape.
 - The ability to attack the enemy using **precision guided weapons**.
- The submarine is designed to **operate in all theatres of operation**, showcasing interoperability with other components of a Naval Task Force.
- It can launch attacks with both torpedoes and tube launched anti-ship missiles, whilst underwater or on surface.
- It can undertake multifarious types of missions i.e **Anti-Surface warfare, Anti-Submarine warfare, Intelligence gathering, Mine Laying, Area Surveillance**, etc.

- **Project-75 :**
 - It is a programme by the Indian Navy that entails building **six Scorpene Class** attack submarines.
Scorpene is a conventional powered submarine weighing 1,500 tonnes and can go up to depths of 300m.
 - It is given support by the **Department of Defence Production** (Ministry of Defence) and **Indian Navy** throughout its various phases of construction.
 - The MDL is manufacturing six Scorpene submarines with **technology assistance from Naval Group of France** under a USD 3.75 bn deal signed in October 2005.
- **Other submarines** of the ongoing **Project-75:**
 - Two submarines, **Kalvari** and **Khanderi**, have been commissioned into the Indian Navy.
 - The third submarine, **Karanj**, is in the last phase of rigorous sea trials.
 - The fourth Scorpene, **Vela**, has commenced its sea trials.
 - The sixth and last submarine, **Vagsheer**, is being readied for boot together.

Way Forward

With the launch of **Vagir**, India further cements its position as a Submarine Building Nation and MDL has more than lived up to its reputation as Warship and Submarine Builders to the Nation This is totally in sync with the current impetus of the Government towards **Make in India** and **Aatmanirbhar Bharat**.

Source:PIB

Gujarat Maritime Cluster

Why in News

The **Gujarat Maritime Cluster** is coming up in the **GIFT (Gujarat International Finance Tec-City)** City at Gandhinagar to address logistics of ports and seaways.

Key Points

- **Maritime Cluster:**



- It is conceived as a **dedicated ecosystem** of Ports, Maritime Shipping and Logistics services providers.
- It will host an array of maritime, shipping industry players and service providers, along with relevant Government regulatory agencies, in **Gujarat International Finance Tec-City (GIFT City), Gandhinagar** – India's first International Financial Services Centre.
- The **Gujarat Maritime Board (GMB)**, has been trying to develop such a cluster through its subsidiary **Gujarat Ports Infrastructure and Development Company Ltd (GPIDCL)**.
- While the project was conceptualised back in 2007, it received in-principle approval from the state government in 2015.

- **Benefits of the project:**
 - **Attract Maritime Investments:**
 - The project will try to **bring back businesses** that have **migrated over the years** to foreign locations due to the absence of the right ecosystem in the country.
 - Large corporates like the **Aditya Birla Group** and **Tata Group** tap clusters in Dubai and Singapore for their maritime needs.
 - **Economies of Scale:**

Gujarat has a lot of ports and handles 40% of the country's cargo, but it has not targeted the **entire value-chain** as a result investors look abroad for the same.
 - **Dispute Resolution:**
 - An **Alternate Dispute Resolution (ADR)** Centre will be set up under the aegis of the **Gujarat Maritime University**, which will come up at the maritime cluster. A centre such as this does not currently exist in India.
 - Will help resolve cases revolving around bunker disputes, ship sales, shipbuilding and repairs, commodities.
 - It will provide an option to Indian players seeking to avoid availing the services of **international alternate dispute resolution hubs which entail huge costs, time, and travel.**
 - The cluster is also expected to house the **office of the Director General of Shipping.**

Way Forward

- The concept of maritime clusters is new to India, but these clusters have been driving some of the most competitive ports of the world like Rotterdam, Singapore, Hong Kong, Oslo, Shanghai, and London.
- Thus India must ensure a significant **footprint in global supply chains** of the world with the help of such innovative Ideas.

Source:IE

New Species in Andaman

Why in News

Recently a group of scientists has reported a new genus of treefrog from the **Andaman Islands** called **Striped Bubble-nest frog.**



Key Points

- **Biological name:** *Rohanixalus vittatus*
The new genus '**Rohanixalus**' is **named** after **Sri Lankan taxonomist** Rohan Pethiyagoda.
- Striped Bubble-nest frog belongs to the genus of the Old World treefrog family **Rhacophoridae**.
- This is the first report of a tree frog species from the Andaman Islands.

- **Bodily Features**

- Small and slender body (**2-3 cm long**).
- A **pair of contrastingly coloured lateral lines** on either side of the body. Minute brown speckles scattered throughout the upper body.
- Light green-coloured eggs laid in **arboreal** bubble-nests.
Arboreal means living in trees or related trees
- They are also known as Asian Glass Frog or see through frogs.
While the general background coloration of most glass frogs is primarily **lime green**, the abdominal skin of some members of this family is **translucent** (allowing light to pass through). The internal viscera, including the heart, liver, and gastrointestinal tract, **are visible through this translucent skin, hence the common name.**
- The genus has several unique behavioural traits:
 - **Maternal egg attendance:**
 - The female (mother) attends the egg clutches until hatching and assists in release of the tadpoles into the water.
 - During the **first three days** after egg laying, the **female sits over the eggs** and produces a **gelatinous secretion** with which she glazes (covers) the egg mass through **clockwise movement of her legs**. This behaviour provides **necessary moisture to the eggs laid on exposed leaf surfaces** and protects them from **insect predation.**
 - **Community egg attendance:**
A large number of egg clutches (**over 50**) of different developmental stages on a single leaf or plant. **Multiple females** usually attend such clutches in a behaviour termed as **‘community’ egg attendance.**
- Frequent **male-male combats** involving pushing, kicking and dislodging to **mate with a female.**

Source: TH

Swarna Jayanti Fellowship: DST

Why in News

The **Department of Science & Technology (DST)** has selected **21 scientists** for the **Swarna Jayanti fellowship.**

Key Points

- The Swarna Jayanti Fellowships scheme was **instituted by the Government of India to commemorate India's fiftieth year of Independence.**
- It provides **special assistance and support to a selected number of young scientists** with a proven track record to enable them to pursue basic research in frontier areas of science and technology.
- The award consists of a **Fellowship of Rs. 25000 per month** in addition to the salary drawn from the parent Institute along with a **Research Grant of Rs. 5 lakh per annum** by Department of Science and Technology (DST) for a **period of 5 years.**
 - In addition to fellowship, grants for equipment, computational facilities, consumables, contingencies, national and international travel, and other special requirements, if any, is covered based on merit.
 - The **fellowships are scientist specific and not institution-specific**, very selective, and have close academic monitoring.
- Scientists selected for the award are allowed to pursue unfettered research with a freedom and flexibility in terms of expenditure as approved in the research plan.

The project should contain innovative research ideas and it should have a potential of making impact on R&D in the discipline.
- The project submitted by the selected Fellows are considered for funding by the **Science & Engineering Research Board (SERB)** as per SERB norms.

SERB is a **statutory body under the Department of Science and Technology**, established by an Act of the Parliament of India in 2009.

Source: PIB
