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Economic Survey 2022-23

Why in News?

The **Union Finance Minister** tabled the **Economic Survey** for the Financial Year 2022-23, after the **President's** address.

- The **Economic Survey 2022-23** highlighted that India's economic recovery from the pandemic is complete and the economy is expected to grow in the range of **6% to 6.8%** in the coming financial year **2023-24**.

What is the Economic Survey?

- The Economic Survey of India is an annual document released by the Ministry of Finance. It is usually presented in **Parliament** a day before the **Union Budget**.
- It is prepared by the **Economics Division of the Department of Economic Affairs (DEA)** under the guidance of the **Chief Economic Advisor**.
- It reviews the developments in the Indian economy over the previous 12 months and presents the economic outlook for the current fiscal year.
- It also presents the **current state of the Indian economy**, including data on **gross domestic product (GDP)**, **inflation**, **employment**, and **trade**.
- The **first Economic Survey in India** was presented in the year **1950-51**.
 - Up to 1964, it was presented along with the Union Budget. From 1964 onwards, it has been delinked from the Budget.

How was the State of Indian Economy in 2022-23?

- **Performance:**
 - India hosted the world's **second-largest vaccination drive**, involving over **2 billion** doses.
 - The improvement in the financial health of public sector banks has enabled them to increase **credit supply**, leading to rapid credit growth for the **micro, small, and medium enterprises (MSME)** sector.
- **Current Challenges:**
 - Indian economy still faces persistent challenges, including the **depreciating rupee** and the possibility of further **US Fed interest rate hikes**.
 - The **current account deficit (CAD)** may also continue to widen as global commodity prices remain elevated.

➤ Outlook 2023-24:

- India's economic growth in FY23 is being led by **private consumption and capital formation**, generating employment.
 - The **recovery of MSMEs** is progressing, with the **Emergency Credit Linked Guarantee Scheme (ECLGS)** easing their debt concerns.
- **Global growth is projected to decline in 2023**, but India's growth is expected to be swift in **FY24** with a vigorous credit disbursal and capital investment cycle.
- The expansion of public digital platforms and measures such as **PM GatiShakti**, the **National Logistics Policy**, and the **Production-Linked Incentive** schemes will support economic growth and boost manufacturing output.

What is India's Medium-term Growth Outlook?

➤ Context:

- The **current decade is similar to 1998-2002**, where transformative reforms had delayed growth returns due to temporary shocks, but **structural reforms** later paid growth dividends.

➤ 2014-2022 Period:

- 2014-2022 is an important period in **India's economic history** with reforms aimed at improving the **ease of living and doing business**.
 - The reforms were based on **creating public goods**, **trust-based governance**, **co-partnering with the private sector** and **increasing agricultural productivity**.
 - However, due to **balance sheet stress** and **global shocks**, key macroeconomic variables were negatively impacted during this period.

➤ 2023-2030 Outlook:

- The growth outlook is **better than pre-pandemic years** and the Indian economy is prepared to grow at its potential in the medium term.

What were the Major Fiscal Developments Related to Revenue?

➤ Context:

- During the **fiscal year 2023**, the Union Government's finances showed resilience, which was a result of various factors like the **increase in direct taxes and Goods and Services Tax (GST) revenues**.

Note:

- Revenue Growth and Performance:
 - From April to November 2022, the **Gross Tax Revenue** experienced a YoY growth of 15.5%, which was primarily driven by the strong growth of both direct taxes and GST.
 - **GST has established itself as a vital source of revenue** for the central and state governments, as seen from the YoY growth of 24.8% from April to December 2022.
 - Over the years, the **Centre's Capex has steadily increased from 1.7% of GDP (FY09 to FY20) to 2.5% of GDP in FY22.**
 - To prioritise spending on Capex, the Centre incentivized the state governments through **interest-free loans and increased borrowing limits.**
 - The increased Capex, particularly in **infrastructure-intensive sectors** such as roads and highways, railways, housing, and urban affairs, has **substantial positive effects on medium-term growth.**
- Towards Sustainable Debt-to-GDP ratio:
 - The government's strategy of focusing on Capex-led growth will keep the **growth-interest rate differential positive**, resulting in a **sustainable debt-to-GDP ratio** in the medium run.

What was the Status of Monetary Management and Financial Intermediation?

- Context:
 - The **Reserve Bank of India (RBI)** started its **monetary tightening cycle in April 2022**, and since then, they have **raised the repo rate by 225 basis points.**
 - This has led to a **decrease in surplus liquidity and improved the balance sheets of financial institutions**, making it easier for them to lend money.
 - It is expected that the **growth in credit offtake will continue and be sustained by an increase in private capital expenditure**, which will start a virtuous cycle of investment.
- Performance and Growth:
 - The **Gross Non-Performing Assets (GNPA) ratio of SCBs (scheduled commercial banks)** has dropped to a seven-year low of 5.0, and the **Capital-to-Risk Weighted Assets Ratio (CRAR)** remains healthy at 16.0.

- In FY22, the recovery rate through the **Insolvency and Bankruptcy (IBC)** channel was the highest compared to other channels, which shows a positive trend for the SCBs.

How was Prices and Inflation Regulated in 2022-23?

- Context:
 - In 2022, India experienced three phases of consumer price inflation. During the first phase, from **January to April**, inflation peaked at 7.8% due to the war between Russia and Ukraine and crop shortages caused by heat waves in some parts of the country.
 - However, prompt actions by the government and the Reserve Bank of India helped bring inflation under control, with a **decline to 5.7% by December.**
- Bottlenecks:
 - The **gap between the wholesale price index and the consumer price index** remained wide, with core inflation still showing resistance to change.
- Regulatory Measures:
 - The government adopted a **multi-pronged approach to control the increase in prices**, which included: **reducing the export duty of petrol and diesel, bringing the import duty on major inputs to zero, imposing export ban on wheat products and export duty on rice, and reducing the basic duty on crude and refined palm oil.**
 - The government's timely policy intervention in the **housing sector, along with low home loan interest rates**, boosted demand in the affordable housing segment and **attracted more buyers in FY23.**
- RBI's Forecast:
 - The RBI forecasts **higher domestic prices for cereals, spices, and milk in the near future**, mainly due to supply shortages and rising feed costs.
 - The **changing climate around the world** is also increasing the risks of higher food prices.

What is the Status of Social Infrastructure and Employment in India during 2022-23?

- Context:
 - The government **increased its spending on the social sector.** The **twin pillars of education and health** are being strengthened to form human capital.

Note:

- Overall, the government's social sector spending increased from **Rs. 9.1 lakh crore in FY16 to Rs. 21.3 lakh crore in FY23.**

➤ **Social Infrastructure:**

○ **Education:**

- The **National Education Policy 2020** is expected to enrich the nation's growth and development prospects.
- The government's efforts have led to **improvements in enrollment ratios and gender parity in schools.**

○ **Healthcare:**

- In FY23, the government's **budgeted spending on the health sector was 2.1% of GDP**, up from **1.6% in FY21.**
- As of **January 4, 2023**, nearly **22 crore people** have benefited from the **Ayushman Bharat Scheme**, and over 1.54 lakh health and wellness centres have been established across the country.

○ **Poverty Alleviation:**

- The progress in attaining the **Sustainable Development Goal** of halving poverty by 2030 is demonstrated by the fact that more than **41 crore people have exited poverty between 2005-06 and 2019-21** according to the **UN Multidimensional Poverty Index.**

○ **Aadhaar and Co-Win:**

- **Aadhar played a critical role in developing the Co-WIN platform** and administering over 2 billion vaccine doses.

○ **Aspirational Districts Programme:**

- The **Aspirational Districts Programme** is seen as a model of good governance, especially in remote areas.

➤ **Employment:**

- **Labour Force Participation:** Labour markets have recovered from the effects of Covid-19, with **unemployment rates falling from 5.8% in 2018-19 to 4.2% in 2020-21.**

- The **Rural Female Labor Force Participation Rate** has risen from 19.7% in 2018-19 to 27.7% in 2020-21, which is a positive development.

- **eShram Portal:** The **eShram portal** was created to create a national **database of unorganised workers**, and as of December 31, 2022, over 28.5 crore workers were registered.

- **Jam Trinity and DBT:** The **JAM trinity**, combined with **Direct Benefit Transfer (DBT)**, has brought marginalised people into the **formal financial system, empowering them.**

How was India's Economic Performance in Climate Change and Environment?

➤ **Context:**

- The **Economic Survey 2022-23** presented a chapter on 'Climate Change and Environment' listing out India's **nationally determined contributions (NDCs)** that include the **transition to renewable energy resources, commitment to achieve "Net Zero" emissions by 2070** and steps taken to **become energy independent.**

➤ **Performance and Goals:**

- India has also **committed to reduce emissions intensity of its GDP by 45% by 2030** from 2005 levels.
- Another target has been set to achieve about **50% cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030.**
 - India has **already achieved its target of 40%** installed electric capacity from non-fossil fuels ahead of 2030 and the likely installed capacity from non-fossil fuels will be more than 500 GW by 2030.
 - This would lead to a **decline of average emission rate by around 29% by 2029-30** (compared to 2014-15).
- A mass **movement LIFE– Lifestyle for Environment** was launched at the **Glasgow climate summit** at UNFCCC COP26.
- In Nov 2022, **India's first Sovereign Green Bonds (SGrBs) Framework** was issued. **RBI auctioned two tranches of ₹4,000 crore SGrBs.**
- The survey also highlighted **India's plans to be energy independent by 2047**, by relying on green hydrogen through the **National Green Hydrogen Mission.**
- The survey shows that **India is becoming a favoured destination for renewables** with investments standing at USD 78.1 billion in the past 7 years.
 - **Solar power capacity installed**, a key metric under the National Solar Mission, stood at 61.6 GW as of October 2022.

Note:

How was India's Economic Performance in Agriculture and Food Management?

➤ Context:

- India's **agriculture sector** has witnessed a **robust average annual growth rate of 4.6%** over the last six years. This enabled agriculture to contribute significantly towards the country's overall growth, development and food security.

➤ Performance:

- In recent years, **India has emerged as the net exporter of agricultural products**, with exports in 2021-22 touching a record USD 50.2 billion.
- Agri sector saw buoyant growth due to the following measures taken by the govt:
 - **Augmentation of crop and livestock productivity**
 - **MSP for all mandated crops** fixed at 1.5 times of all India weighted average cost of production
 - **Promotion of crop diversification**
 - **Mechanisation and boost to horticulture and organic farming.**
- **Private investment in agriculture increased to 9.3%** in 2020-21. **Institutional credit to the Agri sector** continued to grow to **Rs. 18.6 lakh crore in 2021-22.**
- **Foodgrains production in India saw sustained increase** and stood at 315.7 million tonnes in 2021-22.
 - As per the **First Advance Estimates for 2022-23 (Kharif only)**, total foodgrains production in the country is estimated at **149.9 million tonnes** which is **higher than the average Kharif foodgrain production** of the previous five years (2016-17 to 2020-21).
 - Also, the GoI has recently decided to provide **free foodgrains to beneficiaries under the NFSA 2013 for one year** from 1 January 2023.
- The **National Agriculture Market (e-NAM)** Scheme has established an online, competitive, transparent bidding system to ensure farmers get remunerative prices for their produce (covering 1.74 crore farmers and 2.39 lakh traders).
- Under **Paramparagat Krishi Vikas Yojana (PKVY)**, organic farming is being promoted through **Farmer Producer Organisations (FPO).**
- **India stands at the forefront to promote millets** after the UNGA, in its 75th session in 2021, declared **2023 the International Year of Millets (IYM).**

How was India's Economic Performance in the Industrial Sector?

➤ Context:

- The Economic Survey 2022-23 showed a **rise of 3.7% of overall Gross Value Added (GVA) by the Industrial Sector** (for the first half of FY 22-23) which is higher than the average growth of 2.8% achieved in the first half of the last decade.

➤ Performance:

- **Robust growth in Private Final Consumption Expenditure, export stimulus** during the first half of the year, **increase in investment demand** triggered by enhanced public capex and **strengthened bank and corporate balance sheets** have provided a demand stimulus to industrial growth.
 - The supply response of the industry to the demand stimulus has been robust.
- Both the **Purchasing Managers Index (PMI)** and **Index of Industrial Production (IIP)** are in an **upward growth trajectory since July 2021.**
- **Credit to both MSMEs and large industries** have shown double digit growth (MSMEs by 30% since Jan 2022).
- **India's electronics exports have risen nearly threefold**, from US \$4.4 billion in FY19 to US \$11.6 Billion in FY22 with **India becoming the second-largest mobile phone manufacturer globally.**
- **Foreign Direct Investment (FDI) flows into the Pharma Industry** have risen four times, from US \$180 million in FY19 to US \$699 million in FY22.
- **Production Linked Incentive (PLI) schemes** were also introduced across 14 categories, with an estimated capex of Rs. 4 lakh crore over the next five years, to plug India into global supply chains.
- Over 39,000 **compliances have been reduced** and more than 3500 provisions decriminalised as of January 2023 by **amending the Companies Act 2013.**
- To further enhance India's integration in the global value chain, **'Make in India 2.0'** is now focusing on 27 sectors, which include 15 manufacturing sectors and 12 service sectors.

How was India's Economic Performance in the Services Sector?

➤ Context:

- The Services Sector in India is **expected to grow at 9.1% in FY23**, compared to 8.4% (YoY) in FY22.

Note:

➤ **Performance:**

- **Robust expansion in PMI (Purchasing Managers' Index) services** has been observed since July 2022.
- India was **among the top ten services exporting countries** in 2021, with a **share of 4%** in world commercial services exports.
- **India's services sector has been resilient** even throughout the Covid-19 pandemic and amid geopolitical uncertainties due to **higher demand for digital support, cloud services, and infrastructure modernization**.
- In the real-estate sector, there was sustained growth, leading to pre-pandemic housing sales levels, with a 50% rise between 2021 and 2022.
- In the **tourism sector**, hotel occupancy rate improved from 30-32% in April 2021 to 68-70% in November 2022 showing **signs of revival with increasing foreign tourist arrivals in FY23**.
- **Digital platforms** are transforming India's financial services; **India's e-commerce market** is projected to grow at 18% annually through 2025.

How was India's Economic Performance in the External Sector?

➤ **Context:**

- Owing to the recent geopolitical developments, India's external sector has been facing considerable global headwinds.
- However, India has diversified its markets and **increased its exports to Brazil, South Africa and Saudi Arabia**.

➤ **Performance:**

- India's **current account balance (CAB)** recorded a **deficit of US\$ 36.4 billion (4.4% of GDP)** in the **second quarter (Q2) of FY23** in contrast to a deficit of US\$ 9.7 billion (**1.3% of GDP**) in Q2 of FY22.
 - This was **mainly due to a higher merchandise trade deficit** of US\$ 83.5 billion **and an increase in net investment income outgo**.
- To increase its market size and ensure better penetration, in 2022, India signed **CEPA with UAE** and **ECTA with Australia**.
- **India is the largest recipient of remittances** in the world receiving US\$ 100 bn in 2022.
 - Remittances are the **second largest source of external financing** after service export.

- As of December 2022, **India's Forex Reserves stood at US\$ 563** bn covering 9.3 months of imports (this is a **decline from 13 months of imports** in FY 21-22).
 - Despite this, India was the **6th largest foreign exchange reserves holder** in the world.

How was India's Economic Performance in the Digital Public Infrastructure?

➤ **Context:**

- India's Digital Public Infrastructure (DPI) can add around 60-100 basis points (BPS) to India's potential GDP growth rate.
- In the immediate future, platforms such as **Open Network for Digital Commerce (ONDC)**, **Open Credit Enablement Network (OCEN)** will open avenues for e-commerce market access and credit availability for smaller businesses and strengthen the expected economic growth.

➤ **Performance:**

- **Unified Payment Interface (UPI):**
 - **UPI-based transactions** grew in both value (121%) and volume (115%), between 2019-22, paving the way for its **international adoption**.
- **Telephone and Radio - For Digital Empowerment:**
 - Total **telephone subscriber base in India** stands at 117.8 crore (as of Sept,22), with **44.3% of subscribers in rural India**.
 - **More than 98%** of the total telephone subscribers are **connected wirelessly**.
 - As of March 2022, India's **overall teledensity** (number of telephone connections per 100 people) in India **stood at 84.8%**.
- Economic Survey states that a landmark achievement in telecommunications in India was the **launch of 5G services**.
 - The **Indian Telegraph Right of Way (Amendment) Rules, 2022**, will facilitate faster and easier deployment of telegraph infrastructure to **enable speedy 5G rollout**.
- **Prasar Bharati**, India's **autonomous public service broadcaster**, broadcasts in 23 languages, 179 dialects from 479 stations and reaches 92% of India's total area and 99.1% of the total population.
- **Digital Public Goods:**

Note:

- Schemes like **MyScheme**, **TrEDS**, **GEM**, **e-NAM**, **UMANG** have transformed India's market place and has enabled citizens to access services across sectors.
- **Open Credit Enablement Network** aims towards democratising lending operations while allowing end-to-end digital loan applications.
- **National AI portal** has published 1520 articles, 262 videos, and 120 government initiatives and 'Bhashini' is being viewed as a tool for overcoming the language barrier.
- The bouquet of digital public infrastructure products like **e-RUPI**, **e-Way Bill** etc. have **ensured real value for money to consumers** while reducing the compliance burden for producers.

Union Budget 2023-24

Why in News?

The Finance Minister of India introduced the **last full-fledged Union Budget** (for 2023-24) **before the Lok Sabha elections of 2024**.

What are the Constitutional Provisions regarding Budget?

- According to **Article 112 of the Indian Constitution**, the Union Budget of a year is referred to as the **Annual Financial Statement (AFS)**.
 - It is a statement of the **estimated receipts and expenditure of the Government in a Financial Year** (which begins on 1st April of the current year and ends on 31st March of the following year).
- Overall, the Budget contains:
 - Estimates of **revenue and capital receipts**,
 - Ways and means to raise the **revenue**,
 - Estimates of **expenditure**,
 - Details of the **actual receipts and expenditure of the closing financial year** and the **reasons for any deficit/surplus in that year**, and
 - The **economic and financial policy of the coming year**, i.e., taxation proposals, prospects of revenue, spending programme and introduction of new schemes/projects.
- In Parliament, the Budget goes through **six stages**:
 - **Presentation** of Budget
 - General **discussion**

- **Scrutiny** by Departmental Committees
- **Voting** on Demands for Grants
- Passing an **Appropriation Bill**
- Passing of **Finance Bill**

➤ The **Budget Division of the Department of Economic Affairs** in the Ministry of Finance is the **nodal body** responsible for preparing the Budget.

- The **first Budget of Independent India** was presented in **1947**.

What are the

Highlights of Budget 2023-24?

- A key theme of Union Budget 2023-24 is the focus on inclusive development - **Sabka Sath, Sabka Vikas** which specifically covers:
 - **Farmers, Women, Youth, Scheduled Castes, Scheduled Tribes, Other Backward Classes (OBCs), Divyangjan (PwDs) and Economically Weaker Sections (EWS), Overall priority for the underprivileged** (vanchiton ko varyyata),
 - There has also been a sustained focus on **UTs of J&K and Ladakh** and the **Northeast Region (NER)**.
- The Budget is along the lines of the **two-pronged growth strategy** first unveiled in 2019:
 - **Incentivising the private sector** thus creating jobs and pushing growth.
 - '**Minimum Government, Maximum Governance**'; increasing capex and raising more revenues via **disinvestment**.
- **Key Takeaways of the Budget:**
 - Changes in the **new income tax regime** (in rebate limit and in tax slabs).
 - A **33% increase in capital investment outlay** has been proposed, raising it to Rs 10 lakh crore (the **biggest in the past decade**).
 - **Changes in customs duty; reduced on** import of certain inputs for mobile phone manufacturing, shrimp feed etc. and **increased on** cigarettes, gold articles, compounded rubber etc.
 - **Capital outlay for the railways increased to the highest ever** – Rs 2.40 lakh crore.

Note:

Part – A

What is the Budget's Vision for Amrit Kaal?

➤ Amrit Kaal:

- The Finance Minister of India called it the **first Budget in Amrit Kaal**. The vision for the Amrit Kaal is an **empowered and inclusive economy** that is **technology-driven and knowledge-based** with a **robust financial sector**.

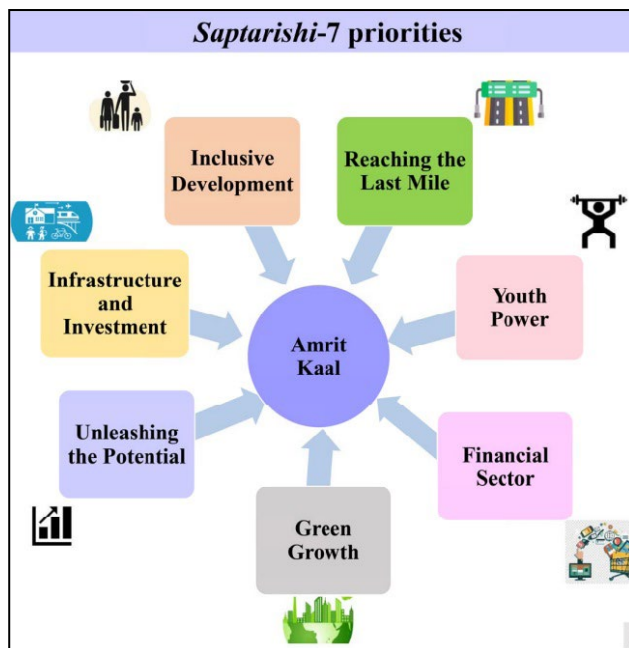


➤ The Budget identifies 4 transformative opportunities to be leveraged before reaching India@100:

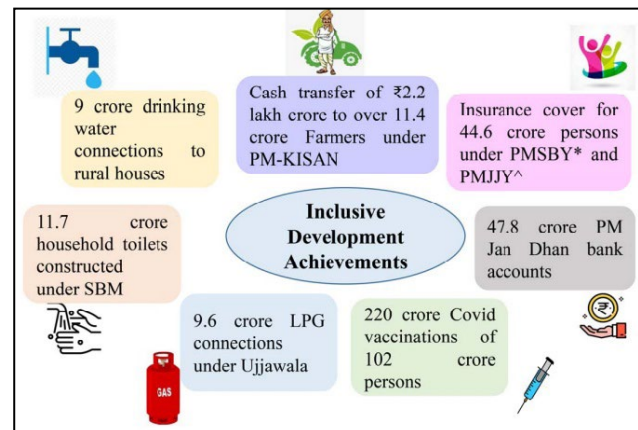
- Economic Empowerment of Women through SHGs
- PM Vishwakarma KAushal Samman (PM VIKAS)
- Tourism Promotion in Mission Mode
- Green Growth

What are the Priorities of Budget 2023-24?

➤ Saptarishi:



Priority 1: Inclusive Development



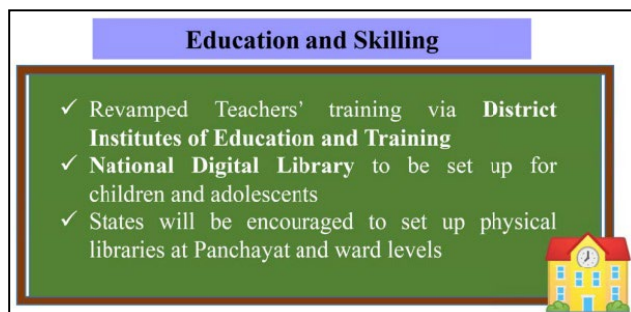
➤ Agriculture:

- **Digital Public Infrastructure:** Digital Public Infrastructure for agriculture will be built as an open source, open standard and interoperable public good resulting in:
 - Inclusive **farmer-centric solutions**
 - Relevant information services for **crop planning/health**
 - Better access to **farm inputs, credit, and insurance**
 - Growth-support of the **agri-tech industry and start-ups**
- **Funding for Agri-startups:** Agriculture Accelerator Fund will be set-up to encourage agri-startups by young entrepreneurs in rural areas.
- **Agri-Credit:** Agriculture credit target to be increased to Rs 20 lakh crore with focus on animal husbandry, dairy and fisheries.
 - A new **sub-scheme of PM Matsya Sampada Yojana** with targeted investment of Rs 6,000 crore to be launched for fishermen, fish vendors and MSMEs.
- **Horticulture:** Atmanirbhar Clean Plant Programme will be launched to boost availability of disease-free, quality planting material for high value **horticultural crops** at an outlay of Rs 2,200 crore.
- **Millets:** To make India a global hub for '**Shree Anna**' (Millets), the Indian Institute of Millet Research, Hyderabad will be supported as the **Centre of Excellence** for sharing best practices, research and technologies at the international level.

Note:

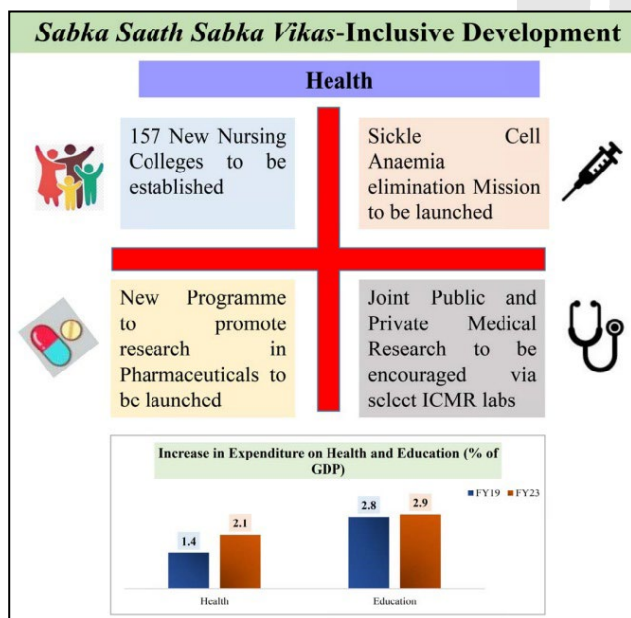
- **Agri-Cooperatives:** To fulfil the vision of “Sahakar Se Samridhi”, the Government plans to establish decentralized storage capacity and set up **multiple cooperative societies in uncovered villages** over the next 5 years.

➤ **Education and Skilling:**



➤ **Health:**

- **157 new nursing colleges will be established** in co-location with the existing 157 medical colleges established since 2014.
- A Mission to **eliminate Sickle Cell Anaemia by 2047** will be launched.



Priority 2: Reaching the Last Mile

➤ **New 'Aspirational Blocks Programme':**

- Building on the success of the **Aspirational Districts Programme**, the **Aspirational Blocks Programme** was recently launched **covering 500 blocks**.
- It is aimed at improving the performance of areas across multiple domains such as **health**,

nutrition, education, agriculture, water resources, financial inclusion, skill development, and basic infrastructure.

➤ **PM PVTG Development Mission:**

- To improve socio-economic conditions of the **Particularly Vulnerable Tribal Groups (PVTGs)**, **Pradhan Mantri PVTG Development Mission** will be launched.
- An amount of **Rs 15,000 crore** will be made available to implement the Mission in the next 3 years under the **Development Action Plan for the Scheduled Tribes**.
- The Centre will also **recruit 38,800 teachers and support staff** for the 740 **Eklavya Model Residential Schools**, serving 3.5 lakh tribal students.

➤ **Water for Drought Prone Region:**

- In the **drought prone central region of Karnataka**, central assistance of **Rs 5,300 crore** will be given to the **Upper Bhadra Project** to provide sustainable micro irrigation and filling up of surface tanks for drinking water.

➤ **Other Initiatives:**

- The outlay for **PM Awas Yojana** is being enhanced by **66%** to over Rs 79,000 crore.
- A '**Bharat Shared Repository of Inscriptions (Bharat SHRI)**' will be set up in a digital epigraphy museum, with **digitization of 1 lakh ancient inscriptions** in the first stage.

Priority 3: Infrastructure and Investment

➤ **Increase in Capex for Infra:**

- Capital investment outlay increased for the third consecutive year - by **33% to Rs 10 lakh crore** making it **3.3% of GDP**.
- The '**Effective Capital Expenditure**' is budgeted at Rs 13.7 lakh crore - **4.5% of GDP**.

➤ **Support to State Govts for Cap-Investment:**

- The Government has decided to **continue the 50-year interest free loan to state governments for one more year** to spur investment in infrastructure and to incentivize them for complementary policy actions.

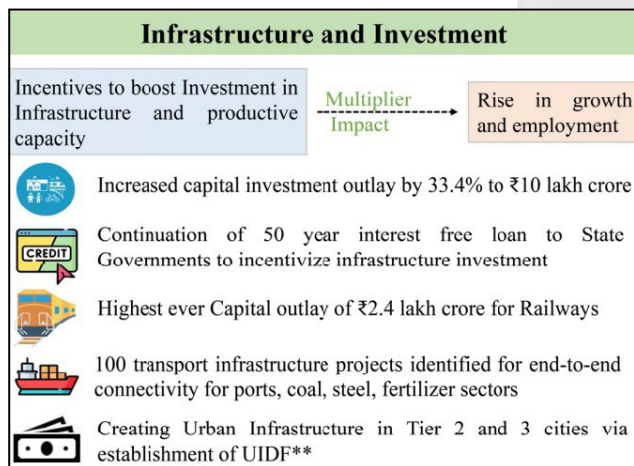
- The enhanced **outlay for this is Rs 1.3 lakh crore**.

➤ **Railways:**

- A capital outlay of **Rs 2.40 lakh crore** has been provided for the **Railways** - the highest ever outlay and about 9 times the outlay made in 2013- 14.

Note:

- **Aviation:**
 - 50 additional airports, heliports, water aerodromes and advanced landing grounds will be revived for improving regional air connectivity.
- **Other Transportation Projects:**
 - 100 critical transport infrastructure projects, for last and first mile connectivity for ports, coal, steel, fertiliser, and food grains sectors have been identified and will be taken up on priority with investment of Rs 75,000 crore, including Rs 15,000 crore from private sources.
 - An Urban Infrastructure Development Fund (UIDF) will be established through use of priority sector lending shortfall.
 - UIDF will be managed by the National Housing Bank, and will be used by public agencies to create urban infrastructure in Tier 2 and Tier 3 cities.
 - Rs 10,000 crore on a yearly basis will be allocated for this purpose.



Priority 4: Unleashing the Potential

- **Reduced Compliances and Jan Vishwas Bill:**
 - To enhance ease of doing business, more than 39,000 compliances have been reduced and more than 3,400 legal provisions have been decriminalised under the amendments to the Companies Act 2013.
 - To further the trust-based governance, the Government introduced the Jan Vishwas Bill to amend 42 Central Acts.
- **Centres of Excellence for AI:**
 - To realise the vision of “Make AI in India and Make AI work for India”, three centres of excellence for Artificial Intelligence will be set-up in top educational institutions.

- **National Data Governance Policy:**
 - To facilitate innovation and research by start-ups and academia, a National Data Governance Policy will be brought out, which will enable access to anonymized data.
- **Digilocker for Data Sharing:**
 - An Entity DigiLocker will be set up for use by MSMEs, large business and charitable trusts for storing and sharing documents online securely, whenever needed, with various authorities, regulators, banks and other business entities.
- **Resolving Disputes:**
 - Vivad se Vishwas: Less stringent contract execution for MSMEs (being provided as a relief to the MSMEs affected during the Covid period).
 - Easier and standardised settlement scheme enabling faster settlement of contractual disputes of Govt and Govt undertakings.
 - e-Courts: Phase III of e-courts will be launched for effective administration of justice.
- **5G Technology:**
 - 100 labs for developing applications using 5G services will be set up in engineering institutions to realise a new range of opportunities, business models, and employment potential.
 - The labs will cover, among others, applications such as smart classrooms, precision farming, intelligent transport systems, and healthcare apps.

Priority 5: Green Growth



- **National Green Hydrogen Mission:**
 - An outlay of Rs 19,700 crores has been allocated to the National Green Hydrogen Mission to facilitate transition of the economy to low carbon intensity, reduce dependence on fossil fuel imports, and make the country assume technology and market leadership in this sunrise sector.

Note:

- The target is to reach an annual production of 5 MMT by 2030.
- **GOBARDhan Scheme:**
 - 500 new 'waste to wealth' plants under **GOBARDhan scheme** will be established to promote **Circular Economy** (200 compressed biogas (CBG) plants and 300 community/cluster-based plants). Total Investment - Rs 10,000 crore.
 - In due course, a **5% CBG mandate** will be introduced for all organizations marketing natural and biogas.
- **Bhartiya Prakritik Kheti Bio-Input Resource Centres:**
 - Over the next 3 years, the Centre will facilitate **1 crore farmers to adopt natural farming** by setting up **10,000 Bio-Input Resource Centres**, creating a national-level distributed **micro-fertilizer and pesticide manufacturing network**.
- **Other Investments in Green Energy:**
 - **Rs. 35,000 crore** for **priority capital investments towards energy transition** and **net zero objectives**, and energy security (Ministry of Petroleum & Natural Gas).
 - **Battery Energy Storage Systems** with capacity of 4,000 MWH to be supported with **Viability Gap Funding**.
 - **Rs 20,700 crore** (central support - Rs 8,300 crore) for **inter-state transmission system** for evacuation and **grid integration** of 13 GW renewable energy from Ladakh.

Priority 6: Youth Power

Youth Power

Empowering 'Amrit Peedhi'

- **Pradhan Mantri Kaushal Vikas Yojana 4.0**
 - On-job training, industry partnership, new age courses like AI, robotics, mechatronics, 3D printing, drones, etc
- **Skill India Digital Platform**
 - Expanding digital ecosystem to enable demand-based formal skilling, linking with employers and facilitating access to entrepreneurship schemes

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Youth Power

Empowering 'Amrit Peedhi'

- **National Apprenticeship Promotion Scheme**
 - To provide stipend support to 47 lakh youth in three years
- **Boosting Tourism**
 - 50 destinations to be selected and developed as complete package for domestic & foreign tourists
- **Setting Up Of Unity Malls In State Capitals**
 - For promotion and sale of ODOPs (One District, One Product), GI and handicraft products

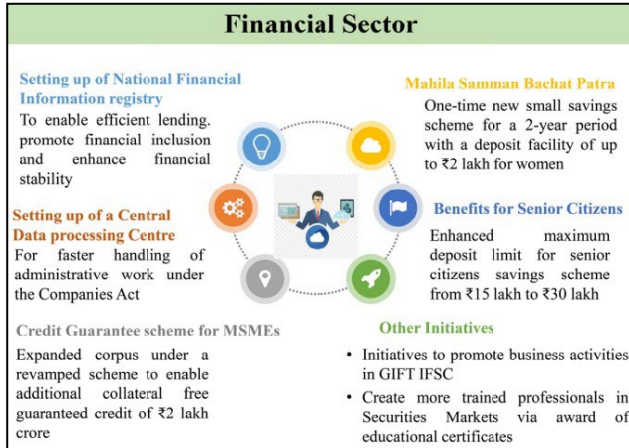
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Priority 7: Financial Sector

- **Credit Guarantee for MSMEs:**
 - In 2022, the **credit guarantee scheme for MSMEs** was revamped and will take effect from 1st April 2023 through **infusion of Rs 9,000 crore** in the corpus.
 - This will enable **additional collateral-free guaranteed credit of Rs 2 lakh crore**.
 - The **cost of the credit** will be **reduced** by about 1%.
- **Financial Information Registry:**
 - A National Financial Information Registry will be set up to **serve as the central repository of financial and ancillary information**.
 - This will facilitate efficient flow of credit, promote financial inclusion, and foster financial stability.
 - A **new legislative framework, designed in consultation with the RBI**, will govern this credit public infrastructure.
- **Small Savings Schemes:**
 - To commemorate Azadi Ka Amrit Mahotsav, a **one-time new small savings scheme, Mahila Samman Savings Certificate**, will be made **available for a two-year period up to March 2025**.
 - This will offer **deposit facility upto Rs 2 lakh in the name of women or girls** (fixed interest rate of **7.5%**) with **partial withdrawal option**.

Note:

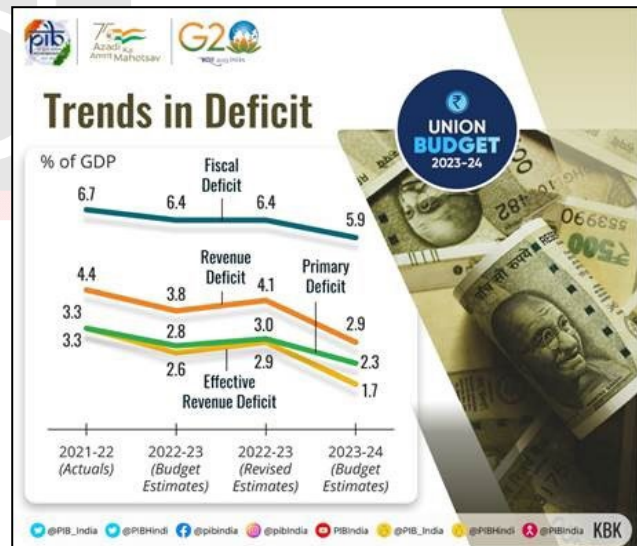
- The **maximum deposit limit** for **Senior Citizen Savings Scheme** will be **enhanced from Rs 15 lakh to Rs 30 lakh**.
- The maximum deposit limit for the **Monthly Income Account Scheme** will be **enhanced from Rs 4.5 lakh to Rs 9 lakh (for single account) and from Rs 9 lakh to Rs 15 lakh (for joint account)**.



What is the Status of Fiscal Management?

- **Utilisation of Funds for Capital Expenditure:**
 - The **Indian Finance Minister** stated that **all states must utilise their fifty-year loan for capital expenses** by the end of **2023-24**.
 - Most of this will be at the discretion of states, but a part will be conditional on states designated for specific purposes, such as:
 - Replacing outdated **government vehicles**
 - Improving **urban planning**
 - Making **urban local bodies** eligible for obtaining **municipal bonds**
 - Building housing for police officers
 - **Constructing Unity Malls**
 - **Creating libraries and digital infrastructure for children and adolescents**
 - Contributing to the **capital expenses of central schemes**.
- **Fiscal Deficit Allowed to States:**
 - States are allowed to have a deficit of **3.5% of their Gross State Domestic Product (GSDP)**, with **0.5%** of this amount specifically designated for **power sector reforms**.
- **Revised Estimates 2022-23:**
 - **Total receipts**, (excluding borrowings): **Rs 24.3 lakh crore**

- **Net tax receipt:** **Rs 20.9 lakh crore**.
- **Total expenditure:** **Rs 41.9 lakh crore**
- **Capital expenditure:** **Rs 7.3 lakh crore**.
- **Fiscal deficit :** **6.4%** of GDP.
- **Budget Estimates 2023-24:**
 - **Total estimated receipts** (excluding borrowings): **Rs 27.2 lakh crore**,
 - **Total estimated expenditure:** **Rs 45 lakh crore**.
 - **Net tax receipts:** **Rs 23.3 lakh crore**.
 - **Fiscal deficit:** **5.9%** of GDP.
 - To **finance the fiscal deficit in 2023-24**, the net market borrowings from dated securities are estimated at **Rs 11.8 lakh crore**.
 - The **gross market borrowings** are estimated at **Rs 15.4 lakh crore**.
 - Also, the government is committed to sticking to this plan to **reduce the fiscal deficit to below 4.5% by 2025-26**.



Part – B

What are the Reforms Proposed in Direct Taxation?

- **Personal Income Tax:**
 - There are five major announcements relating to the personal income tax. The **rebate limit in the new tax regime has been increased to ₹ 7 lakh**.
 - It means that persons in the new tax regime with **income up to ₹ 7 lakh will not have to pay any tax**.

Note:

- The tax structure in the new personal tax regime has been changed by **reducing the number of slabs to five** and **increasing the tax exemption limit to ₹ 3 lakh**.
- **Other Tax Reforms:**
 - **Standard Deduction:**
 - The new tax regime has proposed to **increase the standard deduction** for salaried individuals to **50,000 rupees** and the deduction for family pension up to **15,000 rupees**.
 - **MSMEs:**
 - The limits for **presumptive taxation** have been **increased for micro enterprises and certain professionals** as long as the amount received in cash does not exceed **5% of the total gross receipts/turnover**.
 - The **deduction for payments made to MSMEs** will only be allowed when payment is actually made to support their timely receipt of payments.
 - **Cooperatives:**
 - New **manufacturing co-operatives** that start manufacturing before 31.3.2024 will have a **lower tax rate of 15%**.
 - The limit for cash deposits and loans by **Primary Agricultural Co-operative Societies and Primary Co-operative Agriculture** and Rural Development Banks has been increased to **2 lakh rupees per member**.
 - **Tax Deduction at Source (TDS)** on cash withdrawals for co-operative societies has been increased to **3 crore rupees**.
 - **Startups:**
 - The date for **start-ups** to receive income tax benefits has been **extended to 31.3.2024**. The carry forward of losses for start-ups has been increased from **7 years of incorporation to 10 years**.
 - **Online Gaming:**
 - **Taxability on online gaming** will be clarified with TDS and taxability on **net winnings at the time of withdrawal** or at the end of the financial year.
 - **Gold:**
 - **Conversion of gold** into electronic gold receipt and vice versa will **not be treated as capital gains**.
- **Exception from Income Tax:**

- **Income of authorities, boards and commissions set up by Union or State laws** for housing, town and village development, and regulation, will be **exempt from income tax**.
- **Agniveer Fund** has been given **Exempt-Exempt-Exempt (EEE) status**. Payments received by Agniveers enrolled in Agneepath Scheme, 2022 will be **exempt from taxes**.
- Deduction in total income will be allowed for **contributions to the Agniveer Seva Nidhi** account by the Agniveer or the Central Government.
- **Common IT Return Form:**
 - To improve taxpayer services, the government **rolled out a proposal for next-generation Common IT Return Form** for taxpayer convenience, along with plans to strengthen the grievance redressal mechanism.

➤ **Current and Proposed Tax Slabs:**

Tax Rate	Current Income Slab	Proposed Income Slab
Nil	Up to Rs 2.5 lakh	Up to Rs 3 lakh
5%	Rs 2.5 lakh to Rs 5 lakh	Rs 3 lakh to Rs 6 lakh
10%	Rs 5 lakh to Rs 7.5 lakh	Rs 6 lakh to Rs 9 lakh
15%	Rs 7.5 lakh to Rs 10 lakh	Rs 9 lakh to Rs 12 lakh
20%	Rs 10 lakh to Rs 12 lakh	Rs 12 lakh to Rs 15 lakh
25%	Rs 12 lakh to Rs 15 lakh	-
30%	Above Rs 15 lakh	Above Rs 15 lakh

What are the Reforms Proposed in Indirect Taxation?

- **Custom Duties:**
 - The number of **basic customs duty rates** for goods **other than textiles and agriculture** has been decreased to **13 from 21**.
 - **National Calamity Contingent Duty (NCCD)** on specified **cigarettes** revised upwards by about **16%**
- **Increased Duties:**
 - Articles made from gold and platinum
 - Import duties on silver dore, bars, and articles
- **Exception from Duties:**
 - **Compressed biogas** contained in blended compressed natural gas.
 - Testing agencies that import **vehicles, automobile parts/components, sub-systems**, and tires for testing and/or certification purposes.

Note:

- Also, the **deadline for the customs duty on specified machinery for lithium-ion cell manufacturing for EV batteries** has been extended to 31.03.2024.
- Denatured ethyl alcohol** used in the chemical industry.
- **Legislative Changes in Customs Laws:**
 - The **Customs Act, 1962** is going to be revised to set a **nine-month deadline for the Settlement Commission** to make a final decision after an application has been filed.
 - The **Customs Tariff Act** will be revised to make the purpose and scope of **Anti-Dumping Duty (ADD), Countervailing Duty (CVD), and Safeguard Measures** clearer.
 - Changes will also be made to the **Central Goods and Service Tax Act:**
 - The minimum amount of tax for starting a **prosecution under GST will be raised from 1 crore to 2 crore.**
 - The **compounding amount for tax will be reduced from 50-150% to 25-100%** of the tax amount.
 - Certain offences will be decriminalised.
 - The **filing of returns or statements will be limited to a maximum of three years** from the due date.
 - Unregistered suppliers and composition taxpayers will be allowed to make **intra-state supply of goods through E-Commerce Operators (ECOs).**

Indirect Tax Proposals

Green Mobility:

- To exempt excise duty on GST-paid compressed bio gas

Electronics:

- To provide relief in customs duty on import of certain parts of mobile phones
- To reduce basic customs duty on parts of open cells of TV panels to 2.5%

Electricals:

- To increase basic customs duty on electric kitchen chimney from 7.5% to 15%
- To reduce basic customs duty on chimney heat coils from 20% to 15%

Chemicals and Petrochemicals:

- To exempt basic customs duty on chemicals and petrochemicals
- To reduce basic customs duty on acid grade fluorspar and crude glycerine to 2.5%

UNION BUDGET 2023-24

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Indirect Tax Proposals

Marine products:

- To reduce duty on key inputs for domestic manufacture of shrimp feed

Lab Grown Diamonds:

- To reduce basic customs duty on seeds used in their manufacturing

Precious Metals:

- To increase customs duties on articles made from gold and platinum
- To increase import duty on silver dore, bars and articles

Compounded Rubber:

- To increase basic customs duty rate on compounded rubber from 10% to 25%

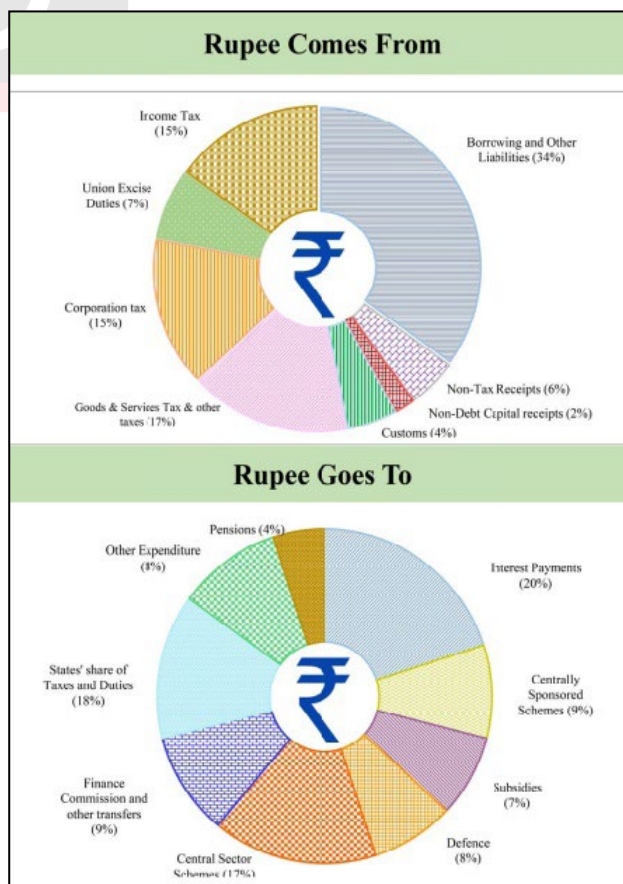
Cigarettes:

- National Calamity Contingent Duty (NCCD) on specified cigarettes to be revised upwards by about 16%

UNION BUDGET 2023-24

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Where does the Rupee Come from and where does it Go?



Note:

New Tax Regime

Why in News?

Recently, during the **Union Budget 2023-24** speech, Union Finance Minister announced a **change in income tax slabs and rebate limits** under the new income tax regime.

- According to the proposed 2023 Finance Bill, **startups that offer their shares to foreign investors may be subject to paying the “angel tax,”** which was previously only applicable to investments raised by Indian residents.

What are the Proposed Changes?

- **Tax Rebate Limit Raised:**
 - The enhancement of this limit to ₹7 lakhs from ₹5 lakhs indicates that the **person whose income is less than ₹7 lakhs need not invest anything to claim exemptions** and the entire income would be tax-free irrespective of the quantum of investment made by such an individual.
 - This **will result in giving more consumption power to the middle-class income group** as they could spend the entire amount of income without bothering too much about investment schemes to take the benefit of exemptions.
- **Changes in Income Tax slabs:**

BENEFITS UNDER THE NEW TAX REGIME				
FY'23	Tax rate	FY'24	Tax rate	Cumulative benefit
Rs 2.5 lakh	Nil	Up to 3 lakh	Nil	■ ₹ 2,500
Rs 2.5-5 lakh	5%	₹ 3-6 lakh	5%	■ ₹ 7,500
Rs 5-7.5 lakh	10%	₹ 6-9 lakh	10%	■ ₹ 15,000
Rs 7.5 to 10 lakh	15%	₹ 9-12 lakh	15%	■ ₹ 25,000
Rs 10-12.5 lakh	20%	₹ 12-15 lakh	20%	■ ₹ 37,500
Rs 12.5-15 lakh	25%	NA	NA	N.A
Above Rs 15 lakh	30%	Above ₹ 15 lakh	30%	■ ₹ 37,500

Standard deduction benefit has also been extended to new tax regime

- It was proposed to change the tax structure in the new regime **by reducing the number of slabs to five from six income categories and increasing the tax exemption limit to ₹3 lakh.**
- Tax assessors will still be **able to choose from the prior regime.**
 - **Salaried and Pensioners:** The new system's standard deduction for taxable income exceeding Rs15.5 lakhs is ₹52,500.

➤ For Pensioners:

- The Finance Minister **announced extending the benefit of the standard deduction to the new tax regime.**
 - Each salaried person with an income of ₹15.5 lakh or more will benefit by ₹52,500.

➤ Maximum Tax Along with Surcharge:

- It was **proposed to reduce the highest surcharge rate** from 37% to 25% in the new tax regime. This **would result in the reduction of the maximum tax rate to 39%.**
 - The highest tax rate in India is 42.74%. **This is among the highest in the world.**
- Tax rates have been reduced under the new tax regime and the **maximum marginal rate drops from 42.74% to 39%.**

➤ Finance Bill, 2023:

- The Finance Bill, 2023 was also unveiled which has **proposed to amend Section 56(2) VII B of the Income Tax Act.**
 - The provision states that when an unlisted company, such as **start-ups** receive equity investment for the issue of shares exceeding their face value, it will be **considered income for the start-up and be subject to income tax under the heading “Income from other Sources”.**
 - **Section 56(2) VII B of the Income Tax Act**, colloquially known as the ‘angel tax’ **was first introduced in 2012** to deter the generation and use of unaccounted money through the subscription of shares of a closely held company at a value that is higher than the fair market value of the firm's shares.
- It was also proposed to **include foreign investors also**, meaning that when a start-up raises funding from a foreign investor, that too will now be **counted as income and be taxable.**

Why are Startups Concerned?

- Foreign investors are a **significant source of funding for startups** and have contributed to their increased valuations and the proposed amendments can affect the amount of investment.
 - **According to a report by PwC India**, the funding for India's startups **decreased by 33% to \$24 billion in 2022.**

Note:

- The reintroduction of the tax on angel investors in India may **cause startups to shift abroad**, as foreign investors may **not want to pay additional taxes associated with their investment in the startup**.

What is Face Value?

- According to the face value definition, it is the dollar value of any stock (or any financial instrument) at the time of issuing. It is also **termed as the nominal value or the dollar value**.
 - **Face Value = Equity share capital / number of outstanding shares.**

India's Fiscal Deficit Targets

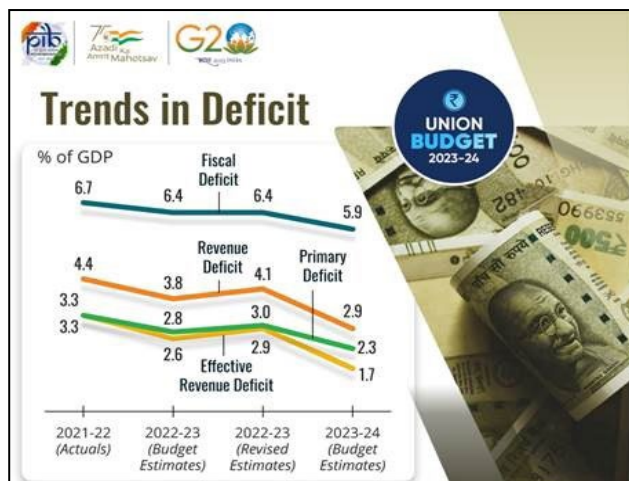
Why in News?

In the **Union Budget for 2023-24**, the government announced the adoption of **relative fiscal prudence and projected a decline in fiscal deficit to 5.9%** of gross domestic product (GDP) in FY24, compared with **6.4% in FY23**.

- The government planned to continue on the path of **fiscal consolidation** and reach a **fiscal deficit below 4.5% by 2025-26**.

What is the Direction on Deficit Given in the Budget?

- In the revenue budget, the deficit was **4.1% of GDP in 2022-23** (revised estimate). In **Union Budget 2023-24**, revenue deficit is **2.9% of GDP**.
- If interest payments are deducted from fiscal deficit, which is referred to as **primary deficit**, it stood at **3% of GDP in 2022-23** (RE).
- The primary deficit, which reflects the current fiscal stance devoid of past interest payment liabilities, is pegged at **2.3% of GDP in Union Budget 2023-24**.



What are the Major Steps of Government Towards Fiscal Consolidation?

➤ Reduced Subsidies:

- The government has reduced the amount of money allocated for **food, fertiliser and petroleum subsidies**.
 - The food subsidy in 2022-23 (RE) was ₹2,87,194 crore. In 2023-24, it has been reduced to ₹1,97,350 crore.
 - Similarly, the fertilizer subsidy in 2022-23 was ₹2,25,220 crore (RE); it has been reduced to ₹1,75,100 crore for FY24.
 - The petroleum subsidy in 2022-23 was ₹9,171 crore (RE); it has declined to ₹2,257 crore in 2023-24 (Budget estimate/BE).
- The decrease in subsidies compared to the previous year is not as sharp, but it is **still a positive step towards reaching a fiscal deficit target of 4.5% by 2025-26**.

➤ Capital Expenditure:

- In the Budget for 2023-24, **capital spending is planned to rise to 3.3% of GDP**, and the government has provided an **interest-free loan of ₹1.3 lakh crore for 50 years to states to boost growth**.

➤ Debt Management:

- The **majority of the fiscal deficit is financed through internal market borrowings**, with a small portion coming from securities against savings, provident funds, and external debt.
 - In the 2023 Union Budget, **India's external debt is only 1% of the total fiscal deficit**, which is estimated at ₹22,118 crore.
- The states are free to maintain a fiscal deficit of **3.5% of their Gross State Domestic Product (GSDP)** with **0.5% tied to power sector reforms**.

Why is Fiscal Consolidation Important for an Emerging Economy?

- Fiscal consolidation refers to the **ways and means of narrowing the fiscal deficit**. A government **typically borrows to bridge the deficit**. It will then have to allocate a part of its earnings to service the debt.
- The **interest burden will increase as the debt increases**. In the Budget for FY22, of the **total government expenditure of over ₹34.83 lakh crore**, more than **8.09 lakh crore (around 20%) went towards interest payment**.

Note:

What is Fiscal Deficit?

- **About:**
 - Fiscal deficit is the difference between the **government's total expenditure and its total revenue (excluding borrowings)**.
 - It is an indicator of the extent to which the **government must borrow in order to finance its operations** and is expressed as a percentage of the country's **Gross Domestic Product (GDP)**.
 - A **high fiscal deficit can lead to inflation, devaluation of the currency** and an increase in the debt burden.
 - While a **lower fiscal deficit is seen as a positive sign** of fiscal discipline and a healthy economy.
- **Positive Aspects of Fiscal Deficit:**
 - **Increased Government Spending:** Fiscal deficit enables the government to increase spending on **public services, infrastructure**, and other important areas that can stimulate economic growth.
 - **Finances Public Investments:** The government can finance long-term investments, such as **infrastructure projects**, through fiscal deficit.
 - **Job Creation:** Increased government spending can lead to job creation, which can help **reduce unemployment and increase the standard of living**.
- **Negative Aspects of Fiscal Deficit:**
 - **Increased Debt Burden:** A persistent high fiscal deficit leads to an **increase in government debt**, which puts pressure on future generations to repay the debt.
 - **Inflationary Pressure:** Large fiscal deficits can lead to an increase in money supply and higher inflation, which **reduces the purchasing power of the general public**.
 - **Crowding out of Private Investment:** The government may have to borrow heavily to **finance the fiscal deficit**, which can lead to a rise in interest rates, and make it difficult for the private sector to access credit, thus crowding out private investment.
 - **Balance of Payments Problems:** If a country is running large fiscal deficits, it may have to borrow from foreign sources, which can lead to a decrease in foreign exchange reserves and put **pressure on the balance of payments**.

What are the Other Types of Deficits in India?

- **Revenue Deficit:** It refers to the excess of government's revenue expenditure over revenue receipts.
 - Revenue Deficit = **Revenue expenditure – Revenue receipts**
- **Primary Deficit:** Primary deficit equals fiscal deficit minus interest payments. This indicates the gap between the government's expenditure requirements and its receipts, not taking into account the expenditure incurred on interest payments on loans taken during the previous years.
 - Primary deficit = **Fiscal deficit – Interest payments**
- **Effective Revenue Deficit:** It is the **difference between revenue deficit and grants for creation of capital assets**.
 - The concept of effective revenue deficit has been suggested by the **Rangarajan Committee on Public Expenditure**.

Status and Proceeds of Disinvestment

Why in News?

In the **Union Budget 2023-24**, the government has set a **disinvestment target of Rs 51,000 crore**, down nearly 21% from the budget estimate for the current year and just Rs 1,000 crore more than the revised estimate. It is also the lowest target in seven years.

What is Disinvestment?

- **About:**
 - The disinvestment process involves the **sale of government stake in public sector enterprises to strategic or financial buyers**, either through the sale of shares on stock exchanges or through the sale of shares directly to buyers.
 - The proceeds from the **disinvestment are used to finance various social and infrastructure projects** and to reduce the government's fiscal deficit.
- **Approaches:**
 - **Minority Disinvestment:** The government retains a majority in the company, typically greater than 51%, thus ensuring management control.
 - **Majority Divestment:** The government hands over control to the acquiring entity but retains some stake.

Note:

- **Complete Privatisation:** 100% control of the company is passed on to the buyer.

➤ **Process:**

- In India, the disinvestment process is conducted by the **Department of Investment and Public Asset Management (DIPAM)**, which comes under the **Ministry of Finance**.
- The primary objective of DIPAM is to **manage the government's investments in public sector enterprises** and to oversee the disinvestment of government equity in these enterprises.
- Government had constituted the **National Investment Fund (NIF) in 2005** into which the **proceeds from disinvestment of Central Public Sector Enterprises were to be channelized**.

What is the Need for Disinvestment?

- **Reduce the Fiscal Burden:** The government may disinvest in order to reduce the **fiscal burden or bridge the revenue shortfall** for that year.
 - It also uses disinvestment proceeds to finance the **fiscal deficit**, to invest in the economy and development or social sector programmes, and to retire government debt.
- **Encourages Private Player:** Disinvestment also encourages private ownership of assets and trading in the open market.
 - Encourage private sector investment in the economy, as **it signals the government's commitment to reforms** and to creating a more conducive business environment.
 - If successful, it also means that the **government does not have to fund the losses of a loss-making unit anymore**.
- **Improves Efficiency:** By divesting from public sector enterprises, the government can **improve the efficiency and competitiveness of these enterprises**, as private sector ownership and management can bring in new ideas and a more market-oriented approach.
- **Better Allocation of Resources:** The government can reallocate the resources freed up through disinvestment **towards other priorities, such as social and infrastructure development**.
- **Increases Transparency:** Disinvestment can bring in greater transparency and accountability in the functioning of public sector enterprises, as **private sector ownership and management can lead to more stringent financial and operational reporting**.

India Energy Week

Why in News?

On **February 6th, 2023**, Indian Prime Minister (PM) inaugurated the **India Energy Week (IEW) 2023** in **Bengaluru, Karnataka**.

- The PM also launched **E20 fuel** at **84 Retail Outlets of Oil Marketing Companies in 11 States/UTs** and flagged off the **Green Mobility Rally** organised by **Hindustan Petroleum Corporation Limited (HPCL)**

What is the E-20 Ethanol Fuel and Green Mobility Rally?

➤ **E-20 Ethanol Fuel:**

○ **About:**

- **Ethanol Blending programme** has been a key focus area of the Government to achieve **Atma Nirbharta** in the field of energy.
- **E20 is a blend of 20% ethanol with petrol**. The Government aims to achieve a **complete 20% blending of ethanol by 2025**, and HPCL and other oil marketing companies are setting up **2G-3G ethanol plants that will facilitate the progress**.

○ **Achievement So Far:**

- Due to the sustained efforts of the Government, Ethanol production capacity has seen **six times increase since 2013-14**.
- The achievements under **Ethanol Blending Program & Biofuels Program** have not only **augmented India's energy security but have also resulted in a host of other benefits** including reduction of **318 Lakh Metric Tonnes of CO2 emissions** and foreign exchange savings of around **Rs 54,000 crore**.

➤ **Green Mobility Rally:**

- The **Green Mobility Rally's** purpose was to raise public awareness for **green fuels**.
 - It saw the participation of **57 vehicles** running on sustainable energy sources such as **E20, E85, Flex Fuel, Hydrogen, Electric, etc.**
- **Green mobility** refers to the use of **environmentally-friendly and sustainable transportation options** to reduce carbon emissions and preserve natural resources.

Note:



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- With **proper policy support**, industry action, market generation, increased investor interest and acceptance, India can position itself as a **low-cost, zero-carbon manufacturing hub** in green mobility, at the same time fulfilling its goal of **economic development, job creation, and improved public health**.
- **Other Initiatives:**
 - The PM also launched the **uniforms under the 'Unbottled' initiative of Indian Oil**. These uniforms are made of **recycled PET bottles**.
 - The PM also dedicated the **twin-cooktop model of the Indian Oil's Indoor Solar Cooking System** and flagged off its commercial roll-out.

Green Energy and Jobs

Why in News?

According to a new study, **India's solar and wind energy sectors added 52,700 new workers**, an eight-fold increase from financial year 2021-22.

- The study was jointly conducted by the **Council on Energy, Environment and Water (CEEW)**, NRDC India (Natural Resources Defence Council India), and Skill Council for Green Jobs (SCGJ).

What are the Highlights of the Study?

- **Statistics:**
 - Nearly **99% of the new workforce** (52,100 workers) were employed in the **Solar Energy** Sector, with the **Wind Energy** sector registering very small growth (600 new workers).
 - India's solar and wind energy sectors jointly employed 1,64,000 workers as of FY'22, showing a 47% increase from FY'21. **84% of this workforce is in the solar energy sector**.
 - However, there has been a **"huge shortage" of workers trained in upstream manufacturing segments** such as making polysilicon, ingots, wafers and cells. The bulk of the **current jobs are in assembling solar modules**.
 - This segment is the focus of the recently launched Rs. 19,500 crore (USD 2.43 billion) **Production-Linked Incentive (PLI) scheme, which targets 65 GW of domestic manufacturing capacity**.
- **Potential:**

- If these trends continue, new on-grid solar (238 GW) and wind (101 GW) capacities can **potentially create about 3.4 million temporary and permanent jobs**.

➤ Recommendations:

- The skilling programmes must catch up with the new requirements arising from sectors such as solar module and battery manufacturing and hybrid projects.

What are the Potential and Challenges of Green Energy in India?

➤ Potential:

- India has abundant natural resources, including **solar, wind, hydro, and biomass, which can be harnessed to produce renewable energy**.
- Moreover, India's rapidly growing population and economy create a **huge demand for energy**, which can be met in part by using green energy sources.

➤ Potential Benefits:

- **Reduction in Emissions:** The use of green energy sources can significantly **reduce the amount of greenhouse gas emissions** in the atmosphere, which will help to mitigate the impacts of climate change.
- **Energy Security:** India is **heavily dependent on imported oil and natural gas**, which makes it vulnerable to price shocks and supply disruptions. Green energy sources can reduce this dependence and increase energy security.
- **Rural Electrification:** Many rural areas in India **still lack access to electricity**, which can be provided by **decentralized green energy sources**, such as solar panels and small-scale wind turbines.
- **Employment:** The green energy sector has the potential to create millions of new jobs in India, particularly in areas such as renewable energy production, energy efficiency, and grid integration.

Startup India Seed Fund Scheme

Why in News?

Recently, the Ministry of Commerce and Industry has approved Rs. 477.25 crore under the **Startup India Seed Fund Scheme (SISFS)**, which is a flagship Scheme under **Startup India Initiative**.

Note:

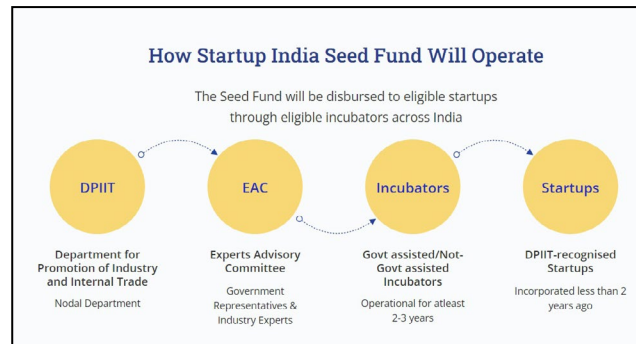
- **Seed Funding** is an early stage of investment in a **start-up** or a new business idea. The goal of seed funding is to help the company reach a point where it can secure additional rounds of funding or **generate revenue to become self-sustaining**.

What is the Startup India Initiative?

- The Startup India initiative envisages **building a robust Start-up ecosystem in the country** for nurturing innovation and providing **opportunities to budding entrepreneurs**.
- Under the Initiative, an **Action Plan of 19 Action Points** was unveiled by the Prime Minister in January, 2016.
 - This Action Plan laid down a **roadmap for the creation of a conducive ecosystem for Startups in India**.
- The flagship schemes under Startup India initiative namely, **Fund of Funds for Startups (FFS)**, SISFS and **Credit Guarantee Scheme for Startups (CGSS)** extend support to startups at various stages of their business cycle.

What is SISFS?

- **About:**
 - The scheme was announced at **Startup India International Summit on 16th January 2021**.
 - **Department for Promotion of Industry and Internal Trade (DPIIT)** approved an outlay of Rs. 945 Crore for the period of **4 years starting from 2021-22** to provide financial assistance to startups for Proof of Concept, prototype development, product trials, market entry, and commercialization.
- **Execution and Monitoring:**
 - An Experts Advisory Committee (EAC) has been constituted by DPIIT, which will be **responsible for the overall execution and monitoring** of the Startup India Seed Fund Scheme.
 - The EAC will evaluate and **select incubators for allotment of Seed Funds, monitor progress, and take all necessary measures** for efficient utilization of funds towards fulfilment of objectives of Startup India Seed Fund Scheme.



- **Eligibility:**
 - A startup, recognized by DPIIT (Ministry of Commerce and Industry), incorporated **not more than 2 years ago** at the time of application.
 - Startups **should not have received more than Rs. 10 lakhs of monetary support** under any other Central or State Government scheme.
 - Preference would be given to **startups creating innovative solutions in sectors such as social impact, waste management, water management, financial inclusion, education, agriculture, food processing, biotechnology, healthcare, energy, mobility, defence, space, railways, oil and gas, textiles, etc.**
- **Grants and Support:**
 - It will support an estimated **3,600 entrepreneurs through 300 incubators** in the next 4 years.
 - **Grants of upto Rs. 5 crores** will be provided to the eligible incubators selected by the committee.
 - The selected incubators will provide grants of up to **Rs. 20 lakhs for validation of proof of concept, or prototype development, or product trials** to startups.
 - Investments of up to Rs. 50 lakhs will be provided to the startups for market entry, commercialization, or scaling up through convertible debentures or debt-linked instruments.

India's Farm Exports

Why in News?

The **agriculture sector** in India has **experienced buoyant growth in the past two years**.

- India's agricultural exports are poised to scale a new peak in the financial year ending March 31, 2023. But so are imports, **bringing down the overall farm trade surplus**.

Note:

INDIA'S AGRICULTURAL TRADE IN MILLION US DOLLARS

YEAR	EXPORTS	IMPORTS	TRADE SURPLUS
2012-13	41726.33	18978.33	22748.00
2013-14	43251.66	15528.94	27722.72
2014-15	39080.43	21151.77	17928.66
2015-16	32808.64	22578.60	10230.04
2016-17	33696.83	25643.40	8053.43
2017-18	38897.21	24890.90	14006.31
2018-19	39203.53	20920.34	18283.19
2019-20	35600.47	21859.99	13740.48
2020-21	41895.68	21652.05	20243.63
2021-22	50240.21	32422.30	17817.91
Apr-Dec 21	36155.42	24071.55	12083.87
Apr-Dec 22	38997.92	27770.64	11227.28

What are the Agri-Stats?

- The value of **farm exports in April-December 2022 was 7.9% higher** (USD 39 Billion) than the USD 36.2 bn for the corresponding period of the previous year.
- However, **imports have grown 15.4%** (USD 27.8 bn) in Apr-Dec 2022, over the USD 24.1 bn for Apr-Dec 2021.
- As a result, there **has been a further shrinking of the surplus on the farm trade account.**
- The two big contributors to India's **agri-export growth have been Rice and Sugar.**
 - **Rice:** India in 2021-22 shipped out an all-time-high 21.21 million tonnes (mt) of rice valued at USD 9.66 billion.
 - That included 17.26 mt of non-basmati and 3.95 mt of basmati rice.
 - **Sugar:** Sugar exports hit a record value of USD 4.60 billion in 2021-22, as against USD 2.79 billion in last fiscal.
 - This fiscal has seen a further surge of 43.6%, from USD 2.78 billion in April-December 2021 to USD 3.99 billion in April-December 2022.
- However, exports of some **big-ticket items have faltered or slowed**, such as spices, wheat, buffalo meat etc.

What about the Imports?

- **Vegetable Oil:**
 - According to the Solvent Extractors' Association of India, **India's total edible oil imports rose** from 13.13 mt in 2020-21 to 14.03 mt in the 2021-22 oil year (Nov-Oct), and increased further by **30.9% from 2.36 mt** in Nov-Dec 2021 to 3.08 mt in Nov-Dec 2022.
- **Cotton:**

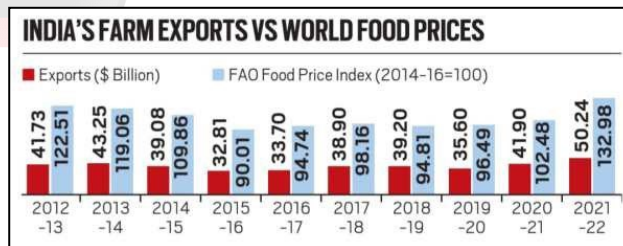
- India has turned from a **net exporter to a net importer of cotton.**
- Exports collapsed to USD 512.04 million in April-December, 2022 (from USD 1.97 billion in April-December 2021) and imports have also soared from USD 414.59 million to USD 1.32 billion for the same period.

➤ **Cashew:**

- During April-December 2022, imports **have posted a 64.6% rise to USD 1.64 billion** from USD 996.49 million in April-December 2021, even as exports of cashew products have plummeted from USD 344.61 million to USD 259.71 million for the same period.

How India's Farm Performance is Linked to International Commodity Prices?

- The **UN Food and Agriculture Organization's (FAO) Food Price Index** — having a base value of 100 for the 2014-16 period — averaged 122.5 points in 2012-13 and 119.1 points in 2013-14.
 - Those were the years when **India's agri-exports were at USD 42-43 billion.**
- As the index crashed to 90-95 points in 2015-16 and 2016-17, so did exports to USD 33-34 billion.



- The FAO index peaked at 159.7 points in March 2022, just after the Russian invasion of Ukraine. Since then, **it has fallen every month, with the latest reading of 131.2 points for January 2023** the lowest after the 129.2 points of September 2021.
 - More than a general export slowdown, it's the growth in imports that should be cause for concern.
- Going by past correlation i.e., **when the index was high, exports were high, and when it was low, exports were low.** Currently, **the index has been falling, which may lead to a slowdown in India's farm exports and an increase in imports.**
- In the event, the focus of policymakers too, **may have to shift from being pro-consumer (to the extent of banning/ restricting exports) to pro-producer** (providing tariff protection against unbridled imports).

Note:

Lab-Grown Diamonds

Why in News?

The Ministry of Finance (MoF) in its 2023-24 Union Budget has put special emphasis on **Laboratory-Grown Diamonds (LGD)**.

- Scientists working at a General Electric research laboratory in New York are credited with the creation of the **world's first-ever LGD in 1954**.

What are Laboratory-Grown Diamonds?

- **About:**
 - LGD are manufactured in laboratories, as opposed to naturally occurring diamonds. However, the **chemical composition and other physical and optical properties** of the two are the same.
 - Naturally occurring diamonds take millions of years to form; they are created when carbon deposits buried **within the earth are exposed to extreme heat and pressure**.
- **Manufacturing:**
 - They are mostly manufactured through two processes, **High Pressure, High Temperature (HPHT)** method or **Chemical Vapour Deposition (CVD)** method.
 - Both HPHT and CVD methods of growing diamonds artificially begin with a seed, **a slice of another diamond**.
 - **In the HPHT method**, the seed, along with pure graphite carbon, is exposed to temperatures around 1,500 degrees Celsius and extremely high pressure.
 - **In the CVD method**, the seed is heated to around 800 degrees Celsius inside a sealed chamber filled with a carbon-rich gas. The gas sticks to the seed, gradually building the diamond.
- **Applications:**
 - They are used for industrial purposes in **machines and tools and their hardness and extra strength** make them ideal for use as cutters.
 - Pure synthetic diamonds are used in electronics as a heat spreader for high-power laser diodes, **laser arrays and high-power transistors**.
- **Significance:**

- The **environmental footprint** of a diamond grown in a laboratory is **much lesser than** that of a naturally occurring diamond.
- According to a report by Diamond Foundry, an environmentally conscious LGD manufacturer, it takes **ten times more energy to extract a natural diamond** from the earth than it takes to create one above the ground.
- Open-pit mining, one of the most common methods of mining naturally occurring diamonds, involves **moving tonnes of earth and rock to extract these precious stones**.

What is the Scenario of India's Diamond Industry?

- India is the **world's largest cutting and polishing center for diamonds**, accounting for over 90% of polished diamond manufacturing globally. This is attributed to factors such as the **easy availability of highly skilled labour, cutting-edge technology**, and lower costs involved.
 - **Surat** in Gujarat is a **global hub for diamond manufacturing**.
 - The US is the biggest market for cut and polished diamonds, with China a close second.
- India contributes **19% of the total diamond exports in the world**.
- The UAE is also the largest export destination for Indian gold jewellery, accounting for over 75% of the South Asian country's jewellery exports.
- India's overall exports of gems and jewellery in November 2022 were USD 2.43 billion, up 2.05 % from the same year-ago period.

World Economic Outlook: IMF

Why in News?

Recently, the **International Monetary Fund (IMF)** has released its World Economic Outlook (WEO) Update, which has marginally improved the **forecast for global growth in 2023**.

What are the Key Takeaways of WEO?

- **Global Growth will Bottom Out:**
 - The global growth, which was estimated at 3.4% in 2022, is now projected to fall to 2.9% in 2023 before rising to 3.1% in 2024.

Note:



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- The IMF effectively rules out a global **recession**.
- Negative growth in global **GDP (Gross Domestic Product)** or global GDP per capita—which often happens when there is a global recession—is not expected.
- Instead, it expects **global growth to bottom out in 2023** before starting to gather speed in 2024.
- **Relief of Inflation will be Slower:**
 - **Inflation-Disinflation:**
 - Inflation is expected to have peaked in 2022 but the **disinflation will be slow** and take all of 2023 and 2024.
 - **Headline Inflation:**
 - About 84% of countries are expected to **have lower headline (consumer price index) inflation** in 2023 than in 2022.
 - **Global Inflation:**
 - Global inflation is set to fall from 8.8 % in 2022 (annual average) to 6.6 % in 2023 and 4.3 % in 2024—above pre-pandemic (2017–19) levels of about 3.5 %.
 - **Slowing of Price Rise:**
 - Price rise is slowing **for two main reasons:**
- One, **monetary tightening all across** the world — higher interest rates drag down overall demand for goods and services and that, in turn, slows down inflation.
- Two, in the wake of a faltering demand, prices of different commodities — both fuel and non-fuel — have come down from their recent highs.
- In 2023, advanced economies are expected to **have an inflation of 4.6%** while emerging economies will continue to face an inflation of 8.1%.
- **India will be the Fastest Growing Economy:**
 - India will be the world's fastest growing economy in 2023 and 2024.
 - Growth in India is set **to decline from 6.8 % in 2022 to 6.1 % in 2023** before picking up to 6.8% in 2024, with resilient domestic demand despite external headwinds.

Sugar Exports

Why in News?

According to the **Indian Sugar Mills Association (ISMA)**, sugar mills in India have entered into contracts to **export 55 lakh tonnes** of sweetener.

- The government has allowed sugar mills to export **60 lakh tonnes of sugar** till May in the **2022-23** marketing year (**October-September**).

What is the Present Status of the Sugar Industry in India?

- **About:**
 - **Sugar industry** is an important **agro-based industry** that impacts the rural livelihood of about **50 million sugarcane farmers** and around 5 lakh workers directly employed in sugar mills.
 - In (**Oct-Sep**) **2021-22** India emerges as the **world's largest producer** and consumer of sugar and world's **2nd largest exporter of sugar**.
- **Geographical Conditions for the Growth of Sugar:**
 - **Temperature:** Between 21-27°C with hot and humid climate.
 - **Rainfall:** Around 75-100 cm.
 - **Soil Type:** Deep rich loamy soil.
 - **Top Sugarcane Producing States:** Maharashtra, Uttar Pradesh, Karnataka.
- **Growth Drivers for Sugar Industries:**
 - **Impressive Sugar Season (Sep-Oct):** All records of **sugarcane production, sugar production, sugar exports, cane procured**, cane dues paid and ethanol production was made during the season.
 - **High exports:** The exports were the highest at about **109.8 LMT without any financial assistance** and earned foreign currency of about Rs. 40,000 crores in the year 2021-22.
 - **Indian Government Policy Initiatives:** Timely government initiatives in the last 5 years have taken them out of financial distress in **2018-19** to the stage of **self-sufficiency in 2021-22**.
 - **Encouraging Ethanol Production:** The Government has encouraged **sugar mills to divert sugar to ethanol** and also export surplus sugar so that mills may have better financial conditions to continue their operations.
 - **Ethanol Blending with Petrol (EBP) Programme:** The National Policy on Biofuels 2018, provides an indicative target of **20% ethanol blending** under the **Ethanol Blended Petrol (EBP) Programme** by 2025.
 - **Fair and Remunerative Price (FRP):** The FRP is the **minimum price that sugar mills have to pay** to sugarcane farmers for procurement of sugarcane.

Note:

- It is determined on the basis of recommendations of the **Commission for Agricultural Costs and Prices (CACP)** and after consultation with State Governments and other stakeholders.

Open Market Sale Scheme

Why in News?

The **Food Corporation of India (FCI)** will off load **30 LMT** wheat from the Central pool stock to the market through various routes under the **Open Market Sale Scheme (Domestic)**.

- Wheat will also be offered to State Governments/UTs for their schemes without e-auction.

What is an Open Market Sale Scheme (OMSS)?

- FCI sells surplus stocks of wheat and rice at predetermined prices **through e-auction in the open market from time to time to enhance the supply of food grains**.
- The purpose of OMSS is to **dispose of surplus stocks of wheat and rice held by FCI**, and to regulate the prices of wheat in the open market.
- FCI conducts weekly auctions for the OMSS for wheat on the platform of the **National Commodity and Derivatives Exchange Limited (NCDEX)**.
 - NCDEX is a **commodity exchange platform in India** that provides a platform for trading in various agricultural and other commodities.

What is the Food Corporation of India?

- The FCI is a government-owned corporation that manages the **food security system in India**.
 - It was established in **1965** under the Food Corporation's Act 1964 with the objective of ensuring **adequate availability of food grains** throughout the country, and to maintain price stability in the market.
- The FCI also maintains **buffer stocks** of food grains to ensure food security during times of scarcity or crisis.
- The FCI is also responsible for distributing foodgrains throughout the country for **public distribution system**.
- FCI also conducts **e-auction** as one of the methods to **dispose of its surplus food grains**.

Survival of the Richest Report: The India Story

Why in News?

According to the **Oxfam's Report "Survival of the Richest: The India story"**, the **richest 1%** in India now own more than **40%** of the **country's total wealth**, while the **bottom half of the population** together share just **3% of wealth** between 2012 and 2021.

- **Oxfam International** released the India supplement of its annual inequality report on the first day of the **World Economic Forum Annual Meeting** at Davos.
- The report states that **taxing India's ten-richest individuals at 5%** could generate enough money to bring children back to school.

What are the Findings of the Report?

- **Gender Inequality:**
 - The report also highlighted gender inequality in India, stating that female workers earned only **63 paise** for every **1 rupee** earned by **male workers**.
 - The situation is even worse for **Scheduled Castes** and **rural workers**, as they earned **55%** and half of what the **advantaged social groups** earned respectively, between **2018** and **2019**.
- **Social Inequality:**
 - **Oxfam India** stated that the **country's marginalized communities** such as **Dalits, Adivasis, Muslims, Women**, and **informal sector workers** are continuing to suffer in a system that **prioritizes the survival of the richest**.
 - The poor in India are paying **disproportionately higher taxes**, and spending more on essential items and services when compared to the rich.
- **Suggested Measures to Combat Inequality:**
 - To implement **inheritance, property and land taxes**, as well as **net wealth taxes**, in order to reduce **inequality** and **generate revenue** for social programs.
 - To enhance the budgetary allocation of the **health sector to 2.5%** of **GDP** by **2025**, as envisaged in the **National Health Policy**.
 - To enhance the **budgetary allocation** for **education** to the **global benchmark** of **6%** of **GDP**.
 - To combat these problems, Oxfam urged **higher taxes on the rich**, through a combination of measures including **one-time "solidarity" taxes** and **raising minimum rates** for the wealthiest.

Note:

- **Oxfam International** has called for food companies that are making large profits as inflation has surged to face **windfall taxes**.
 - The idea behind this is that these companies have benefited from the rising prices of **food and other essentials** and should contribute a **fair share** to help address **poverty** and **inequality**.
 - This measure could generate revenue for governments to support social programs that help **reduce poverty and inequality**.
 - **Portugal** introduced a **windfall tax** on both **energy companies** and major **food retailers**, including **supermarket** and **hypermarket chains**.

What is the Windfall Tax?

- **Windfall taxes** are taxes imposed on **unexpected or extraordinary profits**, such as those made during times of **economic crisis, war, or natural disasters**.
- Governments typically levy a **one-off tax retrospectively** over and above the **normal rates of tax** on such profits, called **windfall tax**.
- One area where such taxes have routinely been discussed is **oil markets**, where price fluctuation leads to **volatile or erratic profits** for the industry.

What is Oxfam International?

- **Oxfam International** is a **confederation of 21 independent charitable organizations** working together with partners and local communities in more than **90 countries**.
- Its mission is to end the **injustices** that **cause poverty**.
- Oxfam works to find **practical, innovative ways** for people to **lift themselves out of poverty and thrive**.
- They **save lives** and help rebuild **livelihoods** when **crisis strikes**.
- They campaign so that the **voices of the poor** influence the **local and global decisions** that affect them.

Currency in Circulation

Why in News?

Nearly six years and two months after the government announced **demonetisation** in 2016, currency with the public is at a new high (74% increase from the days before demonetisation was announced).

- Currency with the public is arrived at after **deducting cash with banks from total Currency in Circulation**.
- Cash in the system has been steadily rising, even though the government and the **Reserve Bank of India (RBI)** pushed for a “less cash society”, digitisation of payments and slapped restrictions on the use of cash in various transactions.

What is Currency in Circulation?

- Currency in circulation **refers to cash or currency within a country that is physically used to conduct transactions** between consumers and businesses.
- Currency in circulation is an important component of a country's **money supply**.
- Monetary authorities of **central banks** pay attention to the **amount of physical currency** in circulation because it represents one of the most liquid asset classes.
- Currency in Circulation includes **notes in circulation, rupee coins and small coins**.
- The RBI has the **sole right to issue currency notes**. The Government of India is the issuing authority of coins and supplies coins to the Reserve Bank on demand.

What is Money Supply?

- The **total stock of money in circulation** among the public at a particular point of time is called money supply.
 - It **needs to be noted that total stock of money is different from total supply of money**.
 - Supply of money is **only that part of total stock of money** which is held by the public at a particular point of time.
- The **circulating money involves the currency, printed notes, money in the deposit accounts and in the form of other liquid assets**.
- RBI publishes figures for four alternative measures of money supply, viz. M1, M2, M3 and M4.
 - $M1 = CU + DD$
 - $M2 = M1 + \text{Savings deposits with Post Office savings banks}$
 - $M3 = M1 + \text{Net time deposits of commercial banks}$
 - $M4 = M3 + \text{Total deposits with Post Office savings organisations (excluding National Savings Certificates)}$
- CU is currency (notes plus coins) held by the public and DD is net demand deposits held by commercial banks.

Note:

- The word 'net' implies that only deposits of the public held by the banks are to be included in money supply.
 - The interbank deposits, which a commercial bank holds in other commercial banks, are not to be regarded as part of money supply.
- **M1 and M2** are known as **narrow money**. **M3 and M4** are known as **broad money**.
- These gradations are in decreasing order of liquidity.
 - M1 is most liquid and easiest for transactions whereas M4 is least liquid of all.
 - M3 is the most commonly used measure of money supply. It is also known as aggregate monetary resources.

Corporate Tax

Why In News?

Recently, **corporate tax collections** exceeded **3% of the GDP** after a gap of two years in **2021-22**.

- It is reflecting overall improvement in profitability of India Inc propelled by an **increase in demand for goods and services**.
- However, the **corporate tax collection** is yet to surpass its five-year high of 3.51% of GDP recorded in 2018-19.

What is the Corporate Tax?

- **Corporation tax** is payable by both **public and private companies** registered in India under the **Companies Act 1956**.
- **Corporation tax** is a **direct tax** placed on a company's net income or profit from its operations.
 - The tax is imposed on the **net profits of the corporation**, which is calculated by subtracting allowable expenses such as the cost of goods sold, operating expenses, and depreciation from the corporation's total revenue.

What is the Significance of Corporate Tax?

- **Corporate tax** is an **important source of revenue** for governments, as it helps to fund **public goods and services** such as **schools, hospitals, roads, and defense**.
- **Corporate tax** also plays a role in **redistributing wealth and addressing income inequality**, as it imposes a **higher tax burden** on corporations that are more profitable.

- In addition, **corporate tax** can also have other **economic and social impacts**.
 - **For example, corporate tax** can affect the **competitiveness of businesses**, as a **higher corporate tax rate** may make a country or region less attractive for investment compared to other jurisdictions with **lower tax rates**.
- **Corporate tax** can also influence the **location and type of businesses** that operate in a jurisdiction, as businesses may be more or less likely to invest in a particular area depending on the **tax environment**.

Honey Mission and Sweet Revolution

Why in News?

Under the **Honey Mission**, **1 lakh and 75 thousand bee boxes** have been distributed so far by the **Khadi and Village Industries Commission (KVIC)** after providing **beekeeping training to 17 thousand 500 beneficiaries** across the country.

What is Honey Mission?

- It was launched in 2017 in line with the **'Sweet Revolution'**.
- Under the mission, the KVIC under Ministry of Micro, Small and Medium Enterprises provides the farmers or beekeepers –
 - Practical training about the examination of honeybee colonies,
 - Identification and management of bee enemies and diseases along with the management of bee colonies in all seasons.
 - Acquaintance with apicultural equipment's and
 - Honey extraction and wax purification.

What is Sweet Revolution?

- **About:**
 - It is an ambitious initiative of the Government of India for promoting apiculture, popularly known as 'beekeeping'.
 - To provide a booster shot to Sweet Revolution, the government launched the National Beekeeping and Honey Mission in 2020 (a central sector scheme under the Ministry of Agriculture and Farmers Welfare) as part of the **AtmaNirbhar Bharat scheme**.

Note:

➤ **Aim:**

- It aims to accelerate the production of quality honey and other related products.
 - The demand for good quality honey has grown over the years as it is considered a naturally nutritious product.
 - Other apiculture products such as royal jelly, beeswax, pollens, etc., are also used extensively in different sectors like pharmaceuticals, food, beverage, beauty, and others.

➤ **Significance:**

- Technology intervention through this mission will ensure bee conservation, prevent diseases or the loss of bee colonies and provide quality and quantity of apiculture products.
 - Farming practices will yield superior-quality honey and other products for the domestic as well as international market.
- Beekeeping is a low investment and highly skilled enterprise model, in which technology application has emerged as a great enabler for socio-economic growth.
 - Scaling up beekeeping will double farmers' income, generate employment, ensure food security and bee conservation, and increase crop productivity.

What is KVIC?

- KVIC is a statutory body established under the Khadi and Village Industries Commission Act, 1956.
- The KVIC is charged with the planning, promotion, organisation and implementation of programmes for the development of Khadi and other village industries in the rural areas in coordination with other agencies engaged in rural development wherever necessary.
- It functions under the Ministry of Micro, Small and Medium Enterprises.

FSSAI Standards for Basmati Rice

Why in News?

For the first time in India, the **Food Safety and Standards Authority of India (FSSAI)** has specified the

identity standards for **Basmati Rice** which will be enforced with effect from **01 August 2023**.

What are the Characteristics of Basmati Rice?

- **Basmati has its origin from India** (and some parts of Pakistan); it is a premium variety of rice **cultivated in the Himalayan foothills** of the Indian subcontinent.
 - It is universally known for its **long grain size, fluffy texture and unique inherent aroma** and flavour.
- It is cultivated in **Himachal Pradesh, Punjab, Haryana, Delhi, Uttarakhand, Madhya Pradesh, UT of Jammu and Kashmir and western Uttar Pradesh**.
 - Agro-climatic conditions of the areas where Basmati rice is grown; as well as the method of harvesting, processing and ageing of the rice contribute to the uniqueness of Basmati rice.
- Basmati is widely consumed both domestically and globally and **India accounts for 2/3rd of its global supply**.
 - Being a premium quality rice and fetching a price higher than the non-basmati varieties, **Basmati rice is prone to various types of adulteration** for economic gains such as **undeclared blending of other non-basmati varieties of rice**.

What are the Standards for Basmati Rice?

- The standards have been notified under **Food Safety and Standards (Food Products Standards and Food Additives) First Amendment Regulations, 2023**.
 - They are aimed at **establishing fair practices in the trade of Basmati rice** and protecting consumer interest, both domestically and globally.
- **Standards:**
 - Basmati rice **shall possess the natural fragrance characteristic** of basmati rice
 - Basmati rice has a unique fragrance and flavour due to the presence of a chemical called **2-acetyl-1-pyrroline**.
 - It should be **free from artificial colouring, polishing agents and artificial fragrances**.
 - Further, these standards **also specify the average size of Basmati grains** and their **elongation ratio after cooking; maximum limits of moisture**, amylose content, uric acid, defective/damaged grains and incidental presence of other non-basmati rice etc.

Note:



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International Year of Millets

Why in News?

India has shared the vision to make **International Year of Millets 2023** a 'People's Movement' alongside positioning **India as the 'Global Hub for Millets'**.

What is International Year of Millets?

➤ About:

- India's proposal to observe an International Year of Millets in 2023 was approved by the **Food and Agriculture Organisation (FAO)** in 2018 and the **United Nations General Assembly** has declared the year 2023 as the International Year of Millets.
- This was adopted by a United Nations Resolution for which India took the lead and was supported by over 70 nations.

➤ Objectives:

- Awareness of the contribution of millet to **Food Security** and nutrition.
- Inspire stakeholders to improve sustainable production and quality of millets.
- Focus on enhanced investment in research and development and extension services to achieve the other two aims.

What is Millet?

➤ About:

- Millet is a **collective term referring to a number of small-seeded annual grasses** that are cultivated as grain crops, primarily on marginal lands in dry areas in temperate, **subtropical and tropical regions**.
- Some of the common millets available in India are Ragi (Finger millet), Jowar (Sorghum), Sama (Little millet), Bajra (Pearl millet), and Variga (Proso millet).
 - The earliest evidence for these grains has been found in **Indus civilization** and was one of the first plants domesticated for food.
- It is **grown in about 131 countries** and is the traditional food for around 60 crore people in Asia & Africa.
- India is the largest producer of millet in the world.
 - It **accounts for 20 % of global production** and 80% of Asia's production.

➤ Global Distribution:

- **India, Nigeria and China are the largest producers of millets** in the world, accounting for more than **55% of the global production**.
- For many years, **India was a major producer of millets**. However, in recent years, millet production has increased dramatically in Africa.

➤ Significance:

○ Nutritionally Superior:

- **Millets are less expensive and nutritionally superior** to wheat & rice owing to their high protein, fibre, vitamins and minerals like iron content.
- **Millets are also rich in calcium and magnesium**. For example, Ragi is known to have the highest calcium content among all the food grains.
- **Millets can provide nutritional security** and act as a shield against nutritional deficiency, especially among children and women. Its high iron content can fight high prevalence of anaemia in India women of reproductive age and infants.

○ Gluten-free a low Glycemic Index:

- Millets can help tackle lifestyle problems and health challenges such as obesity and diabetes as they are gluten-free and have a low glycemic index (a relative ranking of carbohydrate in foods according to how they affect blood glucose levels).

○ Super Crop at Growing:

- Millets are **Photo-insensitive** (do not require a specific photoperiod for flowering) & **resilient to climate change**. Millets can grow on poor soils with little or no external inputs.
- Millets are **less water consuming** and are capable of growing under drought conditions, under non-irrigated conditions even in very low rainfall regimes.
- Millets have **low carbon and water footprint** (rice plants need at least 3 times more water to grow in comparison to millets).

What are the Related Initiatives Taken by the Government?

- **Initiative for Nutritional Security through Intensive Millet Promotion (INSIMP)**

Note:

- **Increase in Minimum Support Price (MSP):** The government has hiked the Minimum Support Price of Millets, which came as a big price incentive for farmers.
 - Further, to provide a steady market for the produce, the government has included millets in the public distribution system.
 - **Input Support:** The government has introduced provision of seed kits and inputs to farmers, building value chains through Farmer Producer Organisations and supporting the marketability of millets.

Deep Tech Startups

Why in News?

Government will launch the **Digital India Innovation Fund** to support **deep tech startups**.

What is Deep Tech?

- **About:**
 - Deep tech or deep technology refers to a **class of startup businesses that develop new offerings based on tangible engineering innovation** or scientific discoveries and advances.
 - Usually, such startups operate on, but are not limited to, agriculture, life sciences, chemistry, aerospace and green energy.
 - Deep tech fields like **Artificial Intelligence**, advanced materials, **blockchain**, **biotechnology**, robotics, **drones**, photonics, and **quantum computing** are moving more and more quickly from early research to market applications.
- **Characteristics of Deep Tech:**
 - **Impact:** The deep tech innovations are **very radical and disrupt an existing market or develop a new one**. Innovations based on deep tech often change lives, economies, and societies.
 - **Time & Scale:** The time required for deep technology to develop the technology and reach the market-ready maturity is way more than shallow technology development (like mobile apps and websites). It took decades for artificial intelligence to develop and it is still not perfect.
 - **Capital:** Deep tech often requires a lot of early-stage funding for research and development, prototyping, validating hypothesis, and technology development.

GI Status for Kerala's Five Agricultural Products

Why in News?

Five agricultural products of Kerala- Attappady Attukombu Avara, Attappady Thuvara, Onattukara Ellu, Kanthalloor-Vattavada Veluthulli, and Kodungalloor Pottuvellari have been granted **Geographical Indication (GI)** status.

- The Gamosa (traditional cloth) of Assam, Alibag White Onion from Maharashtra, Ladakh Raktsey Karpo Apricot and Tandur Redgram of Telangana also got GI tag recently.

What are the Key Facts about the Latest GIs?

- **Attappady Attukombu Avara (Beans):**
 - It is **curved like a goat's horn** as its name indicates.
 - Its **higher anthocyanin content** compared to other dolichos beans **imparts violet colour in the stem and fruits**.
 - Anthocyanin is **helpful against cardiovascular diseases** along with its **antidiabetic properties**.
 - The **higher phenolic content** of Attappady Attukombu Avara imparts **resistance against pest and diseases**, making the crop suitable for organic cultivation.
- **Attappady Thuvara (Red Gram):**
 - It is having **seeds with white coat**.
 - Compared to other red grams, Attappady Thuvara **seeds are bigger and have higher seed weight**.
- **Onattukara Ellu (Sesame):**
 - Onattukara Ellu and its oil are famous for its **unique health benefits**.
 - Relatively **higher antioxidant content** in Onattukara Ellu helps in **fighting the free radicals, which destroy the body cells**.
 - Also, the **high content of unsaturated fat** makes it **beneficial for heart patients**.
- **Kanthalloor-Vattavada Veluthulli (Garlic):**
 - Compared to the garlic produced in other areas, this garlic contains **higher amount of sulphides, flavonoids, proteins and also rich in essential oil**.
 - It is **rich in allicin**, which is **effective against microbial infections, blood sugar, cancer, etc**.

Note:

- **Kodungalloor Pottuvellari (Snapmelon):**
 - This snap melon, which is **harvested in summer**, contains **high amount of Vitamin C**.
 - Compared to other cucurbits, nutrients such as **calcium, magnesium, fibre and fat content are also high** in Kodungalloor Pottuvellari.

SAMARTH Scheme

Why in News?

Under the SAMARTH Scheme of Textile Ministry, more than **13,235 artisans have been trained in the last three years**.

What is the Samarth Scheme all about?

- **About:**
 - Samarth (Scheme for Capacity Building In Textile Sector) is a **flagship skill development scheme** approved in continuation to the **Integrated Skill Development Scheme** for 12th Five Year Plan (FYP), Cabinet Committee of Economic Affairs.
 - The **office of the Development Commissioner (Handicrafts)** is implementing the SAMARTH to provide skill training to handicraft artisans under the component 'Skill Development in Handicrafts Sector' of **National Handicrafts Development Programme (NHDP)**.
- **Objectives:**
 - To **provide demand-driven, placement-oriented skilling programmes** to incentivize the efforts of the industry in creating jobs in the organized textile and related sectors to promote skilling and skill up-gradation in the traditional sectors through respective sectoral divisions/organizations of the **Ministry of Textile**.
 - To **provide livelihood to all sections of the society** across the country.
 - **the domestic market size** from USD 40 billion to USD 50 billion by 2024.

Open Network for Digital Commerce

Why in News?

Open Network for Digital Commerce (ONDC) will charge a **"small fee" from platforms that will contribute towards "maintenance and development"** of the network.

- The network **will seek to reduce the compulsory commissions charged from sellers and logistics partners** on the network by private e-commerce firms such as US-based Amazon and homegrown Flipkart — the two largest e-commerce firms in the country.

What is ONDC?

- **About:**
 - It is an **open e-commerce protocol** set up by the Ministry of Commerce's **Department of Promotion of Industry and Internal Trade (DPIIT)**.
 - Under ONDC, it is **envisaged that a buyer registered on one participating e-commerce site** (for example, Amazon) may purchase goods from a seller on another participating e-commerce site (for example, Flipkart).
 - Presently, **buyers and sellers have to be on the same app for a transaction** which happens through the same platform. For example, a buyer needs to go to Amazon, to buy a product from a seller on Amazon.
- **Objectives:**
 - Democratisation and decentralization of eCommerce
 - Inclusivity and access for sellers, especially small and medium enterprises as well as local businesses
 - Increased choices and independency for consumers

What Benefits Does the ONDC Offer?

- **Level Playing Field:** ONDC is keen to level the playing field for e-commerce operators and widen the digital market access for **Micro, Small and Medium Enterprises (MSMEs)** and small traders in the country.
- **Competitive and Innovative Ecosystem:** ONDC will empower suppliers and consumers by breaking the monopoly of giant platforms to drive innovation and transform businesses in sectors like retail, food, and mobility.
- **Freedom of Choice for Consumers:** Consumers can potentially discover any seller, product or service in a common platform, thus increasing freedom of choice for consumers.
- **Neutral and Regulated Platform:** ONDC aims at fostering open networks developed on **open-sourced methodology**, using open specifications and network protocols, and independent of any specific platform.
 - It will set protocols for cataloguing, vendor match, and price discovery on an open source-basis, like the **Unified Payments Interface (UPI)**.

Note:



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GNPA Ratio

Why in News?

As per the **Reserve Bank of India (RBI)**, the **Gross Non-Performing Assets (GNPA)** ratio, which **declined to a seven-year low of 5% in September 2022**, is **expected to improve further to 4.9% by September 2023**.

- However, if the macroeconomic environment worsens to a medium or severe stress scenario, **the GNPA ratio may rise to 5.8% and 7.8%, respectively**.

What are Some of the Key Terms?

- **GNPA:** These assets are the sum of all the loans that have been defaulted by the individuals who have acquired loans from the financial institution.
- **Macro-environment:** It refers to how the macroeconomic conditions in which a company or sector operates influence its performance.
 - Macroeconomics **deals with aggregate production, spending, and the price level in an economy** as opposed to individual industries and markets.
- **NNPA:** These are the amount that is realised after provision amount has been deducted from the gross non-performing assets.
- **CRAR:** The Capital Adequacy Ratio, also known as CRAR, is used to protect depositors and promote the stability and efficiency of financial systems around the world.
 - The CAR is a **measure of a bank's available capital expressed as a percentage of a bank's risk-weighted credit exposures**.
- **CET1:** It includes equity instruments where returns are linked to the banks' performance and therefore the performance of the share price. They have no maturity.
 - According to **Basel-III norms**, banks' regulatory capital is divided into Tier 1 and Tier 2, while Tier 1 is subdivided into Common Equity Tier-1 (CET-1) and Additional Tier-1 (AT-1) capital.

What is a Non-Performing Asset?

- NPA refers to a **classification for loans or advances that are in default** or are in arrears on scheduled payments of principal or interest.
- Banks **are required to classify non-performing assets further into the following three categories** based on the period for which the asset has remained non-performing and the realisability of the dues:

- **Sub-standard Assets:** A substandard asset is an asset classified as an NPA for a period less than or equal to 12 months.
- **Doubtful Assets:** A doubtful asset is an asset that has been nonperforming for a period exceeding 12 months.
- **Loss Assets:** Loss assets are loans with losses identified by the bank, auditor, or inspector that need to be fully written off.

Recession and Yield Curve

Why in News?

In many of the world's top economies, including the United States, the biggest and most consequential, **there are fears of recession** as the new year approaches.

- The US does look headed for a recession — **a key pointer is the inversion of US treasury yields**.

What is a Recession?

- A recession typically involves the overall output in an economy contracting for at least two consecutive quarters, along with job losses and reduction in overall demand.
- The **US National Bureau of Economic Research (NBER)** decides whether the economy is in a recession based on its assessment of **the depth, diffusion, and duration of the impact on the economy**.
 - Sometimes, the duration may not be long but the decline could be very severe — as it happened in the wake of the **Covid-19 pandemic**.
 - Or, the depth and diffusion may be relatively less but the downturn may last long — as is expected in the United Kingdom in the wake of the economic crisis.

What are US Treasuries?

- In any economy, the **safest loans are those that are given to governments** — entities that will always be there, and which typically do not default on their debt.
- Governments need to borrow money because their tax revenues more often than not aren't enough to finance all their spending.
- The **instrument by which the government borrows from the market** is called a government bond.
- In India they are called **G-secs**, in the UK they are called **gilts**, and in the US, they are called **treasuries**.

Note:

What is the Yield of a Treasury?

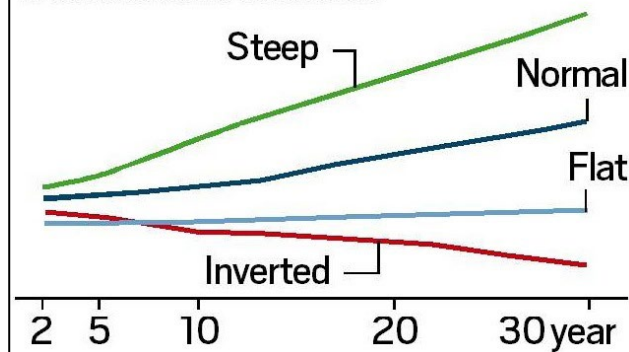
- Unlike a bank loan, on which the interest rate varies with time, a **government bond comes with pre-determined "coupon" payment.**
- So, the US government may "float" a 10-year bond with a face value of USD100 and coupon payment of USD 5. This means, if you lend USD100 to the US government by buying this bond, you would get USD 5 each year for the next 10 years plus the whole sum of USD100 at the end of 10 years. This would imply a yield of 5%.
- But if for some reason one sold this bond to another investor, the yield will change depending on the price at which the bond is sold. If the price increases — say, the bond is sold for USD110 — the yield will fall because the annual return (USD5) remains the same. And if the price falls, the yield will rise.

What is the Yield Curve?

- Governments borrow for durations ranging from 1 month to 30 years.
- Typically, **yields are higher for longer tenures** because one is lending money for longer.
- If the yields for different tenures of bonds are mapped, it will give an upward-sloping curve.
- The **curves can be flat or steep depending on the money available in the market** and the expected overall economic activity. When investors feel buoyant about the economy, they pull money out of long-term bonds and put it into short-term riskier assets such as stock markets. **As prices of long-term bonds fall, their yields rise — and the yield curve steepens.**

DIFFERENT TYPES OF YIELD CURVES

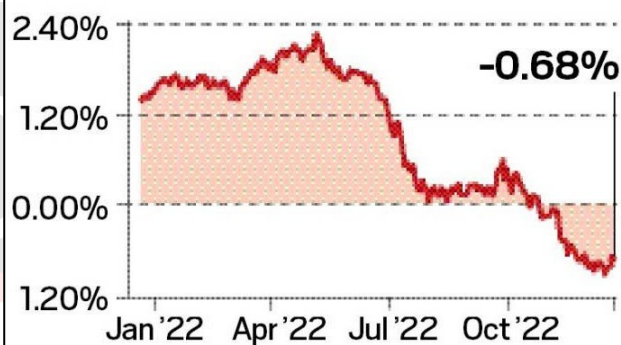
The yield curve evolves in line with changes in the economic conditions



What is Yield Inversion?

- Yield inversion happens **when yields for shorter duration bonds are higher than the yields on longer duration bonds.** If investors suspect that the economy is heading for trouble, they will pull out money from short-term risky assets (such as stock markets) and put it in long-term bonds. This causes the prices of the long-term bonds to rise and their yields to fall. This process first **leads to flattening and eventually the inversion of the yield curve.**
- Yield inversion has long been a reliable predictor of recession in the US — and US treasuries have been witnessing yield inversion for a while now.
- The spread between the yields of 10-year and 3-month treasuries has turned negative.

10 YEAR-3 MONTH TREASURY YIELD SPREAD



Why does this matter to India?

- Rising interest rates are likely to make the **US dollar even more strong against the rupee. Indian imports will become costlier** as a result, and could **fuel domestic inflation.**
- Higher returns in the US may also lead to some **rebalancing of the investments coming to India.**
- Indian exports may benefit due to a weaker rupee but a **recession will dampen the demand for Indian exports.**

System for Pension Administration Raksha

Why in News?

Recently, the Ministry of Defense has urged the stakeholders of System for Pension Administration Raksha (SPARSH) to make it **more user friendly.**

Note:

- **One Rank One Pension (OROP) scheme** also provides the payment of the same pension to military officers for the same rank for the same length of service, irrespective of the date of retirement.

What is SPARSH?

- **About:**
 - It is an **integrated system for automation of sanction and disbursement** of defence pension.
 - This web-based system **processes pension claims and credits pension directly into the bank accounts** of defence pensioners without relying on any external intermediary.
 - A Pensioner Portal is available for pensioners to view their pension related information, access services and register complaints, if any.
- **Objectives:**
 - SPARSH envisages **the establishment of Service Centres to provide last-mile connectivity to pensioners** who may be unable to directly access the SPARSH portal.
 - SPARSH has been designed **keeping defence pensioners at the centre, who will be given a completely transparent view of their pension account**, through an online portal.
 - It aims address the **current challenges in the pension sanctioning and disbursement process** such as
 - Decentralised solution existing in silos
 - Manual intervention in processing
 - Lack of Centralised information for addressing pensioner queries etc.
- **Benefits:**
 - It provides the **option to the pensioner to use enabled services for quicker processing of his requests** and signing of declarations, making his experience a truly paperless and hassle free one.
 - It captures and maintains a complete history of events and entitlements of the pensioner – **right from the date of commencement of pension to the date of cessation of pension due to the last eligible beneficiary.**

Status of Solar Power Projects

Why in News?

Recently, the **Ministry for New and Renewable Energy** has reported that the government has so far

sanctioned the development of **solar projects** with a capacity of nearly 39,000 MW but **only 25% have actually been commissioned so far.**

- These solar projects were sanctioned under the 'Scheme for Development of Solar Parks and Ultra Mega Solar Power Projects'.

What is the Scheme for Development of Solar Parks and Ultra Mega Solar Power Projects?

- **About:**
 - The scheme was rolled out by the **Ministry of New & Renewable Energy** in 2014.
 - Under this scheme, it was proposed to set up **at least 25 Solar Parks and Ultra Mega Solar Power Projects** targeting over 20,000 MW of solar power installed capacity within a span of 5 years starting from 2014-15.
 - The capacity of the Scheme was **enhanced from 20,000 MW to 40,000 MW.** These parks are proposed to be set up by 2021-22.
- **Implementing Agency:**
 - The implementing agency is termed as **Solar Power Park Developer (SPPD).**
- **Features:**
 - The scheme envisages **supporting the States/UTs in setting up solar parks** at various locations in the country with a **view to create required infrastructure** for setting up of **solar power projects.**
 - The solar parks are developed in collaboration with the State Governments and their agencies, Central Public Sector Undertakings, and private entrepreneurs.

What Initiatives has India Taken for Solar Energy?

- **Solar Park Scheme:**
 - The **Solar Park Scheme** plans to build a number of solar parks, each with a capacity of nearly 500 MW, across several states.
- **Rooftop Solar Scheme:**
 - The **Rooftop Solar Scheme** aims to harness solar power by installing solar panels on the roof of houses.
- **Atal Jyoti Yojana (AJAY):**
 - The AJAY scheme was launched in September 2016 for the installation of solar street lighting (SSL) systems in states with less than 50% of households covered with grid power (as per **Census 2011**).

Note:

- **National Solar Mission:**
 - It is a major initiative of the Government of India and State Governments to promote ecologically sustainable growth while addressing India's energy security challenge.
- **SRISTI Scheme:**
 - Sustainable rooftop implementation of Solar transfiguration of India (SRISTI) scheme to promote rooftop solar power projects in India.
- **International Solar Alliance (ISA):**
 - The **ISA** was conceived as a joint effort by **India and France** to mobilize efforts against climate change through the deployment of solar energy solutions.

Horticulture Cluster Development Programme

Why in News?

Recently, a meeting was held by the Union Ministry of Agriculture and Farmers Welfare for the **Horticulture Cluster Development Programme (CDP)**.

- Overall **development of horticulture in the country** would be focused with the help of the implementation of the CDP.
- Horticulture is the branch of plant agriculture dealing with garden crops, generally fruits, vegetables, and ornamental plants.

What is the Horticulture Cluster Development Programme?

- **About:**
 - It is a **central sector programme** aimed at growing and developing identified horticulture clusters to make them globally competitive.
 - Horticulture cluster is a **regional/geographical concentration** of targeted horticulture crops.
- **Implementation:**
 - It is implemented by the **National Horticulture Board (NHB)** of the **Ministry of Agriculture and Farmers' Welfare**.
 - The states of Arunachal Pradesh, Assam, West Bengal, Manipur, Mizoram, Jharkhand, Uttarakhand etc. will also be included in the list of 55 clusters, identified with their focus/main crops.

- Earlier, in pilot phase, it was implemented in 12 clusters covering 11 States/UTs.

Objectives:

- The CDP aims to **improve exports of targeted crops by about 20%** and create **cluster-specific brands** to enhance the competitiveness of cluster crops.
- To **address all major issues** related to the Indian horticulture sector including pre-production, production, post-harvest management, logistics, marketing and branding.
- To **leverage geographical specialisation** and promote integrated and market-led development of horticulture clusters.
- To **converge with other initiatives of the Government** such as the **Agriculture Infrastructure Fund**.
- A lot of investment will also **come in the horticulture sector through CDP**.

Significance:

- Cluster Development Programme has a **great potential to transform the entire horticulture ecosystem** by creating **last-mile connectivity** with the use of **multimodal transport for efficient and timely evacuation** and transportation of horticulture produce.

Rabi Crops

Why in News?

Rabi crops are at risk **due to an abnormal lack of western disturbances over northwest and central India**.

- The **region doesn't have enough rainfall and moisture**, which is crucial for growing wheat during the winter.

What are the Other Contributing Factors?

- Incessant rainfall in the region in the first two weeks of October, 2022 due to several active weather systems caused this paradox.
- **A possible impact of the continuing La Niña phenomenon** in the equatorial Pacific Ocean and a warming Arctic region might also have contributed.
 - One of the **weather systems that brought extreme rainfall at the beginning of October was a western disturbance** — extratropical storm systems that bring winter rainfall to northwest and some parts of central India from the Arctic, Mediterranean and West Asian regions.

Note:



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- A lack of western disturbances in November, 2022, and the complete absence of them in December, 2022, is primarily responsible for the lack of rain since early October, 2022.

What are Rabi Crops?

- These crops are **sown around the Retreating Monsoon and Northeast monsoon season**, which begins in October and are called rabi or winter crops.
- The harvest for these crops happens **typically during April and May, during the summer season**.
- These **crops are not much affected by the rainfall**.
- **Major Rabi crops** are wheat, gram, peas, barley etc.
- A **warm climate is required for seed germination** and cold climate for the growth of crops.

What are the Other Types of Crops grown in India?

- **Kharif Crops:**
 - Crops that are **sown during the southwest monsoon season** are called kharif or **monsoon crops**.
 - These crops are **sown at the beginning of the season around end May to early June** and are harvested post the monsoon rains beginning October.
 - These crops depend on the rainfall patterns.
 - **Rice, maize, pulses such as urad, moong dal and millets** are among the key kharif crops.
 - It requires a lot of water and hot weather to grow.
- **Zaid Crops:**
 - **Sown and harvested:** March-July (between Rabi and Kharif)
 - Important zaid crops include seasonal fruits, vegetables, fodder crops etc.

GDP and GVA

Why in News?

Recently, the Ministry of Statistics and Programme Implementation (MoSPI) released **India's economic growth data for the second quarter** of the current financial year (2022-23 or FY23).

- India's Gross Domestic Product (GDP) grew by 6.3% in Q2 and Gross Value Added (or GVA) in Q2 grew by 5.6% on a year-on-year basis.

- Notably, India remained the fastest-growing major economy as China registered an economic growth of 3.9% in July-September 2022.
- GDP and GVA are the **two main ways to ascertain the country's economic performance**.

What do GDP and GVA mean?

- **GDP:**
 - The GDP measures the **monetary measure of all "final" goods and services**— those that are bought by the final user— produced in a country in a given period.
 - **Four Key "Engines of GDP Growth":**
 - All the money Indians spent for their private consumption (that is, Private Final Consumption Expenditure or PFCE)
 - All the money the **government spent on its current consumption**, such as salaries [Government Final Consumption Expenditure or GFCE]
 - All the money **spent towards investments to boost the productive capacity of the economy**. This includes business firms investing in factories or the governments building roads and bridges [Gross Fixed Capital Expenditure]
 - The **net effect of exports** (what foreigners spent on our goods) and imports (what Indians spent on foreign goods) [Net Exports or NX].
 - **Calculation of GDP:**
 - $GDP = \text{private consumption} + \text{gross investment} + \text{government investment} + \text{government spending} + (\text{exports} - \text{imports})$
- **GVA:**
 - The **GVA calculates the same national income from the supply side**.
 - It does so by adding up all the value added across different sectors.
 - According to the RBI, the **GVA of a sector is defined as the value of output minus the value of its intermediary inputs**. This "value added" is shared among the primary factors of production, labour and capital.
 - By looking at the GVA growth **one can understand which sector of the economy is robust and which is struggling**.

Note:

How are the two Related?

- The GDP is **derived by looking at the GVA data.**
- The GDP and GVA are related by the following equation:

$$\text{GDP} = (\text{GVA}) + (\text{Taxes earned by the government}) - (\text{Subsidies provided by the government})$$
- As such, **if the taxes earned by the government are more than the subsidies** it provides, the GDP will be higher than GVA.
- The GDP data is more useful when looking at annual economic growth and when one wants to compare the economic growth of a country either with its growth in the past or with another country.

Fertiliser Subsidy

Why in News?

High government subsidies are leading to **excessive use of two fertilisers - Urea and Di-Ammonium Phosphate (DAP).**

What is Fertiliser Subsidy?

- About Fertiliser:
 - A fertiliser is a natural or artificial substance containing chemical elements (such as Nitrogen (N), Phosphorus (P) and Potassium (K)) that improve growth and productiveness of plants.
 - There are **3 basic fertilisers** in India - **Urea, DAP and Muriate of Potash (MOP).**
- About Fertiliser Subsidy:
 - The government pays a **subsidy to fertiliser producers** to allow farmers to buy fertilisers at below-market rates.
 - The difference between the cost of production/import of a fertiliser and the actual amount paid by farmers is the subsidy portion borne by the government.
- Subsidy on Urea:
 - In India, urea is the most produced, imported, consumed and physically regulated fertiliser of all. It is subsidised only for agricultural uses.
 - The Centre pays a subsidy on urea to fertiliser manufacturers on the basis of cost of production at each plant and the units are required to sell the fertiliser at the government-set Maximum Retail Price (MRP).

- The **MRP** of urea is currently **fixed at Rs 5,628 per tonne.**

- Subsidy on Non-Urea Fertilisers:
 - The MRPs of non-urea fertilisers are decontrolled or fixed by the companies.
 - But the government has, in recent times, and especially with the global price surge post the **Russia-Ukraine war**, brought these fertilisers under the control regime.
 - All Non-Urea based fertilisers are regulated under **Nutrient Based Subsidy (NBS) Scheme.**
 - **Examples of non-urea fertilisers** - DAP and MOP.
 - Companies **do not sell DAP at more than Rs 27,000 per tonne.**

What are the Related Initiatives for Fertilisers?

- **Neem Coating of Urea:**
 - The Department of Fertilizers (DoF) has **made it mandatory for all the domestic producers** to produce 100% urea as **Neem Coated Urea (NCU).**
- **New Urea Policy (NUP) 2015:**
 - Objectives of the policy are-
 - To maximize indigenous urea production.
 - To promote energy efficiency in the urea units.
 - To rationalize the subsidy burden on the Government of India.
- **Policy on Promotion of City Compost:**
 - Approved a policy on promotion of City Compost, notified by the Department of Fertilizers (DoF) in 2016 granting Market Development Assistance of Rs. 1500/- for scaling up production and consumption of city compost.
 - **To increase sales volumes, compost manufacturers** willing to market city compost were allowed to sell city compost in bulk directly to farmers.
 - Fertilizer companies marketing city compost are covered under the **Direct Benefit Transfer (DBT)** for Fertilizers.
- **Use of Space Technology in Fertilizer Sector:**
 - DoF commissioned a **three-year Pilot Study on "Resource Mapping of Rock Phosphate using Reflectance Spectroscopy and Earth Observations Data"** by National Remote Sensing Centre under **ISRO**, in collaboration with Geological Survey of India (GSI) and the Atomic Mineral Directorate (AMD).

Note:

RBI to Launch Retail Digital Rupee

Why in News?

The Reserve Bank announces the launch of the first pilot for **retail digital Rupee (e₹-R)** also called **Central Bank Digital Currency (CBDC)**.

- On 1st November 2022, the RBI launched the **digital rupee for the wholesale segment** to settle secondary market transactions in government securities.

What are the Key Points about the Pilot Project?

- The first phase of a pilot project that will cover **select locations and banks in a closed user group (CUG)** comprising participating customers and merchants.
- The pilot will initially cover the four cities of **Mumbai, New Delhi, Bengaluru, and Bhubaneswar**, where customers and merchants will be able to use the digital rupee (e₹-R), or e-rupee.
- According to the central bank, **the pilot will test the robustness of the entire process of digital rupee creation, distribution and retail usage in real time.**

What is e-rupee?

- **Definition:**
 - RBI defines the **CBDC as the digital form of currency notes** issued by a central bank. It is a sovereign or entirely independent currency issued by the central bank (in this case, RBI), in accordance with the country's monetary policy.
- **Legal Tender:**
 - Once officially issued, **CBDC will be considered as a medium of payment and legal tender by all three parties - citizens, government bodies, and enterprises.** Being government-recognised, it can be freely converted to any commercial bank's money or notes.
 - RBI is not in favour of e-rupee with interest. Because people might withdraw money from banks and convert it to digital rupee - causing banks to fail.
- **Difference with Cryptocurrencies:**
 - The underlying technology of **cryptocurrency (distributed ledger)** can underpin parts of the digital rupee system, but the RBI has not decided

on this, yet. However, cryptocurrencies like bitcoin or ethereum are 'private' in nature. Digital rupee on the other hand, will be issued and controlled by the RBI.

➤ Global Scenario:

- As of July 2022, 105 countries were exploring CBDC. Ten countries have launched CBDC, the first of which was the Bahamian Sand Dollar in 2020 and the latest was Jamaica's JAM-DEX.

What are the Types of e-Rupee?

- Based on the **usage and the functions performed by the digital rupee and considering the different levels of accessibility**, RBI has demarcated the digital rupee into two broad categories — **Retail and Wholesale.**
 - **Retail e-rupee is an electronic version** of cash primarily meant for retail transactions. It will be potentially available for **use by all — private sector, non-financial consumers and businesses** — and can provide access to safe money for payment and settlement as it is a direct liability of the central bank.
 - **Wholesale CBDC is designed for restricted access to select financial institutions. It has the potential to transform the settlement systems** for financial transactions undertaken by banks in the **government securities (G-Sec) segment**, inter-bank market and capital market more efficient and secure in terms of operational costs, use of collateral and liquidity management.

How will the Retail Digital Rupee Work?

- The e₹-R would be in the **form of a digital token that represents legal tender.** It will be issued in the same denominations as paper currency and coins, and will be distributed through intermediaries, i.e., banks.
- Users will be able to **transact with e₹-R through a digital wallet** offered by the participating banks and stored on mobile phones and devices, according to the RBI.
- Transactions can be **both person to person (P2P) and person to merchant (P2M).**
- Payments to merchants can be **made using QR codes displayed at merchant locations.**
- The e₹-R would offer **features of physical cash like trust, safety and settlement finality.**

Note:

- As in the case of cash, it will **not earn any interest and can be converted to other forms of money**, like deposits with banks.

What are the Advantages of e-rupee?

- Reduction in operational **costs involved in physical cash management**, fostering financial inclusion, bringing resilience, efficiency and innovation in the payments system.
- Provide the public with **uses that any private virtual currencies can provide, without the associated risks**.

Vizhinjam Port Project

Why in News?

Recently, Adani Group approached the Kerala High Court requesting the security cover of central forces in **its port construction site in Vizhinjam** which was marred by violent protests by the Fishermen.

What is the Vizhinjam Port Project?

- **About:**
 - It is a Rs 7,525 crore port, being built under a **Public Private Partnership (PPP) model** with Adani Ports Private Limited at Vizhinjam near Thiruvananthapuram, Kerala.
 - It was laid in December 2015 and has since missed its completion deadline.
 - The port is to have **30 berths, and will be able to handle giant “megamax” container ships**.
- **Significance:**
 - It is believed that the ultramodern port, located close to major international shipping routes, **will boost India’s economy** and its location is also of strategic importance.
 - The port is expected to **compete with Colombo, Singapore, and Dubai** for a share of trans-shipment traffic.
 - The port’s advantages are **“availability of a 20m contour within one nautical mile from the coast; minimal littoral drift along the coast, hardly any maintenance dredging required; links to national/regional road, rail network; and proximity to international shipping routes**.

Why are Fishermen Protesting?

- Fisherfolk have been protesting against the project for the past four months, alleging that its construction is causing **massive sea erosion, taking away their livelihood and dwellings**.
- They want an impact study conducted and the project **to remain suspended until the study report comes out**.
- The fishing community has also put forward six **other demands**:
 - Rehabilitation of families who lost their homes to sea erosion
 - Effective steps to **mitigate coastal erosion**
 - Financial **assistance to fisherfolk** on days weather warnings are issued
 - compensation to families of those who lose their lives in fishing accidents
 - **Subsidised kerosene**
 - A mechanism to **dredge the Muthalappozhi fishing harbour** in Anchuthengu in Thiruvananthapuram district.
- The kerosene subsidy has been demanded by claiming that because of the project, **fishermen have to venture deeper into the ocean for catch, increasing the fuel cost burden**.

PM SVANidhi Scheme Extended

Why in News?

The **Prime Minister Street Vendor’s AtmaNirbhar Nidhi (PM SVANidhi) Scheme** has been extended beyond March, 2022.

What are the Provisions for the Extended Scheme?

- **Extension of lending period** till December 2024.
- **Introduction of 3rd loan of up to ₹50,000** in addition to 1st & 2nd loans of ₹10,000 and ₹20,000 respectively.
- **Extension of ‘SVANidhi Se Samridhi’ component** for all beneficiaries of PM SVANidhi scheme across the country.
 - ‘SVANidhi Se Samridhi’ was launched in January 2021 to **map the socio-economic profile of the PM SVANidhi beneficiaries** and their families.

Note:

What is PM SVANidhi Scheme?

➤ About:

- The scheme was announced as a part of the **Economic Stimulus-II** under the **Atmanirbhar Bharat Abhiyan**.
- It has been implemented since 1st June 2020, for providing affordable working capital loans to street vendors to resume their livelihoods that have been adversely affected due to Covid-19 **lockdowns**.
 - A total of **13,403 vending zones** have been **identified so far**.
 - **42 lakh street vendors** are to be provided benefits under PM SVANidhi Scheme by **December, 2024**.

➤ Funding:

- It is a Central Sector Scheme i.e., fully funded by Ministry of Housing and Urban Affairs with the following objectives:
 - To facilitate working capital loan;
 - To incentivize regular repayment; and
 - To reward digital transactions

➤ Significance:

- The scheme will open up **new opportunities for street vendors to move up the economic ladder**.

➤ Eligibility:

- **States/Union Territories (UTs):**
 - The Scheme is available for beneficiaries belonging to only those States/UTs which have notified Rules and Scheme under Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014.
 - Beneficiaries from Meghalaya, which has its own State Street Vendors Act may, however, participate.
 - **Street Vendors:**
 - The Scheme is available to all street vendors engaged in vending in urban areas.
- Earlier the Scheme was available to all street vendors engaged in vending on or before March 24, 2020.

MAARG Portal

Why in News?

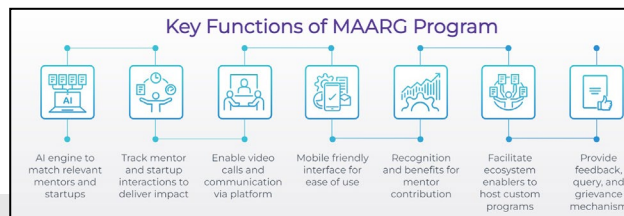
Recently, **Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and**

Industry has launched a call for **startup** applications for registration on the **Mentorship, Advisory, Assistance, Resilience and Growth (MAARG)** portal.

What is MAARG Portal?

➤ About:

- MAARG portal is the **National Mentorship Platform by Startup India**.
- It is a **one-stop platform to facilitate mentorship for startups** across diverse sectors, functions, stages, geographies, and backgrounds.



➤ Key Features:

- Mentorship programs for ecosystem enablers
- Mobile-friendly user interface
- Recognition for contributing mentors
- Video and audio call options

➤ Phases: The MAARG Portal is being operationalized in three phases:

- **Phase I: Mentor Onboarding**
 - Successfully launched and executed, 400+ expert mentors are onboarded across sectors.
- **Phase II: Startup Onboarding**
 - DPIIT is launching the onboarding of startups on the MAARG Portal with effect from 14th November 2022.
- **Phase III: MAARG Portal Launch and Mentor Matchmaking**
 - Final launch where the mentors will be matched to the startups DPIIT has initiated onboarding process of startups under Phase II.

➤ Significance:

- Startups can now **effectively connect with academicians, industry experts, successful founders, seasoned investors, and other experts** from across the globe, through **Artificial Intelligence (AI) based matchmaking**, to get personalized guidance on growth and strategy.

Note:

What is Startup India?

- It is a flagship initiative of the Government of India, intended to catalyse startup culture and build a strong and inclusive ecosystem for innovation and entrepreneurship in India.
 - A startup is **an enterprise that is initiated by its founders around an idea or a problem** with a potential for significant business opportunity and impact.
- Since its launch in 2016, **Startup India has rolled out several programs with the objective of supporting entrepreneurs**, and transforming India into a country of job creators instead of job seekers.
- In 2022, **India has become the 3rd largest start-up ecosystem** in the world after the US and China.

Increasing Demand of Coal

Why in News?

Despite the country's efforts to switch to renewable energy, **coal will remain India's dominant energy source.**

What is Coal?

- **About:**
 - It is a type of fossil fuel found in the form of sedimentary rocks and is often known as '**Black Gold**'.
 - It is a conventional source of energy and is widely available. It is used as a domestic fuel, in industries such as iron and steel, steam engines and to generate electricity. Electricity from coal is called thermal power.
 - The leading coal producers of the world include China, US, Australia, Indonesia, India.
- **Distribution of Coal in India:**
 - **Gondwana Coal Fields (250 million years old):**
 - Gondwana coal makes up to 98 % of the total reserves and 99 % of the production of coal in India.
 - Gondwana coal forms India's metallurgical grade as well as superior quality coal.
 - It is found in Damodar (Jharkhand-West Bengal), Mahanadi (Chhattisgarh-Odisha), Godavari (Maharashtra), and Narmada valleys.

- **Tertiary Coal Fields (15 – 60 million years old):**

- Carbon content is very low but is rich in moisture and Sulphur.
- Tertiary coalfields are mainly confined to extra-peninsular regions
- Important areas include Assam, Meghalaya, Nagaland, Arunachal Pradesh, Jammu and Kashmir, Himalayan foothills of Darjeeling in West Bengal, Rajasthan, Uttar Pradesh, and Kerala.

- **Classification:**

- **Anthracite** (80 - 95% carbon content, found in small quantities in J&K).
- **Bituminous** (60 - 80% carbon content and is found in Jharkhand, West Bengal, Odisha, Chhattisgarh and Madhya Pradesh).
- **Lignite** (40 to 55% carbon content, high moisture content and is found in Rajasthan, Lakhimpur (Assam) and Tamil Nadu).
- **Peat** (less than 40% carbon content and it is in the first stage of transformation from organic matter (wood) to coal).

Russian Banks open Vostro Accounts in India

Why in News?

The **Reserve Bank of India (RBI)** has allowed the opening of nine special vostro accounts in two Indian Banks (UCO Bank and IndusInd Bank) for the settlement of payments in rupee for trade between India and Russia.

- Russia's two largest banks — Sberbank and VTB Bank — are the first foreign lenders to have received approval from the RBI towards settling international trade transactions in rupee.
- A Vostro account is just **another name for a Nostro account**. It is an account held by a bank that **allows the customers to deposit money** on behalf of another bank.

What is the Background?

- In July 2022, the RBI had unveiled a **mechanism to settle international transactions in rupee** to promote the **growth of global trade**, with emphasis on exports from India, as well as pushing rupee as an international currency.

Note:

- It is also expected to enable trade with sanction-hit nations such as Russia.
- According to the mechanism finalised by the RBI, banks of partner countries can approach authorised dealer banks in India for opening special rupee vostro accounts. The authorised dealer bank will then have to seek approval from the central bank with details of such an arrangement.

What is a Nostro Account?

- A Nostro account is an account held by a bank in another bank. It allows the customers to deposit money in the bank's account in another bank. It is often used if **a bank has no branches in a foreign country**. Nostro is a Latin word that means "ours".
 - Let's presume bank "A" does not have any branches in the Russia, but bank "B" does. Now, to receive the deposits in the Russia, **"A" will open a Nostro account with "B"**.
 - Now, if any customers in the Russia want to send money to "A", they can deposit it **into A's account in "B"**. "B" will transfer the money to "A".
- The main difference between a deposit account and a Nostro account is that the former is held by individual depositors while **foreign institutions hold the latter**.

What is a Vostro Account?

- The word Vostro means yours in Latin.
- A Nostro account is a **Vostro account for the bank** that opens the account.
 - In the above example, the account will be **called a Vostro account for bank "B"**. The Vostro account accepts the payments on **behalf of the account holder's bank**.
- If a person deposits money in the Vostro account, it will be **transferred to the account holder's bank**.
- Nostro and Vostro accounts are held in **a foreign denomination**.
- Vostro accounts enable **domestic banks to provide international banking services** to their clients who have global banking needs.
- Vostro account services include executing wire transfers, performing foreign exchange transactions, enabling deposits and withdrawals, and expediting international trade.

What is Rupee Payment Mechanism?

➤ About:

- Authorized Dealer Banks in India had been permitted to open **Rupee Vostro Accounts**.
 - Indian importers undertaking imports via this mechanism will make **payment in INR which will be credited into the Special Vostro account of the correspondent bank** of the partner country, against the invoices for the supply of goods or services from the overseas seller.
 - Indian exporters using the mechanism will be paid the export proceeds in INR from the balances in the designated Special Vostro account of the correspondent bank of the partner country.
 - Indian exporters **may receive advance payment against exports from overseas importers in Indian rupees** through the above Rupee Payment Mechanism.
 - Before allowing any such receipt of advance payment against exports, Indian **banks need to ensure that available funds** in these accounts are first used towards payment obligations arising out of already executed export orders/ export payments in the pipeline.
 - Balance in Special Vostro Accounts **can be used for: payments for projects and investments, export/ import advance flow management, and investment in Government Treasury Bills, Government securities, etc.**
- Existing Mechanism:
 - If a company exports or imports, **transactions are always in a foreign currency** (excluding with countries like Nepal and Bhutan).
 - So, in case of imports, the **Indian company has to pay in a foreign currency** (mainly dollars and could also include currencies like pounds, Euro, yen etc.).
 - The Indian company **gets paid in foreign currency in case of exports and the company converts that foreign currency to rupee** since it needs rupee for its needs, in most of the cases.

National Milk Day

Why in News?

Department of Animal Husbandry is **celebrating National Milk Day on 26th November 2022**.

Note:

- **National Gopal Ratna Awards 2022** are conferred as part of the celebrations.
- Animal Quarantine Certification Services are also to be inaugurated.
- June 1 is observed as **World Milk Day** every year.

What is National Milk Day?

- The day celebrates **the importance of milk in a person's life**. And to promote the **benefits related to the milk & milk industry and to create awareness among people about the importance of milk and milk products**.
- 26th November 2022 commemorates **101st birth anniversary of Dr. Verghese Kurien, the "Father of White Revolution in India"**.
- **Dr. Verghese Kurien (1921-2012):**
 - He is known as the **'Father of White Revolution in India'**.
 - He is famous for his **'Operation Flood'**, which is known as the **world's largest agricultural program**.
 - He established 30 institutions that are **run by various farmers and workers**.



- He also played a key role in the **establishment and success of Amul Brand**.
- Because of his efforts only, India **became the largest producer of milk in 1998**, surpassing the U.S.
- He also helped manage the **Delhi Milk Scheme and corrected the prices**. He also helped India **become self-sufficient in edible oils**.
- He was honoured with several awards, including the **Ramon Magsaysay Award (1963)**, **Krishi Ratna (1986)** and **World Food Prize (1989)**.
- He is also the recipient of India's highest civilian awards- **Padma Shri (1965)**, **Padma Bhushan (1966)** and **Padma Vibhushan (1999)**.

What was White Revolution of India?

➤ About:

- **Operation Flood** was launched on 13th January, 1970. It was the world's largest dairy development programme.
- Within 30 years, the operation **helped double milk available per person in India**, making dairy farming India's largest self-sustainable rural employment generator.
- The operation gave **farmers direct control over the resources they create, helping them direct their own development**. This was achieved not only by mass production, but by production by the masses. It is also now known as the **"White Revolution"**.

➤ Phases:

- **Phase I (1970-1980):** This phase was financed by the sale of butter oil and skimmed milk powder donated by the **European Union** through the World Food Program.
- **Phase II (1981 to 1985):** During this phase, the number of milk sheds increased from 18 to 136, milk outlets were expanded to about 290 urban markets, a self-sustaining system was set up that included 4,250,000 milk producers spread across 43,000 village cooperatives.
- **Phase III (1985-1996):** This phase enabled the dairy cooperatives to expand and gave a finishing touch to the programme. It also strengthened the infrastructure required to procure and market increasing volumes of milk.

➤ Objectives:

- Increase milk production ("a flood of milk").
- Increase rural incomes.
- Reasonable prices for consumers.

➤ Significance:

- It helped dairy farmers **direct their own development, placing control of the resources they create in their own hands**.
- It has helped **India become the largest producer of milk in the world in 2016-17**.
- Currently, India is the world's largest milk producer, with **22% of global production**.

➤ Related Initiatives:

- **Animal Husbandry Infrastructure Development Fund (AHIDF)**

Note:

- **National Animal Disease Control Programme**
- **Rashtriya Gokul Mission**
- **National Artificial Insemination Programme**
- **National Livestock Mission**

Friendshoring

Why in News?

Recently, the US secretary of treasury has pushed for “friendshoring” to diversify trade away from countries that are present at geopolitical risk.

What is Friendshoring?

- Friendshoring is a strategy where **a country sources the raw materials, components and even manufactured goods from countries that share its values**. The dependence on the countries considered a “threat” to the stability of the supply chains is slowly reduced.
- It is also called “allyshoring”.
 - For the US, Russia has long presented itself as a reliable energy partner, but in the Ukraine war, it has **weaponized the gas against the people of Europe**.
 - It’s an example of how **malicious actors can use their market positions to try to gain geopolitical leverage** or disrupt trade for their own gain.
- Friend-shoring or ally-shoring has become **a means for the US to influence firms to move their sourcing and manufacturing sites** to friendly shores—often back to the **same shores in the case of the US**.
- The purpose of Friendshoring is **to insulate countries’ supply chains** from less like-minded nations, such as China in case of the US.

What can be the Implications of Friendshoring?

- Friendshoring may push the world towards a **more isolated place for trade and reverse the gains of globalization**. It is a part of the “deglobalisation” process.
- After the global economy has been influenced by the years-long lockdown of Covid-19, any form of protectionism **will further disrupt the already unstable global supply chain**.
- This new form of **protectionism will not be conducive to globalization** while affecting the global supply chain and economy. And in the long term, this could backfire

if a company relies on some country—for lithium for batteries, say, or precious metals for computer chips—feels alienated.

- Also, as this becomes a trend, the **world will gradually be separated**, and it will be hard for countries to work together for the well-being of humanity.

Unemployment in India

Why in News?

Recently, the **National Statistical Office (NSO)** has released the **Periodic Labour Force Survey (PLFS)**.

- The unemployment rate in urban areas for persons aged above 15 eased to 7.2% in July-September 2022 from 9.8% in July-September 2021.

What is the Periodic Labour Force Survey?

- Considering the importance of the availability of labour force data at more frequent time intervals, the **National Statistical Office (NSO)**, Ministry of Statistics & Programme Implementation launched the **Periodic Labour Force Survey (PLFS)** in April 2017.
- **The objective of PLFS is primarily twofold:**
 - To estimate the **key employment and unemployment indicators** (viz. Worker Population Ratio, Labour Force Participation Rate, Unemployment Rate) in the short time **interval of three months for the urban areas only** in the **Current Weekly Status (CWS)**.
 - To estimate employment and unemployment indicators in **both Usual Status and CWS** in both rural and urban areas **annually**.

What is Unemployment?

- Unemployment occurs when a person who is **actively searching for employment is unable to find work**.
 - Unemployment is often used as a **measure of the health of the economy**.
- **NSO** defines employment and unemployment on the **following activity statuses of an individual:**
 - Working (engaged in an economic activity) i.e., ‘**Employed**’.
 - Seeking or available for work i.e., ‘**Unemployed**’.
 - Neither seeking nor available for work.
 - The first two constitute the **labour force** and unemployment rate is the **percent of the labour force** that is without work.

Note:



drishti

- **Unemployment rate** = (Unemployed Workers / Total labour force) × 100.

What are Different Types of Unemployment?

- **Disguised Unemployment:**
 - It is a phenomenon wherein **more people are employed than actually needed**.
 - It is primarily traced in the **agricultural and the unorganised sectors** of India.
- **Seasonal Unemployment:**
 - It is an unemployment that occurs **during certain seasons** of the year.
 - **Agricultural labourers** in India rarely have work throughout the year.
- **Structural Unemployment:**
 - It is a category of unemployment arising from the **mismatch between the jobs available in the market and the skills of the available workers in the market**.
 - Many people in India do not get jobs due to lack of requisite skills and due to poor education level, it becomes difficult to train them.
- **Cyclical Unemployment:**
 - It is a **result of the business cycle**, where unemployment **rises during recessions and declines with economic growth**.
 - Cyclical unemployment figures in India are negligible. It is a phenomenon that is mostly found in capitalist economies.
- **Technological Unemployment:**
 - It is the loss of jobs due to changes in technology.
 - In 2016, **World Bank** data predicted that the proportion of jobs threatened by automation in India is 69% year-on-year.
- **Frictional Unemployment:**
 - The **Frictional Unemployment** also called as **Search Unemployment**, refers to the **time lag between the jobs** when an individual is searching for a new job or is switching between the jobs.
 - In other words, an employee **requires time for searching a new job or shifting from the existing to a new job**, this inevitable time delay causes frictional unemployment.
- **Vulnerable Employment:**
 - This means, **people working informally, without proper job contracts** and thus **sans any legal protection**.

- These persons are **deemed 'unemployed'** since **records of their work are never maintained**.
- It is one of the **main types of unemployment in India**.

Direct Benefit Transfer Scheme

Why in News?

Most economists advocate the conversion of all agricultural subsidies into direct income support i.e., **Direct Benefit Transfer** to farmers.

What is Direct Benefit Transfer Scheme?

- **Aim:** It has been visioned as an aid for simpler/faster flow of information and funds to the beneficiaries and to reduce the fraud in the delivery system.
- **Implementation:** It is a mission or an initiative by the government of India started on 1st January 2013 as a way to reform the government delivery system.
 - Central Plan Scheme Monitoring System (CPSMS), the earlier version of the **Public Financial Management System (PFMS)**, of the Office of Controller General of Accounts, was chosen to act as the common platform for routing of the Direct Benefit Transfer.
- **Components of DBT:** Primary components in the implementation of DBT schemes include Beneficiary Account Validation System, a robust payment and reconciliation platform integrated with **Reserve Bank of India (RBI)**, **National Payments Corporation of India (NPCI)**, **Public & Private Sector Banks**, **Regional Rural Banks and Cooperative Banks** (core banking solutions of banks, settlement systems of RBI, Aadhaar Payment Bridge of NPCI) etc.
- **Schemes under DBT:** There are 310 Schemes from 53 Ministries under DBT. Some important schemes are:
 - **Pradhan Mantri Fasal Bima Yojana, National Food Security Mission, Pradhan Mantri Krishi Sinchai Yojana, PM KISAN, Swachh Bharat Mission Gramin, Atal Pension Yojana, National AYUSH Mission.**
- **Aadhaar not Mandatory:** Aadhaar is not mandatory in DBT schemes. Since Aadhaar provides unique identity and is useful in targeting the intended beneficiaries, Aadhaar is preferred and beneficiaries are encouraged to have Aadhaar.

Note:

What are the Benefits of DBT?

- **Expanded the Coverage of Services:** In a mission-mode approach, it endeavoured to open bank accounts for all households, expanded **Aadhaar** to all and scaled up the coverage of banking and telecom services.
- **Instant and Easy Money Transfer:** It created the Aadhaar Payment Bridge to enable instant money transfers from the government to people's bank accounts.
 - This approach not only **allowed all rural and urban households to be uniquely linked under varied government schemes** for receiving subsidies directly into their bank accounts but also transferred money with ease.
- **Financial Assistance:** In rural Bharat, DBT has allowed the government to provide financial assistance effectively and transparently to farmers with lower transaction costs – be it for fertilisers or any of the other schemes.
- **Transfer of Funds & Social Security:** In urban India, the **PM Awas Yojana** and **LPG Pahal scheme** successfully use DBT to transfer funds to eligible beneficiaries. Various scholarship schemes and the **National Social Assistance Programme** use the DBT architecture to provide social security.
- **A Door to New Opportunities:** DBT under rehabilitation programmes such as the **Self Employment Scheme for Rehabilitation of Manual Scavengers (SRMS)** opens new frontiers that enable social mobility of all sections of society.

SHAKTI Policy

Why in News?

Recently, the Ministry of Power has announced a **Scheme for Procurement of Aggregate Power of 4500 MW** on competitive basis for five years on Finance, Own and Operate (FOO) basis under **B (v) of SHAKTI Policy**.

What are the Key Features of the Scheme?

- Under the scheme, PFC Consulting Ltd has invited **bids for the supply of 4,500 MW**.
 - PFC Consulting Limited (A wholly owned subsidiary of PFC Ltd) has been designated as the **Nodal Agency by the Ministry of Power**.

- The Ministry of Coal has been requested to allocate around 27 MTPA (Million Tonnes per Annum) for this.
- This scheme is expected to help the states that **are facing power shortage and also help generation plants to increase their capacities**.

What is SHAKTI Policy?

- **About:**
 - **Ministry of Power (MoP)** in 2017 cleared the Coal Linkage Policy known as **SHAKTI (Scheme to Harness and Allocate Koyla Transparently in India)**.
 - The Policy provides coal linkages to **power plants which lack fuel supply agreements (FSAs)** through coal auctions.
- **Objectives:**
 - The aim of the Shakti scheme is to **ensure the availability of coal to all the Thermal Power Plants** in India, in a way that is transparent and objective.
 - The scheme is supposed to be beneficial not just for the infrastructure sector, but also for the **public sector banks which have huge loans unpaid** at the end of the power companies.
 - The scheme also aims to **reduce the dependence on imported coal and promote domestic industries**.

Pashmina Shawl

Why in News?

Recently, Custom officials complained about the **presence of 'Shahtoosh' guard hair in Pashmina shawl**, which is obtained from **endangered Tibetan antelopes** in many of their export consignments.

What is Pashmina?

- **About:**
 - Pashmina is a **Geographical Indication (GI)** certified **wool** that has its origin from Kashmir region of India.
 - Originally **Kashmiri people used Pashmina shawls** to keep themselves warm during the winter season.
 - The term '**Pashmina**' has been derived from a **Persian word "Pashm"** meaning a **weavable fiber precisely wool**.
 - Pashmina Shawls are very **costly due to their fine quality** of wool and the hard work involved in making one single piece.

Note:

- Weaving a single Pashmina Shawl takes a long time depending on the type of work involved. It generally **takes around 72 hours or more to complete one shawl.**
- **Source:**
 - The wool that is used in weaving the Pashmina Shawl is **obtained from the Changthangi goats (Capra Hircus)** domesticated in the Ladakh.
- **Fibre Processing:**
 - The raw Pashm is **harvested by the Changpa tribes of Ladakh who herd the Changthangi goats.**
 - The Changpa are **semi-nomadic community** which inhabit Changthang (which is spread across Ladakh and Tibet Autonomous Region) or other regions of Ladakh.
 - As of 2001, the **Changpa were classified as a Scheduled Tribe** under the Indian Government's reservation program of affirmative action.
 - The **Kashmiri weavers buy the raw pashm** from the middle men, the only connecting link between the Changpa tribe & the Kashmiris; clean the grubby raw pashm fibre.
 - They then **comb the fibre & segregate it** according to the fineness.
 - It is then **hand spun** & then set up into warps & **put up on the handloom.**
 - The **yarn is then hand woven & transformed** into the beautifully luxurious pashmina shawls that are renowned the world over.
 - This art of weaving Pashmina Shawls is passed on from generation to generation as a tradition in Kashmir.
- **Significance:**
 - Pashmina is one of the **finest and highest quality wool** in the whole world.
 - Pashmina Shawl **attracted the attention of people from all across the world** and hence this became one of most demanding shawls in the whole world.
 - Its high demand **boosted the local economy.**
- **Concern:**
 - Due to restricted availability and high prices, **adulteration of Pashmina with sheep wool/ ultra-fine merino wool is a common practice** by manufacturers.
 - In 2019, the **Bureau of Indian Standards (BIS)** published an **Indian Standard for identification, marking and labelling of Pashmina products** to certify their purity.

- **GI Certifying Criteria for Pashmina:**
 - The shawl should be **made from 100% pure Pashm.**
 - The fineness of the fibers should be up to **16 Microns.**
 - The shawl should be **handwoven by local artisans of Kashmir.**
 - The yarn should be **only spun by hand.**

What is Shahtoosh?

- Shahtoosh is the **fine undercoat fibre obtained from the Tibetan Antelope, known locally as 'Chiru',** a species living mainly in the **northern parts of the Changthang Plateau in Tibet.**
 - As per the **International Union for Conservation of Nature (IUCN) Red list**, Chiru has been classified as **'Near Threatened'.**
- As they offer high levels of smoothness and warmth, Shahtoosh shawls became a **highly expensive commodity.**
- Unfortunately, due to **commercial poaching of the animal**, their population declined dramatically.
 - **Convention on International Trade in Endangered Species of Wild Fauna & Flora (CITES)** included the Tibetan Antelope in 1979 leading to **prohibition in sale and trade of Shahtoosh shawls and scarves.**

Tea Industry of India

Why in News?

Recently, Union Minister addressed the **Indian Tea Association's (ITA's) International Small Tea Grower's Convention.**

- Founded in 1881, the ITA is the premier and the **oldest organization of tea producers in India.** It has played a multi-dimensional role towards formulating policies and initiating action towards the development and growth of the industry.

What is the State of Indian Tea Industry?

- **Production:**
 - India is the **second-largest producer of tea globally.**
 - The **northern part of India is the biggest producer** at about **83% of the country's annual tea production in 2021-22** with the majority of the production coming from **Assam followed by West Bengal.**

Note:

- The **Assam valley** and **Cachar** are the two tea producing regions in Assam.
- In **West Bengal, Dooars, Terai** and **Darjeeling** are the three major tea producer regions.
 - The **southern part of India produces about 17% of the country's total production** with the major producing states being **Tamil Nadu, Kerala, and Karnataka**.
- **India's total tea production** for the financial year 2020-21 it was **1,283 million kg**.
- **Consumption:**
 - India is also among the **world's top tea consuming countries**, with **80% of the tea produced in the country consumed by the domestic population**.
- **Export:**
 - India is **among the top 5 tea exporters in the world** making about **10% of the total exports**.
 - In the year 2021, the total value of tea exports from India was around USD 687.9 million.
 - India exports tea to **more than 25 countries** throughout the world.
 - **Russia, Iran, UAE, USA, the UK, Germany, and China** are some of the **major importers** of tea from India.
 - **India's total tea exports** during 2021-22 in quantity was **201 million kg**.
 - The majority of the tea exported out of India is **black tea which makes up about 96% of the total exports**.
 - The types of tea exported through India are: **Black tea, Regular tea, Green tea, Herbal tea, Masala tea and Lemon tea**.
- Out of these, black tea, regular tea and green tea make up approximately 80%, 16% and 3.5% of the total tea exported from India.
 - **Indian Assam, Darjeeling, and Nilgiri tea** are considered one of the **finest in the world**.
- Indian tea is one of the finest in the world due to strong geographical indications, heavy investment in tea processing units, continuous innovation, augmented product mix, and strategic market expansion.
- **Geographical Indication (GI) Tag:**
 - **Darjeeling Tea** also known as "**Champagne of teas**," worldwide because of its flowery scent was the **1st GI tag product**.

- **Other two variants** of Darjeeling tea i.e., **Green and White tea** also hold GI tags.

➤ **Regulation of the Industry:**

- **Tea Board of India** is in charge of developing and promoting the tea industry in India.

What is Tea Board of India?

➤ **About:**

- It is a **statutory body under the Ministry of Commerce** that was set up in 1953 for the development of tea industry in India. It started functioning in 1954.

➤ **Vision:**

- Its vision and mission is to **make the country a leading producer of tea** across the globe for which it established several programmes and schemes.

➤ **Members:**

- **The Board is constituted of 31 members (including Chairman)** drawn from Members of Parliament, tea producers, tea traders, tea brokers, consumers, and representatives of Governments from the principal tea producing states, and trade unions
 - The Board is **reconstituted every three years**.

➤ **Offices in India:**

- The board has its **headquarters located in Kolkata and 17 other offices** across India.

➤ **Foreign Offices:**

- Currently Tea Board has **two overseas offices located at Dubai, and Moscow**.

What is Tea?

➤ **About:**

- Tea is a **beverage made from the Camellia sinensis plant**. It is the world's **most consumed drink**, after water.

➤ **Origin:**

- It is believed that **tea originated in northeast India, north Myanmar and southwest China**, but the exact place where the plant first grew is not known. There is evidence that tea was consumed in **China 5,000 years ago**.

➤ **Growth Conditions:**

- **Climate:** Tea is a tropical and sub-tropical plant and **grows well in hot and humid climates**.
- **Temperature:** The ideal temperature for its growth is **20°-30°C** and **temperatures above 35°C** and below **10°C** are harmful for the bush.

Note:

- **Rainfall:** It requires 150-300 cm annual rainfall which should be well distributed throughout the year.
- **Soil:** The most suitable soil for tea cultivation is **slightly acidic soil (without calcium) with porous sub-soil** which permits a free percolation of water.
- **Significance:**
 - The tea industry being one of the most **important cash crops is a main source of income and export revenues for some of the poorest countries** and, as a labour-intensive sector, provides jobs, especially in remote and economically disadvantaged areas.
 - **Tea production and processing contributes to the Sustainable Development Goals (SDGs)** including **reduction of extreme poverty** (Goal 1), the **fight against hunger** (Goal 2), the **empowerment of women** (Goal 5) and the **sustainable use of terrestrial ecosystems** (Goal 15).
 - It also has **cultural significance** in many societies.
- **Health benefits:**
 - Tea consumption can bring health benefits and wellness due to the beverage's **anti-inflammatory, antioxidant and weight loss effects**.
- **International Tea Day:**
 - It is **observed on 21st May** every year after it was designated by the **United Nations General Assembly** in December 2019.

IIPDF Scheme

Why in News?

Recently, the Department of Economic Affairs (DEA), **Ministry of Finance** notified **India Infrastructure Project Development Fund Scheme (IIPDF Scheme)**, a scheme for financial support for **project development expenses of Public-Private Partnership (PPP) Projects**.

What is IIPDF Scheme?

- **About:**
 - The IIPDF Scheme was **set up in 2007**.
 - It is a **Central Sector Scheme** with total outlay of Rs 150 crore for a period of three years from 2022-23 to 2024-25.

- It is available to the **Sponsoring Authorities** for PPP projects for **meeting the project development costs**.
 - It would be necessary for the Sponsoring Authority to create and empower a **PPP Cell to undertake PPP project development activities** and also **address larger policy and regulatory issues**.
- **Objective:**
 - It is aimed to provide **financial support for quality project development activities**.
- **Significance:**
 - The Sponsoring Authority will, be able to **source funding to cover a portion of the PPP transaction costs**, thereby **reducing the impact of costs related to procurement** on their budgets.
- **Financial Outlay:**
 - The IIPDF will **contribute upto 75% of the project development expenses** to the Sponsoring Authority as an **interest free loan**. The **balance 25% will be co-funded** by the **Sponsoring Authority**.
 - On successful completion of the bidding process, the **project development expenditure would be recovered from the successful bidder**.
 - However, in the case of failure of the bid, the loan would be converted into grant.
 - In case the **Sponsoring Authority does not conclude the bidding process** for some reason, the **entire amount contributed would be refunded to the IIPDF**.

What is PPP?

- **About:**
 - PPP is a partnership between a **government agency and private-sector company can be used to finance, build and operate projects**, such as public transportation networks, parks, and city centers.
 - There has been commendable progress in addressing the problems in PPP models. Still, there is a need to revisit PPP models for greater benefits.
- **Types of PPP Models:**
 - **Build-Operate-Transfer (BOT):**
 - It is a **conventional PPP model** in which the private partner is responsible to design, build, operate (during the contracted period) and transfer back the facility to the public sector.

Note:

- The private sector partner has to bring the finance for the project and take the responsibility to construct and maintain it.
- The public sector will allow private sector partners to collect revenue from the users. The national highway projects contracted out by NHAI under PPP mode is a major example for the BOT model.
- **Build-Own-Operate (BOO):**
 - In this model ownership of the newly built facility will rest with the private party.
 - On mutually agreed terms and conditions the public sector partner agrees to 'purchase' the goods and services produced by the project.
- **Build, Own, Operate, Transfer (BOOT):**
 - In this variant of BOT, after the negotiated period of time, the project is transferred to the government or to the private operator.
 - BOOT model is used for the development of highways and ports.
- **Build-Operate-Lease-Transfer (BOLT):**
 - In this approach, the government gives a concession to a private entity to build a facility (and possibly design it as well), own the facility, lease the facility to the public sector and then at the end of the lease period transfer the ownership of the facility to the government.
- **Design-Build-Operate-Transfer (DBFO):**
 - In this model, **entire responsibility** for the design, construction, finance, and operation of the project for the period of concession **lies with the private party.**
- **Lease-Develop-Operate (LDO):**
 - In this type of investment model **either the government or the public sector entity retains ownership** of the newly created infrastructure facility and receives payments in terms of a lease agreement with the private promoter.
 - It is mostly followed in the development of airport facilities.
- **Engineering, Procurement, and Construction (EPC) Model:**
 - Under this model, the cost is completely borne by the government. Government invites bids for engineering knowledge from the private players.

- Procurement of raw material and construction costs are met by the government.
- The private sector's participation is minimal and is limited to the provision of engineering expertise.
- A difficulty of the model is that financial is the high financial burden for the government.
- **Hybrid Annuity Model (HAM):**
 - In India, the new HAM is a mix of BOT-Annuity and EPC models.
 - As per the design, the government will contribute 40% of the project cost in the first five years through annual payments (annuity).
 - The remaining payment will be made on the basis of the assets created and the **performance of the developer.**

Greenwashing

Why in News?

Recently, the **United Nations Secretary General** has warned private corporations to desist the practice of **Greenwashing** and mend their ways within a year.

- The general has also directed to **set up an expert group solely to look into the practice.**

What is Greenwashing?

- **About:**
 - The term greenwashing was first used in 1986 by Jay Westerveld, an American environmentalist and researcher.
 - Greenwashing is the practice in which firms and governments **mark all kinds of activities as climate-friendly**, as something that would lead to emissions reduction, or avoidance of emissions.
 - Many of these claims are **unverifiable, misleading, or dubious.**
 - While it helps in boosting the image of the entity, **they do nothing in the fight against climate change.**
 - Several multinational corporations, including oil giants like Shell and BP, and Coca Cola have faced accusations of greenwashing.
 - Greenwashing is prevalent across a whole range of environmental activities.

Note:

- Developed countries are often accused of **greenwashing their normal business investments in developing countries** by highlighting climate co-benefits of the financial flows, sometimes with very little justification.

➤ **Impact of Greenwashing:**

- Greenwashing presents a **false picture of the progress being made on the climate change front**, pushing the world towards disaster, while at the same time, rewarding entities for irresponsible behaviour.

India's First Floating Financial Literacy Camp

Why in News?

Recently, **India Post Payments Bank (IPPB)** conducted India's First **Floating Financial Literacy Camp** with an initiative called '**Niveshak Didi**' to promote **Financial Literacy** 'By the women, for the women', in Srinagar, J&K.

What is the Niveshak Didi Initiative?

➤ **About:**

- It is based on the ideology of **women for women**, as rural area women feel more comfortable to share their queries with a female herself.

➤ **Implementing Agency:**

- It is launched by IPPB, in collaboration with **Investor Education and Protection Fund Authority (IEPFA)** under the aegis of **Ministry of Corporate Affairs (MCA)**.

➤ **Floating Financial Literacy Camp:**

- The session covered topics ranging from **banking and financial products**, importance of **joining the mainstream financial services** offered by regulated entities & **protection against various types of risks** involved with investments and measures of fraud prevention.

What are India's other Initiatives for Financial Literacy?

➤ **Pradhan Mantri Jan-Dhan Yojana:**

- **Pradhan Mantri Jan Dhan Yojana (PMJDY)** is the **National Mission for Financial Inclusion**.

- It ensures **access to financial services**, namely, Banking/ Savings & Deposit Accounts, Remittance, Credit, Insurance, Pension in an affordable manner.
- PMJDY has been the **foundation stone for people-centric economic initiatives**. Whether it is **Direct Benefit Transfer (DBT)**, **Covid-19** financial assistance, **PM-KISAN**, increased wages under **Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA)**, life and health insurance cover, the first step of all these initiatives is to provide every adult with a bank account, which PMJDY has nearly completed.

➤ **Pradhan Mantri Jeevan Jyoti Bima Yojana:**

- **Pradhan Mantri Jeevan Jyoti Bima Yojana** provide for life insurance and accident insurance respectively to the migrants and labourers.

➤ **Pradhan Mantri Kisan Maan Dhan Yojana:**

- **PMKMDY** was started to provide **social security to all landholding Small and Marginal Farmers** (farmers whose land holdings are less than two hectares of land in the country).
- It is a **voluntary and contribution-based** pension scheme.
- Pension **will be paid to the farmers** from a Pension Fund managed by the Life Insurance Corporation of India.
- Farmers will have to contribute an amount between Rs.55 to Rs.200 per month in the Pension Fund till they reach the retirement date i.e., the age of 60 years.

➤ **Pradhan Mantri Mudra Yojana:**

- The **PMMY** is a scheme launched in 2015 for providing loans up to 10 lakh to the non-corporate, non-farm small/micro enterprises.
- These loans are classified as MUDRA loans under PMMY.
- These loans are given by Commercial Banks, RRBs, Small Finance Banks, Cooperative Banks, MFIs and NBFCs.

What is India Post Payments Bank (IPPB)?

➤ **About:**

- It has been established under the Department of Posts, Ministry of Communication with 100% equity owned by the Government of India.

➤ **Objective:**

Note:

- The bank has been set up with the vision to build the most **accessible, affordable and trusted bank for the common man in India**.
- The fundamental mandate of IPPB is to **remove barriers for the unbanked and under-banked** and reach the last mile leveraging a network comprising 160,000 post offices (145,000 in rural areas) and 400,000 postal employees.
- IPPB's reach and its operating model is built on the **key pillars of India Stack** - enabling **Paperless, Cashless and Presence-less banking** in a simple and secure manner at the customers' doorstep, through a CBS-integrated smartphone and biometric device.
- IPPB is committed to provide a fillip to a less cash economy and contribute to the vision of Digital India.

Kalanamak Rice

Why in News?

Recently, **Indian Agriculture Research Institute (IARI)** successfully tested two new dwarf varieties of Kalanamak rice i.e., **Pusa Narendra Kalanamak 1638** and **Pusa Narendra Kalanamak 1652** in Uttar Pradesh that give double the yield.

- This will **address the problem of lodging responsible for low yield** seen across the traditional variety.

What is Kalanamak Rice?

- **About:**
 - **Kalanamak** is a traditional variety of paddy with a **black husk** and a **strong fragrance**.
 - It is considered a '**gift from Lord Buddha**' to the people of the Sravasti when he visited the region after enlightenment.
 - It has been awarded under '**One District One Product**' (ODOP) scheme as an ODOP product of Siddharthnagar which is an aspirational district located in Terai belt of Uttar Pradesh.
 - It is **grown in 11 districts of the Terai region of northeastern Uttar Pradesh** and in **Nepal**.
 - It is **protected under the Geographical Indication (GI) tag system**.
- **Farmer's Benefits from Kalanamak Rice:**
 - **Natural Cultivation:** Kala Namak rice is grown mainly without using fertiliser or pesticide residues, making it perfect for crop production.

- **Cost-effective factor:** Since pesticides and fertilisers are not used, the expense is lowered and the grower saves a lot of money.

➤ Health Benefits of Kalanamak Rice:

- Kala Namak rice acts as an antioxidant like anthocyanin, which assists in the **prevention of cardiovascular disease** and the **advancement of skincare**.
- Kalanamak rice includes a lot of **micronutrients like zinc and iron**. As a result, eating this rice is also said to **protect against illness caused by zinc and iron deficits**.
- It is claimed that eating Kalanamak rice on a regular basis can help **prevent Alzheimer's disease**.
- Kala Namak rice can also help **strengthen, regrow, and galvanise the body**, as well as **help regulate blood pressure, diabetes, and skin damage**.

Commercial Cultivation of GM Mustard

Why in News?

Recently, the **Genetic Engineering Appraisal Committee (GEAC)** that functions under the Union Ministry of Environment, Forest and Climate Change has approved seed production prior to commercial release of **genetically modified (GM) mustard**.

What are Genetically Modified (GM) Crops?

- **About:**
 - GM crops are **derived from plants whose genes are artificially modified**, usually by **inserting genetic material from another organism**, in order to give it new properties, such as **increased yield, tolerance to a herbicide, resistance to disease or drought, or improved nutritional value**.
 - Probably the **best-known variety of GM rice is golden rice**.
 - Golden rice involves the insertion of genes from a plant - both daffodils and maize have been used - and a soil bacterium to create a grain that is enriched with Vitamin A.
 - **Earlier, India approved** the commercial cultivation of **only one GM crop, Bt cotton**, but GEAC has recommended GM Mustard for commercial use.
- **Advantages:**

Note:

- **Increased Yield:** Genetically modified seeds dramatically increase the yield of the plant. This means that with the same plot of land, a farmer can now produce noticeably more crops.
- **Beneficial in Specific Climates:** Genetically modified seeds can also be **produced for specific conditions or climates**. For example, drought-resistant seeds can be used in places with little water to ensure healthy crop growth.

What is GM Mustard?

- **About:**
 - **Dhara Mustard Hybrid (DMH-11)** is an indigenously developed transgenic mustard. It is a **genetically modified variant of Herbicide Tolerant (HT) mustard**.
 - It contains **two alien genes** ('barnase' and 'barstar') isolated from a soil bacterium called *Bacillus amyloliquefaciens* that enable breeding of high-yielding commercial mustard hybrids.
 - It has been developed by the **Centre for Genetic Manipulation of Crop Plants (CGMCP) at Delhi University**.
 - In 2017, the GEAC recommended the commercial approval of the HT Mustard crop. However, the Supreme Court stayed its release and asked the central government to seek public opinion.
- **Significance:** India produces only 8.5-9 million tonnes (mt) of edible oil annually while it imports 14-14.5 mt which entailed a record foreign exchange outgo of USD 18.99 billion in the fiscal year ended March 31, 2022. Further, GM mustard would make **India self-reliant in oil production and help in saving forex**.
 - Mustard varieties in India have a narrow genetic base. The barnase-barstar system enables breeding of hybrids from a wider range of mustards, including those of East European origin such as 'Heera' and 'Donskaja'.

What is the Status of other GM Crops in India?

- **BT Cotton:**
 - In order to tackle the bollworm attack that had devastated cotton crops in the past, Bt cotton was introduced which was **jointly developed by the Maharashtra Hybrid Seeds Company (Mahyco) and the US seed company Monsanto**.

- In 2002, the GEAC approved Bt Cotton for commercial cultivation in 6 states such as Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, and Tamil Nadu. It has to be noted that, Bt cotton is the first and only transgenic crop approved by the GEAC.

➤ **BT Brinjal:**

- **Mahyco** jointly developed **Bt Brinjal with the Dharwad University of Agricultural Sciences and the Tamil Nadu Agricultural University**.
- Even though GEAC 2007 had recommended the commercial release of Bt Brinjal, the initiative was blocked in 2010.

What is Genetic Engineering Appraisal Committee (GEAC)?

- It is responsible for the appraisal of activities involving large-scale use of hazardous microorganisms and recombinants in research and industrial production from the environmental angle.
- The committee is also responsible for the appraisal of proposals relating to the release of genetically engineered (GE) organisms and products into the environment including experimental field trials.
- GEAC is chaired by the Special Secretary/Additional Secretary of MoEF&CC and co-chaired by a representative from the Department of Biotechnology (DBT).

Indian Currency Design Mechanism

Why in News?

Recently, the head of a political party asked the central government to put pictures of Goddess Lakshmi and Lord Ganesh on currency notes in order to bring "prosperity" to the country.

Who is involved in the Design and Issuance of Indian Bank Notes and Coins?

➤ **About:**

- **The Reserve Bank of India (RBI)** and the **Central Government** decide the **changes in the design and form** of bank notes and coins.
- Any change in design of a currency note has to be **approved by the RBI's Central Board** and the **central government**.

Note:

- **Changes in the design of coins** are the prerogative of the central government.
- **Role of RBI in Issuing Notes:**
 - **Section 22** of **The Reserve Bank of India Act, 1934**, gives RBI the “**sole right**” to **issue banknotes** in India.
 - The central bank **internally works out a design**, which is put before the **RBI’s Central Board**.
 - **Section 25** states that “the design, form, and material of bank notes shall be such as may be **approved by the Central Government** after consideration of the **recommendations made by the RBI’s Central Board**”.
 - The **RBI’s Department of Currency Management**, currently headed by **Deputy Governor**, has the responsibility of **administering the core function of currency management**.
 - If the design of a currency note has to change, the **Department works on the design and submits it to RBI**, which recommends it to the central government. **The government gives the final approval**.
- **Role of Central Government in minting of coins:**
 - **The Coinage Act, 2011** gives the **central government the power to design and mint coins** in various denominations.
 - The role of the **RBI is limited to the distribution of coins** that are supplied by the central government.
 - The government **decides on the quantity of coins** to be minted on the basis of indents received from the RBI on a yearly basis.
 - Coins are minted in four mints owned by the Government of India in **Mumbai, Hyderabad, Kolkata and Noida**.

What is RBI’s Currency Management System?

- RBI, in consultation with the **central Government and other stakeholders**, estimates the quantity of banknotes that are likely to be needed denomination-wise in a year, and **places indents with the various currency printing presses** for their supply.
 - Two of India’s currency note printing presses (**Nasik and Dewas**) are owned by the Government of India; two others (**Mysore and Salboni**) are owned by the RBI through its wholly owned subsidiary, **Bharatiya Reserve Bank Note Mudran Ltd (BRBNML)**.

- Notes that are received back from circulation are examined, after which those fit for circulation are reissued, **while the soiled and mutilated notes are destroyed**.

What are the Types of Notes Issued so far?

- **Ashoka Pillar Banknotes:** The first banknote issued in independent India was the **Re 1 note issued in 1949**. While retaining the existing design, the **new banknotes replaced the portrait of King George with the symbol of the Lion Capital of the Ashoka Pillar** at Sarnath in the watermark window.
- **Mahatma Gandhi (MG) Series, 1996:** All the banknotes of this series bear the **portrait of Mahatma Gandhi** on the obverse (front) side, in place of the symbol of Lion Capital of Ashoka Pillar, which was moved to the left, next to the watermark window. These banknotes **contain both the Mahatma Gandhi watermark as well as Mahatma Gandhi’s portrait**.
- **Mahatma Gandhi Series, 2005:** The “**MG series 2005**” notes were issued in denominations of Rs 10, Rs 20, Rs 50, Rs 100, Rs 500, and Rs 1,000. They contain some additional/ new security features as compared to the 1996 MG series. **The Rs 500 and Rs 1,000 notes of this series were withdrawn w.e.f. the midnight of November 8, 2016**.
- **Mahatma Gandhi (New) Series, 2016:** The “**MGNS**” notes highlight the **cultural heritage and scientific achievements of the country**. Being of reduced dimensions, these notes are more wallet friendly, and are expected to incur less wear and tear. The colour scheme is sharp and vivid.

Report by RBI on Big Techs

Why in News?

According to a new report by **Reserve Bank of India (RBI)**, large non-financial technology firms, referred to as “**big techs**,” pose challenges to financial stability owing to their technological advantages, large user base, widespread use by financial institutions and network-effects.

What are the Big Techs?

- **About:**
 - Big techs include companies such as **Alibaba, Amazon, Facebook, Google, and Tencent**.

Note:

- They **usually hold service licenses through subsidiaries or Joint Ventures** with varying levels of ownership control and jurisdictional regulatory advantages.
- **Increasing Role of Big Techs:**
 - Big techs, given their pervasive **adoption as third-party service providers**, **generally become the underlying platform** on which a host of services are offered.
 - This **uniquely positions the big techs to easily acquire cross-functional databases** which can be exploited for generating innovative product offerings, making them dominant players in the market.
 - The **pervasiveness of big techs provides them with a large client base** who are entrenched in using their platforms/ products with access to multiple facets of customers' data, generating strong network effects.
 - The **entry of big techs into finance also reflects strong complementarities** between financial services and their core non-financial services.
 - Besides the technological advantages, the **big techs typically also have the financial muscle to withstand the competitive pressures.**
- **Related Steps taken by India:**
 - In India, **efforts have been made for local storage of payment data and to bring critical payment intermediaries** into the formal framework.
 - Initiatives are also underway to **increase the payment acceptance infrastructure and create a data protection law.**

PM Kisan Samman Sammelan

Why in News?

Recently, the Prime Minister of India inaugurated the PM Kisan Samman Sammelan 2022 at Indian Agricultural Research Institute in New Delhi.

What are the Key Highlights of PM Kisan Samman Sammelan?

- PM released the 12th installment of **Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)** funds. Rs 16,000

crores were transferred to over 8.5 crore eligible farmers as part of the scheme.

- PM also inaugurated 600 '**Pradhan Mantri Kisan Samruddhi Kendras**' (PMKSK) under the Ministry of Chemicals & Fertilizers. Under this scheme, more than 3.3 lakh retail fertilizer shops in the country will be converted into PMKSK in a phased manner.
 - These Kendras will cater to several farmer needs like providing agri-inputs (fertilizers, seeds, implements); testing facilities for soil, seeds, fertilizers; generating awareness among farmers; providing information regarding various government schemes and ensuring regular capacity building of retailers at block/ district level outlets.
- The PM also launched the '**Pradhan Mantri Bhartiya Jan Urvarak Pariyojana**' – **One Nation, One Fertilizer.**
 - Under this scheme, '**Bharat Urea Bags**' are launched. These will help companies market fertilizers under the single brand name "Bharat
 - An e-magazine on fertilizer, '**Indian Edge**' also launched by the PM. It will provide information on domestic and international fertilizer scenarios, including recent developments, price trends analysis, availability and consumption, success stories of farmers, among others.

What is PM Kisan?

- **About:**
 - It was launched on 1 Nov 2018 to supplement financial needs of land holding farmers.
- **Financial Benefits:**
 - Financial benefit of Rs **6000/- per year in three equal installments**, every four months is transferred into the bank accounts of farmers' families across the country through **Direct Benefit Transfer (DBT) mode.**
- **Scope of the Scheme:**
 - The scheme was initially meant for **Small and Marginal Farmers (SMFs) having landholding upto 2 hectares** but scope of the scheme was **extended to cover all landholding farmers.**
- **Funding and Implementation:**
 - It is a **Central Sector Scheme** with 100% funding from the Government of India.
 - It is being **implemented by the Ministry of Agriculture and Farmers Welfare.**

Note:

➤ **Objectives:**

- To supplement the financial needs of the Small and Marginal Farmers in procuring various inputs to ensure proper crop health and appropriate yields, commensurate with the anticipated farm income at the end of each crop cycle.
- To protect them from falling in the clutches of moneylenders for meeting such expenses and ensure their continuance in the farming activities.

➤ **PM-KISAN Mobile App:** It was developed and designed by the National Informatics Centre in collaboration with the Ministry of Electronics and Information Technology.➤ **Exclusion Criteria:** The following categories of beneficiaries of higher economic status shall not be eligible for benefit under the scheme.

- All Institutional Land holders.
- Farmer families which belong to one or more of the following categories:

- Former and present holders of constitutional posts
- Former and present Ministers/ State Ministers and former/present Members of Lok Sabha/ Rajya Sabha/ State Legislative Assemblies/ State Legislative Councils, former and present Mayors of Municipal Corporations, former and present Chairpersons of District Panchayats.
- All serving or retired officers and employees of Central/ State Government Ministries /Offices/Departments and its field units Central or State PSEs and Attached offices /Autonomous Institutions under Government as well as regular employees of the Local Bodies (Excluding Multi-Tasking Staff /Class IV/Group D employees)
- All superannuated/retired pensioners whose monthly pension is Rs.10,000/-or more (Excluding Multi-Tasking Staff / Class IV/Group D employees) of above category
- All Persons who paid Income Tax in last assessment year
- Professionals like Doctors, Engineers, Lawyers, Chartered Accountants, and Architects registered with Professional bodies and carrying out profession by undertaking practices.

Organic Fertilisers

Why in News?

India's growth story on the path of economic reforms has transformed the country into one of the fastest-growing economies in the world. With the right policy

interventions, India can become the hub of **Organic Fertilizers** production.

What is Organic Fertilizer?

➤ **About:**

- An organic fertilizer is a fertilizer that is **derived from organic sources, including organic compost, cattle manures, poultry droppings and domestic sewage.**
- Organic fertiliser can be categorised into two segments, according to government rules: **Biofertilizer and Organic Manure.**

➤ **Bio-fertiliser:**

- Bio-fertilisers are composed of living microorganisms attached to solid or liquid carriers and are useful for cultivable land, as these micro-organisms help in increasing the productivity of soil and / or crops.
 - Examples: Rhizobium, Azospirillum, Azotobacter, Phosphobacteria, Blue Green Algae (BGA), Mycorrhiza, Azolla.

➤ **Organic manure:**

- Organic manure, on the other hand, refers to partially decomposed organic matter like digestate from a biogas plant, compost and vermicompost, which provides nutrients to the soil / crops and improves yield.

What is the Potential of Organic Fertilisers in India?

➤ **Utilizing Municipal Solid Waste:**

- India produces more than 150,000 tonnes of municipal solid waste (MSW).
- Considering collection efficiency of 80% and organic part of MSW to be 50%, total organic waste generated per day in India comes to **around 65,000 tonnes per day.**
- Even if half of this is diverted to the biogas industry, the **government can leverage this by reducing in import of fossils and fertilisers.**

➤ **Utilizing Biogas Effluents:**

- There is also great value in the organic fertiliser also known as **digestate, which is the biogas plant's effluent.**
- Biogas can be utilised for heating, electricity and even vehicular purposes (after upgrading), whereas **digestate can help realise the vision to have a second green revolution.**

Note:

- **Increase Soil Fertility:**
 - Digestate can provide organic carbon to the continuously depleting soil, apart from its standard nutrition value.
 - In India at present, bio-fertiliser production is just over 110,000 tonnes (carrier-based 79,000 tonnes and liquid-based 30,000 tonnes) and 34 million tonnes of organic manure, composed of farmyard manure, city compost and vermicompost, among others.
- **Popularity of Organic Farming:**
 - The popularity of organic farming has grown in the domestic market in recent years.
 - The market size for Indian organic packaged food is expected to grow at a rate of 17% and cross Rs 871 million by 2021.
 - The significant rise of this sector is linked to growing awareness about the harmful effects of synthetic fertiliser on soil, rising health concerns, expanding urban population base and an increased consumer expenditure on food goods.

What are the Related Initiatives?

- **Sustainable Alternative Towards Affordable Transportation (SATAT) scheme.**
- **Paramparagat Krishi Vikas Yojana**
- **Sub-mission on AgroForestry**
- **National Mission on Sustainable Agriculture**
- **Rashtriya Krishi Vikas Yojana**

Enhanced Access & Service Excellence

Why in News?

As a part of the **Enhanced Access & Service Excellence (EASE)** reforms, the government is planning to leverage **Regional Rural Banks (RRBs)** to expand their portfolio by adding new segments.

What are the Key Points?

- The initiatives and targets will be part of the **EASE reforms** being undertaken by the Centre.
- Rural banks will be asked to look beyond crop loans and also provide loans for tractors, small businesses in rural areas and education and housing loans too in rural areas.

- The Center is working on a proposal to raise the guarantee limit for education loans from Rs 7.5 lakh to Rs 10 lakh to ensure banks restart lending to the education sector.
- The government's plan is to **continue to improve the profitability of RRBs**.
 - After two consecutive years of losses during the **Covid-19 pandemic** period, RRBs reported a consolidated net profit of Rs 1,682 crore in FY21, with 30 out of 43 RRBs reporting net profits.

What is the Significance?

- It will help RRBs expand their business by **leveraging their huge rural network** and local understanding, and also **enhance credit access to rural consumers for purposes such as education, housing and micro businesses**.
- Asking RRBs to lend towards education, housing and small businesses would also help **ease credit availability to the sectors**.
- RRBs will be guided towards becoming **more competitive and business friendly** – making them customer friendly is top on the agenda.
- The EASE programme for RRBs will entail focus on **digitising operations and connecting RRBs with each other**.

What is EASE Reform?

- It was launched in **January 2018** jointly by the government and PSBs.
- It was commissioned through **Indian Banks' Association** and authored by Boston Consulting Group.
- It aims to foster new-age reforms in PSBs to improve profitability, asset quality, customer service and digital capabilities.
- Various Stages under **EASE Reforms Agenda**:
 - **EASE 1.0**: The EASE 1.0 report showed significant improvement in PSB performance in resolution of **Non Performing Assets (NPAs)** transparently.
 - **EASE 2.0**: EASE 2.0 was built on the foundation of EASE 1.0 and introduced new reform Action Points across six themes to make reforms journey irreversible, strengthen processes and systems, and drive outcomes. The six themes are:
 - Responsible Banking;
 - Customer Responsiveness;

Note:

- Credit Off-take,
- PSBs as UdyamiMitra (SIDBI portal for credit management of **MSMEs**);
- Financial Inclusion & Digitalisation;
- Governance and Human Resource (HR).
- **Ease 3.0:** It seeks to enhance ease of banking in all customer experiences, using technology viz.
 - Dial-a-loan and PSBloansin59 minutes.com.
 - Partnerships with FinTechs and E-commerce companies,
 - Credit@click,
 - Tech-enabled agriculture lending,
 - EASE Banking Outlets etc.
- **EASE 4.0:** It commits PSBs to tech-enabled, simplified and collaborative banking to further the agenda of **customer-centric digital transformation**. Following major themes were proposed under this:
 - 24x7 Banking
 - Focus on North-East
 - Bad Bank.
 - Raising Funds Outside the Banking Sector
 - **Leveraging Fintech Sector.**
- **EASE 5.0:**
 - PSBs will continue to invest in new-age capabilities and deepen the ongoing reforms to respond to **evolving customer needs, changing competition and the technology environment**.
 - Focuses on Digital customer experience, and integrated and inclusive banking, with emphasis on supporting small businesses and agriculture.
 - The initiatives will be across diverse themes: **business growth, profitability, risk, customer service, operations, and capability building.**

What are the Regional Rural Banks?

➤ About:

- **RRBs are financial institutions** which ensure adequate credit for agriculture and other rural sectors.
- Regional Rural Banks were set up on the basis of the **recommendations of the Narasimham Working Group (1975)**, and after the legislation of the **Regional Rural Banks Act, 1976**.
- The first Regional Rural Bank "**Prathama Grameen Bank**" was set up on **2nd October, 1975**.

- The RRBs are required to provide 75% of their total credit as **priority sector lending**.

➤ Stakeholders:

- The equity of a regional rural bank is held by the Central Government, concerned State Government and the Sponsor Bank in the proportion of 50:15:35.

➤ Objectives:

- To provide **credit and other facilities to the small and marginal farmers**, agricultural labourers, artisans and small entrepreneurs in rural areas.
- To check the outflow of rural deposits to urban areas and reduce regional imbalances and increase rural employment generation.

Prevention of Money Laundering Act

Why in News?

Recently, the **Supreme Court** has rejected a plea by a political leader challenging his arrest by the **Enforcement Directorate (ED)** on **Money Laundering** charges.

What is Money Laundering?

➤ About:

- Money laundering is the **process of making large amounts of money generated by criminal activity**, such as drug trafficking or terrorist funding, appear to have come from a legitimate source.
 - Criminal activities like illegal arms sales, smuggling, drug trafficking and prostitution rings, insider trading, bribery and **computer fraud schemes produce large profits**.
- Thereby it creates the **incentive for money launderer to "legitimize" the ill-gotten gains** through money laundering.
- The money generated is called '**dirty money**' and **money laundering is the process of conversion of 'dirty money', to make it appear as 'legitimate' money**.

➤ Stages:

- **Placement:** The first stage is when the crime money is injected into the formal financial system.
- **Layering:** In the second stage, money injected into the system is layered and spread over various

Note:

transactions with a view to obfuscate the tainted origin of the money.

- **Integration:** In the third and the final stage, money enters the financial system in such a way that original association with the crime is sought to be wiped out and the money can then be used by the offender as clean money.

What is the Prevention of Money Laundering Act (PMLA), 2002?

➤ Background:

- The PMLA was enacted in response to India's global commitment (Vienna Convention) to combat the menace of money laundering. These include:
 - **United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances 1988**
 - **Basle Statement of Principles, 1989**
 - **Forty Recommendations of the Financial Action Task Force on Money Laundering, 1990**
 - **Political Declaration and Global Program of Action adopted by the United Nations General Assembly in 1990.**

➤ About:

- It is a criminal law enacted to prevent money laundering and to provide for confiscation of property derived from, or involved in, money-laundering and related matters.
- It forms the core of the legal framework put in place by India to combat Money Laundering.
- The provisions of this act are applicable to all financial institutions, banks (Including RBI), mutual funds, insurance companies, and their financial intermediaries.

➤ Recent Amendments:

- **Clarification about the Position of Proceeds of Crime:** Proceeds of the Crime not only includes the property derived from scheduled offence but would also include any other property derived or obtained indulging into any criminal activity relate-able or similar to the scheduled offence.
- **Money Laundering Redefined:** Money Laundering was not an independent crime rather depended on another crime, known as the predicate offence or scheduled offence.
 - The amendment seeks to treat money laundering as a stand-alone crime.

- Under Section 3 of PMLA, the person shall be accused of money laundering if in any manner that person is directly or indirectly involved in the proceeds of the crime.

- Concealment
- Possession
- Acquisition
- Use or projecting as untainted property
- Claiming as untainted property

- **Continuing Nature of Offence:** This amendment further mentioned that the person will be considered to be involved in the offence of money laundering till the time that person is getting the fruits of activities related to money laundering as this offence is of a continuing nature.

Liquidity Adjustment Facility

Why in News?

The Reserve Bank of India (RBI) injected Rs 72,860.7 crore of liquidity into the banking system in October 2022, the highest since April 2019 after liquidity condition tightened on higher demand for credit during the festival season.

- It is the central bank's intervention in the foreign exchange market to curb volatility in the rupee.

What is Liquidity?

- Liquidity in the banking system refers to **readily available cash** that banks need to meet short-term business and financial needs.
- On a given day, if the banking system is a net borrower from the RBI under **Liquidity Adjustment Facility (LAF)**, the system liquidity is said to be in deficit. If the banking system is a net lender to the RBI, the liquidity is said to be in surplus.

What is Liquidity Adjustment Facility (LAF)?

- A LAF is a **monetary policy tool** used in India by the RBI through which it injects or absorbs liquidity into or from the banking system.
- It was introduced as a part of the outcome of the **Narasimham Committee on Banking Sector Reforms of 1998.**

Note:

- LAF has two components - **repo (repurchase agreement) and reverse repo**. When banks need liquidity to meet its daily requirement, they **borrow from RBI through repo**. The rate at which they borrow fund is called the **repo rate**. When banks are flush with fund, they park with RBI through the **reverse repo mechanism at reverse repo rate**.
- It can **manage inflation in the economy** by increasing and reducing the money supply.
- LAF is **used to aid banks in resolving any short-term cash shortages** during periods of economic instability or from any other form of stress caused by forces beyond their control.
- Various banks use eligible securities as collateral through a **repo agreement** and use the funds to alleviate their short-term requirements, thus remaining stable.
- The facilities are implemented on a day-to-day basis as banks and other financial institutions ensure they have enough capital in the overnight market.
- The transacting of liquidity adjustment facilities **takes place via an auction** at a set time of the day.

What is

Monetary Policy?

- Monetary policy refers to the **policy of the central bank with regard** to the use of monetary instruments under its control to achieve the goals specified in the Act.
- The primary objective of the RBI's monetary policy is to maintain price stability while keeping in mind the objective of growth.
 - Price stability is a necessary precondition to sustainable growth.
- The amended RBI Act, 1934 also provides for the **inflation target (4% +2%)** to be set by the Government of India, in consultation with the Reserve Bank, once in every five years.
- Tools under the Monetary Policy:
 - **Cash Reserve Ratio (CRR).**
 - **Statutory Liquidity Ratio (SLR).**
 - **Bank Rate.**
 - **Standing Deposit Facility (SDF).**
 - **Marginal Standing Facility (MSF).**
 - **Cash Reserve Ratio (CRR).**

Credit Guarantee Scheme for Startups (CGSS)

Why in News?

Recently, the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry has notified the **credit guarantee scheme for start-ups**.

What is the Credit Guarantee Scheme for Startups (CGSS)?

➤ About:

- The scheme has been **approved for the purpose of providing credit guarantees** to loans extended by Member Institutions (MIs) to finance eligible borrowers being startups.
 - MIs include **financial intermediaries** (banks, financial institutions, **Non-Banking Financial Companies**) engaged in lending/investing and conforming to the eligibility criteria approved under the Scheme.
- This scheme **would help provide the much-needed collateral-free debt** funding to start-ups.
- The credit guarantee cover under the Scheme would be **transaction based and umbrella based**.
- The exposure to individual cases would be **capped at Rs. 10 crore per case** or the actual outstanding credit amount, whichever is less.
- In respect of **transaction-based guarantee cover**, the guarantee cover is obtained by the MIs on a single eligible borrower basis.
 - Transaction based guarantees will promote lending by Banks/ NBFCs to eligible startups.
- The umbrella-based guarantee cover will provide guarantee to Venture Debt Funds (VDF) registered under Alternative Investment Funds (AIF) regulations of **Securities and Exchange Board of India (SEBI)**.

➤ Aim:

- To **support startups that are hit hard by the pandemic** and are now going to be impacted further by the rising interest rate scenario when liquidity is unlikely to be easily available to new entrepreneurs.

Note:

What is the State of Start-ups in India?

- **About:**
 - India has become the **3rd largest start-up ecosystem** in the world after the US and China.
 - India is home to as many as 75,000 Startups.
 - 49% of start-ups are from tier-2 and tier-3 cities.
 - There are currently 105 unicorns, out of which 44 were born in 2021 and 19 in 2022.
 - Startups are also emerging in the fields like IT, **agriculture, aviation, education, energy, health and space sectors.**
- **Related Initiatives:**
 - **National Initiative for Developing and Harnessing Innovations (NIDHI)**
 - **Startup India Action Plan (SIAP)**
 - **Ranking of States on Support to Startup Ecosystems (RSSSE)**
 - **Fund of Funds for Startups (FFS)**

Prime Minister's Development Initiative for North East Region (PM-DevINE)

Why in News?

Recently, the Union Cabinet approved a new Scheme, **Prime Minister's Development Initiative for North East Region (PM-DevINE).**

- PM-DevINE was announced in the **Union Budget 2022-23** to address development gaps in the North Eastern Region (NER).

What is PM-DevINE Scheme?

- **About:**
 - It is a **Central Sector Scheme with 100% Central funding.**
 - The new scheme, to be implemented during the remaining four years of the **15th Finance Commission** from 2022-23 to 2025-26 have an **outlay of Rs.6,600 crore.**
 - The PM-DevINE is in addition to the quantum of resources available for the development of the NE region. It will not be a substitute for existing central and state schemes.

Implementation:

- The scheme will be implemented by the **Ministry of Development of North Eastern Region through North Eastern Council or Central Ministries/agencies.**

Objectives:

- Fund infrastructure convergently, in the spirit of **PM Gati Shakti**
- Support social development projects based on felt needs of the NER
- Enable livelihood activities for youth and women
- Fill the development gaps in various sectors

What is the Significance of North East for India?

- **Strategic Significance:** North-East India is the gateway to **South-East Asia** and beyond. It is India's land-bridge to Myanmar.
 - **India's Act East Policy** places the northeastern states on the territorial frontier of India's eastward engagement.
- **Cultural Significance:** North East India is one of the most culturally diverse areas of the world. It is home to over 200 tribes. Popular festivals include the **Hornbill Festival of Nagaland**, Pang Lhabsol of Sikkim, etc.
 - North-east India is a **Dowry-Free Zone.**
 - The rich tapestry of cultures of Northeast is reflected in its highly developed Folk dance forms like **Bihu** (Assam).
 - Manipur has a tradition of worshipping nature in sacred groves, called **UmangLai.**
- **Economic Significance:** Economically, the Region is rich in natural resources of "TOT" (Tea, Oil, and Timber).
 - It is a veritable powerhouse with a potential of 50000 MW of **hydroelectric power** and an abundant **reserve of fossil fuels.**
- **Ecological Significance:** North East is a part of Indo-Burma **biodiversity hotspot.** It represents one of the highest avian and plant biodiversity of the Indian subcontinent.
 - This area has the prestige of having all the bear species present in India.

What are Current Challenges Pertaining to North-East India?

- **Isolation From the Rest of India:** The region's accessibility has **always remained weak due to**

Note:

geographical reasons and underdeveloped transport links with the rest of India.

- **Lack of Efficient Infrastructure:** Infrastructure i.e., physical (like roadways, waterways, energy and so on) as well as social infrastructure (for instance educational institutions, health facilities) plays an important role in human development and economic growth of any region
 - One of the reasons for the **economic backwardness of the North-Eastern states is the poor state of basic infrastructural facilities.**
- **Slow Pace of Industrial Growth:** North-East India has remained historically underdeveloped in terms of **industrial growth.**
- **Territorial Conflicts:** There are **existing inter-state and international territorial conflicts** within the Northeast that are often based on historical border disputes and differing ethnic, tribal or cultural affinities. **Example: Assam-Mizoram Border Dispute.**
- **Insurgency and Political Issues:** Insurgency or terrorism is a political weapon and is often the result of accumulated anger due to political, economic and social causes.
 - The North-Eastern states have witnessed a rise of insurgent activities and regional movements with a feeling of exploitation and alienation from other Indian states.

What are the Major Infrastructure Projects in the Northeast?

- **Rail, Road and Air Connectivity:**
 - 4,000 km of roads, 20 railway projects for 2,011 km and 15 air connectivity projects are being developed.
- **Waterways Connectivity:**
 - National waterways on the Ganges, Brahmaputra and Barak rivers (National Waterways (NW)-1 on the Ganges, NW-2 on Brahmaputra and NW-16 on Barak) are under development to provide better connectivity.
- **Eastern Waterways Connectivity Transport Grid:**
 - It will **connect the northeast with the rest of India** by providing 5,000 km of navigable waterways.
- **North Eastern Region Power System Improvement Project (NERPSIP):**

- **(NERPSIP)** is a **major step towards economic development of the North Eastern Region** through strengthening of Intra - State Transmission and Distribution systems.
- Government is also emphasizing on projects related to power transmission and distribution, mobile networks, 4G, and broadband connectivity.

India's First 24x7 Solar-Powered Village

Why in News?

Recently, the Prime Minister declared **Modhera**, a village in the Mehsana district of Gujarat as India's first **solar-powered village.**

What are the Key Highlights of India's First Solar Powered Village?

- **About Modhera Village:** Modhera is famous for its **Sun temple**, a protected ancient site, which is situated on the **river Pushpavati**. It was built by **King Bhima-I of the Chalukya dynasty in 1026-27.**
 - The temple will acquire a 3-D projection facility which will inform tourists about the history of Modhera.
- **Solar Power Generation:** The solar power village would be self-sufficient in solar energy generation, as it will utilise 1000 solar panels that have been installed on the village houses, **generating electricity round the clock for the villagers.**
 - It is developed through **Ground Mounted Solar power plant** and more than 1300 **Rooftop solar systems** on residential and Government buildings, all integrated with **Battery Energy storage systems (BESS).**
 - A BESS is a type of energy storage system that uses batteries to store and distribute energy in the form of electricity.
- **Benefits:**
 - The project will demonstrate how India's renewable energy prowess can **empower people at the grassroots.**
 - The people in the village wouldn't pay for electricity, rather they could **start selling it and earn from energy produced by the solar panel** by selling it to the government grid.

Note:

- It will generate employment at the village level, and ultimately improve the standard of living.
- It will enhance the **sustainable implementation of various welfare projects** in the area.
 - Residents of the area will be able to **save 60-100% of their electricity bills**.
- It will **reduce the drudgery among rural women and girls** engaged in the collection of fuel wood from long distances and cooking in smoky kitchens.
 - It will also result in **minimization of the risks of contracting lung and eye ailments**.

What is the Status of Solar Energy in India?

- **About:** The installed **solar energy** capacity has increased by 19.3 times in the last 8 years and stands at 56.6 GW.
 - Further, India has set an **ambitious target to achieve a capacity of 175 GW worth of renewable energy by the end of 2022**, which expands to 500 GW by 2030. This is the world's largest expansion plan for renewable energy.
 - India was the **second-largest market in Asia for new solar PV capacity** and third globally. It ranked fourth for total installations (60.4 GW), overtaking Germany (59.2 GW) for the first time.
 - As of June 2022, **Rajasthan and Gujarat were the top states** for large-scale solar, accounting for 53% and 14% of installations, respectively, **followed by Maharashtra with 9%**.
- **Related Initiatives:**
 - **Solar Park Scheme:** The **Solar Park Scheme** plans to build a number of solar parks, each with a capacity of nearly 500 MW, across several states.
 - **Rooftop Solar Scheme:** The **Rooftop Solar Scheme** aims to harness solar power by installing **solar panels** on the roof of houses.
 - **Atal Jyoti Yojana (AJAY):** The AJAY scheme was launched in September 2016 for the installation of **solar street lighting (SSL)** systems in states with less than **50%** of households covered with **grid power** (as per **Census 2011**).
 - **National Solar Mission:** It is a major initiative of the Government of India and State Governments to promote ecologically sustainable growth while addressing India's energy security challenge.
 - **SRISTI Scheme: Sustainable rooftop implementation of Solar transfiguration of India (SRISTI)** scheme to promote rooftop solar power projects in India.

UNESCO Lists 50 Iconic Textile Crafts

Why in News?

Recently, **UNESCO** released a list of **50 exclusive** and iconic heritage textile crafts of the country.

- One of the major challenges to the safeguarding of **Intangible Cultural Heritage** in South Asia is **lack of proper inventory and documentation**.

What are Some of the Important Textiles Crafts Listed?

- Toda embroidery and Sungudi from Tamil Nadu
- Himroo weaves from Hyderabad
- Bandha tie and dye weaving from Sambalpur in Odisha
- Kunbi weaves from Goa
- Mashru weaves and Patola from Gujarat
- Himroo from Maharashtra
- Garad-Korial from West Bengal
- Ilkal and Lambadi or Banjara embroidery from Karnataka
- Sikalnayakanpet Kalamkari from Tamil Nadu
- Khes from Haryana
- Chamba rumals from Himachal Pradesh
- Thigma or wool tie and dye from Ladakh
- Awadh Jamdani from Varanasi

What is UNESCO?

- **About:**
 - It was founded in 1945 to develop the "intellectual and moral solidarity of mankind" as a means of building lasting peace. It is located in Paris, France.
- **Major Initiatives of UNESCO:**
 - **Man and Biosphere Programme**
 - **World Heritage Programme**
 - **Global Geopark Network**
 - **Network of Creative Cities**
 - **Atlas of World Languages in Danger**

What is Intangible Cultural Heritage?

- Intangible cultural heritage is the practices, expressions, knowledge and skills that communities, groups and sometimes individuals recognise as part of their cultural heritage.

Note:

- Also called living cultural heritage, it is usually expressed in one of the following forms:
 - Oral Traditions
 - Performing Arts
 - Social Practices
 - Rituals and Festive events
 - Knowledge and Practices concerning nature and the universe
 - Traditional Craftsmanship
- India has 14 intangible cultural heritage elements on the prestigious UNESCO Representative List of Intangible Cultural Heritage of Humanity.

Existing Traditions of India Recognised by UNESCO	
1.	Tradition of Vedic chanting, 2008
2.	Ramlila, the traditional performance of the Ramayana, 2008
3.	Kutiyattam, Sanskrit theatre, 2008
4.	Ramman, religious festival and ritual theatre of the Garhwal Himalayas, India, 2009
5.	Mudiyettu, ritual theatre and dance drama of Kerala, 2010
6.	Kalbelia folk songs and dances of Rajasthan, 2010
7.	Chhau dance, 2010
8.	Buddhist chanting of Ladakh: recitation of sacred Buddhist texts in the trans-Himalayan Ladakh region, Jammu and Kashmir, India, 2012
9.	Sankirtana, ritual singing, drumming and dancing of Manipur, 2013
10.	Traditional brass and copper craft of utensil making among the Thatheras of Jandiala Guru, Punjab, India, 2014
11.	Yoga, 2016
12.	Nowruz, 2016
13.	Kumbh Mela, 2017
14.	Durga Puja, 2021

What is the Status of the Textile Sector of India?

- **About:**
 - Textiles & garments industry is labour intensive sector that employs 45 millions people in India is **second only to the agriculture sector** in terms of employment.
 - India's textiles sector is one of the oldest industries in the Indian economy, and is a storehouse and carrier of traditional skills, heritage and culture.

- It can be divided into two segments:
 - The unorganised sector is small scale and uses traditional tools and methods. It consists of **handloom**, handicrafts and **sericulture** (Production of silk).
 - The organised sector uses modern machinery and techniques and consists of the spinning, apparel and garments segment.
- **Significance of the Textiles Sector:**
 - It contributes 2.3% to Indian **Gross Domestic Product**, 7% of Industrial Output, 12% to the export earnings of India and employs more than 21% of total employment.
 - India is the **6th largest producer of Technical Textiles** with 6% Global Share, largest producer of cotton & jute in the world.
 - Technical textiles are functional fabrics that have applications across various industries including automobiles, civil engineering and construction, agriculture, healthcare, industrial safety, personal protection etc.
 - India is also the **second largest producer of silk in the world** and 95% of the world's hand-woven fabric comes from India.

Global Innovation Index 2022

Why in News?

Recently, India was ranked 40th position out of 132 in the **Global Innovation Index (GII) 2022 rankings** released by **World Intellectual Property Organisation (WIPO)**.

- India was ranked 46th position in 2021, and 81st rank in 2015.

What are the Highlights of the Report?

- **Ranking of the Countries:**
 - **Most Innovative Economy:**
 - Switzerland is the most innovative economy in the world in 2022 - for the 12th year in a row - followed by the United States, Sweden, the United Kingdom and the Netherlands.
 - China is nearing the top 10 while **Türkiye and India enter the top 40 for the first time.**
 - **Performance of India:**

Note:

- **India is the innovation leader** in the lower middle-income group.
- It continues to lead the **world in ICT services exports** and holds top rankings in other indicators, including venture capital receipt value, finance for **startups** and scaleups, graduates in science and engineering, labor productivity growth and domestic industry diversification.
- **Increase in R & D Expenditure:**
 - The top global corporate R&D spenders increased their **R&D expenditure by almost 10% to over USD 900 billion in 2021**, higher than in 2019 before the pandemic.
- **Venture Capital (VC) Growth:**
 - It exploded by 46% in 2021, recording levels comparable to the internet boom years of the late 1990s. Latin America and the Caribbean and Africa regions are witnessing the strongest VC growth.

What is the Global Innovation Index?

- **About:**
 - The Global Innovation Index, which is **published annually**, has been a **leading reference for measuring an economy's innovation performance**.
 - A large number of countries use the GII to **assess and improve their innovation ecosystems** and use the GII as a reference in economic plans and/or policies.
 - The GII has also been **recognized by the UN Economic and Social Council** in its 2019 resolution on Science, Technology and Innovation for Development as an authoritative benchmark for measuring innovation in relation to the **Sustainable Development Goals (SDGs)**.
- **Indicators of the index:**
 - Parameters for computing the index include 'institutions', 'human capital and research', 'infrastructure', 'market sophistication', 'business sophistication', 'knowledge and technology outputs' and 'create outputs'.
- **Theme for 2022:** "What is the future of innovation-driven growth?"
- **Effects of Two Novel Innovation Waves:** The GII 2022 also **outlines the positive effects of two novel innovation waves**, although it emphasizes that such effects would take some time to be realized:

- **A digital age innovation wave** built on **supercomputing, artificial intelligence**, and automation. **Effect:** making ample productivity impacts across all sectors and fields of scientific research.
- **A Deep Science innovation wave** built on breakthroughs in biotechnologies, nanotechnologies, new materials, and other sciences. **Effect:** revolutionizing innovations in health, food, environment, and mobility (four fields of key importance to society).

What is WIPO?

- WIPO is the **global forum for intellectual property (IP) services**, policy, information and cooperation.
- It is a **self-funding agency of the United Nations**, with 193 member states.
- Its aim is to **lead the development of a balanced and effective international IP system** that enables innovation and creativity for the benefit of all.
- Its mandate, governing bodies and procedures are set out in the WIPO Convention, which established WIPO in 1967.

Telecom Technology Development Fund (TTDF) Scheme

Why in News?

Recently, the Universal Service Obligation Fund (USOF) launched the Telecom Technology Development Fund (TTDF) Scheme.

- Universal Service Obligation Fund (USOF) is a body under the **Department of Telecommunications (DoT)** to fund rural and remote digital connectivity.
- The Centre in the **draft telecom bill, 2022** has said that the USOF, created under the **Indian Telegraph Act of 1885**, shall be referred to as the **"Telecommunication Development Fund"**.

What is the Telecom Technology Development Fund (TTDF) Scheme?

- TTDF aims to fund R&D in rural-specific communication technology applications and form synergies among academia, start-ups, research institutes, and the industry to build and develop the telecom ecosystem.

Note:

- The scheme aims to **promote technology ownership and indigenous manufacturing**, create a culture of technology co-innovation, reduce imports, boost export opportunities and creation of Intellectual Property.
- Under the scheme, **USOF is also targeting to develop standards to meet countrywide requirements** and create the ecosystem for research, design, prototyping, use cases, pilots, and proof of concept testing, among others.
- The scheme **entails grants to Indian entities to encourage and induct indigenous technologies** tailor-made to meet domestic needs.

What is the Present Status of the Telecom Sector of India?

- The Telecom industry in India is the **second largest in the world** with a subscriber base of 1.17 billion as of 2022. India has an overall teledensity of 85.11%.
- The **industry's exponential growth over the last few years is primarily driven by affordable tariffs**, wider availability, the roll-out of Mobile Number Portability (MNP), expanding 3G and 4G coverage, and evolving consumption patterns of subscribers.
- The **Telecom sector is the 3rd largest sector in terms of Foreign Direct Investment (FDI) inflows**, contributing 6.44% of total FDI inflow, and contributes directly to 2.2 million employment and indirectly to 1.8 million jobs.
- Between 2014 and 2021, the FDI inflows in the Telecom sector rose by 150% to USD 20.72 billion from USD 8.32 billion during 2002-2014.
- 100% Foreign Direct Investment (FDI) has now been allowed in the Telecom sector under the automatic route.
- India is on its way to **becoming the second-largest smartphone market globally by 2025** with around 1 billion installed devices and is expected to have 920 million unique mobile subscribers by 2025 which will include 88 million 5G connections.

Tokenisation of Cards in India

Why in News?

Recently, the **Reserve Bank of India (RBI)** has made tokenisation mandatory for all credit and debit cards used in online, point-of-sale, and in-app transactions.

- The customer will not be charged for availing the tokenisation service.

What is Tokenisation?

- It refers to the **replacement of actual card details with a unique alternate code called the 'token'**, which shall be **unique for a combination of card, token requester** (i.e., the entity which accepts requests from the customer for tokenisation of a card and passes it on to the card network to issue a corresponding token) and the device.

What was the Need for Tokenisation?

- **Vulnerability of Sensitive Data:** E-commerce giants like Amazon, Myntra, Flipkart, Bigbasket, etc., save sensitive card details with them like card number, expiration date, and CVV get stored in these companies' databases.
 - But if the databases get hacked, it poses a real problem as all the card data will become easily accessible.
- **Rise of Digital Fraud:** The **COVID-19** pandemic has pushed drastic changes into the digital economy. With more and more customers and merchants adapting to **digital payments**, it is now more important than ever to tighten security.
 - With an average of 6 billion transactions happening every month, fraud could also grow proportionally if not taken care of.
 - This fraud can be a huge threat to the entire country's financial system. From 2019 to 2020, **card fraud has increased by 14% Compounded Annual Growth Rate (CAGR), while in the last three years, it has increased by 34%.**
- **Outdated Present System:** The current **Card-on-File system (CoF)** can be easily breached, and the data can be stolen. So, to take care of the security concerns, RBI has come up with the Tokenization system, which guarantees that the customers' details cannot be breached and cannot be misused by anybody.
 - A CoF transaction is a transaction where a cardholder has authorised a merchant to store the cardholder's Mastercard or Visa payment details.

Who can Offer Tokenisation Services?

- **Authorised Card Networks:** Tokenisation can be performed only by the **authorised card network** and

Note:

recovery of the original **Primary Account Number (PAN)** should be feasible for the authorised card network only.

- Further, adequate safeguards have to be put in place to **ensure that PAN and other sensitive data cannot be found from the token and vice versa**, by anyone except the card network. RBI has emphasised that the integrity of the token generation process has to be ensured at all times.

What are the Benefits of Tokenisation?

- A tokenised card transaction is considered safer as the actual **card details are not shared with the merchant during transaction processing**. Real card data, tokens and other relevant information are stored securely by the authorised card networks.
- The token requestor cannot store Primary Account Number (PAN), or any other card details. Card networks are also mandated to get the token requester certified for safety and security that conforms to international best practices/globally accepted standards.
- Tokenization paves the way for **advanced innovations in the payment ecosystem**. It has become the cornerstone for payments, whether in-store, online or through mobile wallets.
- Strengthens trust between customers and businesses.
- Reduces the level of red tape for businesses.
- Creates an ecosystem of smoother and safer payment experiences for all parties involved.

Decline in Forex Reserves

Why in News?

According to the **Reserve Bank of India (RBI)**, India's **forex reserves** have fallen by USD 110 billion in the last 13 months.

What are Forex Reserves?

- **About: Forex reserves** are assets held on reserve by a central bank in foreign currencies, which can include **bonds, treasury bills** and other government securities.
 - Most foreign exchange reserves are held in US dollars.
- **Components:**
 - Foreign Currency Assets

- Gold reserves
- **Special Drawing Rights**
- Reserve position with the **International Monetary Fund (IMF)**.

➤ Significance of Forex Reserves:

- Supporting and maintaining confidence in the policies for monetary and **exchange rate** management.
- Provides the capacity to intervene in support of the national or union currency.
- Limits external vulnerability by maintaining foreign currency liquidity to absorb shocks during times of crisis or when access to borrowing is curtailed.

What are Special Drawings Rights?

- The SDR is an **international reserve asset**, created by the IMF in 1969 to supplement its member countries' official reserves.
- The SDR is neither a currency nor a claim on the IMF. Rather, it is a **potential claim on the freely usable currencies of IMF members**. SDRs can be exchanged for these currencies.
- The value of the SDR is **calculated** from a weighted basket of major currencies, **including the US dollar, the euro, the Japanese yen, the Chinese yuan, and the British pound**.
- The interest rate on SDRs or (SDRi) is the interest **paid to members on their SDR holdings**.

What are the Reasons for the Decline in India's Forex Reserves?

➤ Current Scenario:

- India's forex reserves have fallen by USD 110 billion since September 2021 where it stood at a record high of USD 642.45 billion.
 - It needs to be noted that **Indian rupee is a freely floating currency**, and its **exchange rate is market determined**. The RBI does not have any fixed exchange rate.
- Despite this drastic decline, **India has been faring much better than several reserve currencies**, EMEs (**emerging market economies**) and its Asian peers.

➤ Causes of Declining Forex Reserves:

- **Defending Rupee:** The central bank has been selling dollars from the forex reserves to support the rupee amid pressures caused majorly by global developments.

Note:



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- The intervention is needed to curb the free fall of the rupee and reduce volatility in the market.
- **Aggressive Policy of the US Fed:**
 - **Capital Outflows:** Capital outflows by **foreign portfolio investors (FPIs)** as the US Federal Reserve started the **monetary policy tightening and interest rate hikes**.
- FPIs have begun to withdraw from the Indian markets. These FPIs were **sellers in financial and IT services and buyers in telecom and capital goods**.
- **Valuation Loss:** The valuation loss, reflecting the **appreciation of the US dollar** against major currencies and the **decline in gold prices** also played a part in the decrease in foreign exchange reserves.
- About 67% of the decline in reserves during the current financial year was due to valuation changes arising from an appreciating US dollar and higher US bond yields.

What are the Factors Affecting Exchange Rates?

- **Inflation Rates:** Changes in **market inflation** cause changes in **currency exchange rates**. For e.g., a country with a **lower inflation rate than another will see an appreciation in the value of its currency**.
- **Balance of Payments:** It consists of a total number of transactions including exports, imports, debt, etc.
- A deficit in the current account due to spending more of its Forex on importing products than it is earning through the sale of exports causes depreciation, and it further **fluctuates the exchange rate of its domestic currency**.
- **Government Debt:** Government debt is a debt owned by the central government. A country with large government debt is less likely to acquire foreign capital, leading to inflation.
 - In this case, foreign investors will sell their bonds in the open market if the market predicts government debt within a certain country. As a result, a decrease in the value of its exchange rate will follow.

India Becomes the World's Largest Producer of Sugar

Why in News?

Recently, India has emerged as the **world's largest producer and consumer of sugar** and the world's 2nd

largest exporter, due to the record production of more than 5000 Lakh Metric Tons (LMT) of sugarcane.

What are the Reasons for Good Production of Sugar?

- **Impressive Sugar Season (Sep-Oct):** All records of sugarcane production, sugar production, sugar exports, cane procured, cane dues paid and ethanol production was made during the season.
- **High exports:** The exports were the highest at about 109.8 LMT without any financial assistance and earned foreign currency of about Rs. 40,000 crores.
- **Indian Government Policy Initiatives:** Timely government initiatives in the last 5 years have taken them out of financial distress in 2018-19 to the stage of self-sufficiency in 2021-22.
 - **Encouraging Ethanol Production:** The Government has encouraged sugar mills to divert sugar to **ethanol** and also export surplus sugar so that mills may have better financial conditions to continue their operations.
 - **Ethanol Blending with Petrol (EBP) Programme:** The National Policy on Biofuels 2018, provides an indicative target of 20% ethanol blending under the Ethanol Blended Petrol (EBP) Programme by 2025.
 - **Fair and remunerative price (FRP):** The FRP is the minimum price that sugar mills have to pay to sugarcane farmers for procurement of sugarcane. It is determined on the basis of recommendations of the **Commission for Agricultural Costs and Prices (CACP)** and after consultation with State Governments and other stakeholders.
 - **State Advised Price:** Although the Central government decides the FRP the state governments can also set a State Advised price which a sugar mill has to pay to the farmers.
 - **Rangarajan committee (2012)** was set up to give recommendations on regulation of the sugar industry.
 - **Its recommendations:**
- Abolition of the quantitative controls on export and import of sugar, these should be replaced by appropriate tariffs.
- States should also undertake policy reform to allow mills to harness power generated from bagasse.

Note:

What is the Present Status of the Sugar Industry in India?

- **About:** Sugar industry is an important agro-based industry that impacts the rural livelihood of about 50 million sugarcane farmers and around 5 lakh workers directly employed in sugar mills.
 - The sugar industry is the second largest agro-based industry in India after cotton.
- **Distribution:** Sugar industry is broadly distributed over **two major areas of production**- Uttar Pradesh, Bihar, Haryana and Punjab in the north and Maharashtra, Karnataka, Tamil Nadu and Andhra Pradesh in the south.
 - South India has a **tropical climate** which is suitable for higher sucrose content giving a higher yield per unit area as compared to north India.
- **Geographical Conditions for the Growth of Sugar:**
 - **Temperature:** Between 21-27°C with hot and humid climate.
 - **Rainfall:** Around 75-100 cm.
 - **Soil Type:** Deep rich loamy soil.
 - **Top Sugarcane Producing States:** Maharashtra > Uttar Pradesh > Karnataka
- **Challenges:**
 - **Uncertain Production Output:** Sugarcane has to compete with several other food and cash crops like cotton, oil seeds, rice, etc. This affects the supply of sugarcane to the mills and the **production of sugar also varies from year to year causing fluctuations in prices** leading to losses in times of excess production due to low prices.
 - **Low Yield of Sugarcane:** India's **yield per hectare is extremely low** as compared to some of the major sugarcane producing countries of the world. For example, India's yield is only 64.5 tonnes/hectare as compared to 90 tonnes in Java and 121 tonnes in Hawaii.
 - **Short Crushing Season:** Sugar production is a seasonal industry with a **short crushing season varying normally from 4 to 7 months in a year.**
 - It causes financial loss and seasonal employment for workers and lack of full utilization of sugar mills.
 - **Low Sugar Recovery Rate:** The average rate of recovery of sugar from sugarcane in India is less than 10% which is quite low as compared to other major sugar producing countries.

- **High Production Cost:** High cost of sugarcane, inefficient technology, the uneconomic process of production and heavy excise duty result in high cost of manufacturing.
- Most of the sugar mills in India are of small size with a capacity of 1,000 to 1,500 tonnes per day thus fail to take advantage of economies of scale.

Nobel Prize in Economic Sciences 2022

Why in News?

The Royal Swedish Academy of Sciences has decided to award the **2022 Sveriges Riksbank Prize in Economic Sciences** in Memory of **Alfred Nobel** to **Ben S. Bernanke, Douglas W. Diamond and Philip H. Dybvig** "for research on banks and financial crises."

- **The 2021 Nobel Prize in Economic Sciences** was awarded in one half to **Canadian-born David Card** (labor economics) and the other half jointly to **Israeli-American Joshua D Angrist and Dutch-American Guido W Imbens** (analysis of causal relationships).
- Other 2022 Nobel Prizes for **Literature, Chemistry, Physics, Medicine** and **Peace** have already been announced.

Note:

Unlike the other prizes, the **economics award wasn't established in Alfred Nobel's will of 1895** but by the **Swedish central bank** in his memory. The first winner was selected in **1969**.

What Contribution have these Laureates made in the Banking System?

- **Ben S. Bernanke:**
 - Ben Bernanke analysed the **Great Depression of the 1930s**, the worst **economic crisis** in modern history.
 - Through statistical analysis, Bernanke demonstrated **how failing banks played a decisive role** in the global depression of the 1930s.
 - He showed **how bank runs were a decisive factor in the crisis becoming so deep and prolonged.**
 - It also helped in understanding the **importance of well-functioning bank regulation.**

Note:

- Bernanke was the head of the US central bank, the **Federal Reserve**, when the **2008 crisis hit**, and was able to “**put knowledge from research into policy**”.
- **Douglas W. Diamond and Philip H. Dybvig:**
 - Both Diamond and Dybvig worked together to develop **theoretical models** explaining why banks exist, how their role in society makes them vulnerable to rumors about their impending collapse, and how society can lessen this vulnerability. These insights form the foundation of modern bank regulation.
 - They presented a **solution to bank vulnerability**, in the form of **deposit insurance from the government**. When depositors know that the state has guaranteed their money, **they no longer need to rush to the bank** as soon as rumors start about a bank run.
 - Diamond also showed **how banks perform a societally important function**. As intermediaries between **savers and borrowers**, banks are better suited to **assessing borrowers' creditworthiness** and ensuring that **loans are used for good investments**.

Railways to Bid for 16 Stations Through PPP Model

Why in News?

Recently, the railway ministry is planning to bid out 16 stations under the **public-private partnership (PPP) model**. These railway stations will be **upgraded to ensure improved basic facilities and accessibility for passengers**.

- This is in addition to the 1253 railway stations that have been identified for development under the **Adarsh Station Scheme**.

What is Public Private Partnership Model?

- **About:**
 - It is an **arrangement between the government and private sector** for the provision of public assets and/or public services. Public-private partnerships allow large-scale government projects, such as roads, bridges, or hospitals, to be completed with private funding.
 - In this type of partnership, investments are undertaken by the private sector entity, for a specified period of time.

- As PPP involves **full retention of responsibility by the government** for providing the services, it **doesn't amount to privatization**.
- There is a well-defined allocation of risk between the private sector and the public entity.
- The private entity is chosen on the basis of open competitive bidding and receives performance-linked payments.
- PPP route can be an alternative in developing countries where **governments face various constraints on borrowing money for important projects**.
- It can also give required expertise in planning or executing large projects.
- **Benefits:**
 - The PPP model can bring **opportunities for investment**, operating efficiency and modern and clean technology.
 - PPP railway projects provide for shared use of rail tracks may **lead to efficiency gains and an increased revenue basis** (or reduced cost basis) for states and private investors.
 - Further, it could lead to **increased competition and modernization of railway infrastructure**.
- **Challenges:**
 - PPP projects have been stuck in issues such as disputes in existing contracts, **non-availability of capital and regulatory hurdles** related to the acquisition of land.
 - Indian government has a **poor record in regulating PPPs in practice**, as there are delays in land acquisition.
 - Loans for infrastructure projects are believed to comprise a large share of the **non-performing asset** portfolio of public sector banks in India.
 - In many sectors, PPP projects have turned into conduits of crony capitalism.
 - Many PPP projects in infrastructure sector are run by “politically connected firms” which have used political connections to win contracts.
 - PPP firms use every opportunity for renegotiating contracts by citing reasons like lower revenue or a rise in costs which becomes a norm in India.

What are Types of Public Private Partnership (PPP) Models?

- **Build-Operate-Transfer (BOT):** It is a **conventional PPP model** in which the private partner is responsible to

Note:

design, build, operate (during the contracted period) and transfer back the facility to the public sector.

- The private sector partner has to bring the finance for the project and take the responsibility to construct and maintain it.
- The public sector will allow private sector partners to collect revenue from the users. The national highway projects contracted out by NHAI under PPP mode is a major example for the BOT model.
- **Build-Own-Operate (BOO):** In this model ownership of the newly built facility will rest with the private party.
 - On mutually agreed terms and conditions the public sector partner agrees to 'purchase' the goods and services produced by the project.
- **Build, Own, Operate, Transfer (BOOT):** In this variant of BOT, after the negotiated period of time, the project is transferred to the government or to the private operator.
 - BOOT model is used for the development of highways and ports.
- **Build-Operate-Lease-Transfer (BOLT):** In this approach, the government gives a concession to a private entity to build a facility (and possibly design it as well), own the facility, lease the facility to the public sector and then at the end of the lease period transfer the ownership of the facility to the government.
- **Design-Build-Operate-Transfer (DBFO):** In this model, **entire responsibility** for the design, construction, finance, and operation of the project for the period of concession **lies with the private party**.
- **Lease-Develop-Operate (LDO):** In this type of investment model **either the government or the public sector entity retains ownership** of the newly created infrastructure facility and receives payments in terms of a lease agreement with the private promoter.
 - It is mostly followed in the development of airport facilities.
- **Engineering, Procurement, and Construction (EPC) Model:** Under this model, the cost is completely borne by the government. Government invites bids for engineering knowledge from the private players. Procurement of raw material and construction costs are met by the government. The private sector's participation is minimal and is limited to the provision of engineering expertise. A difficulty of the model is that financial is the high financial burden for the government.

- **The Hybrid Annuity Model (HAM):** In India, the new HAM is a **mix of BOT-Annuity and EPC models**. As per the design, the government will contribute 40% of the project cost in the first five years through annual payments (annuity). The remaining payment will be made on the basis of the assets created and the performance of the developer.

What is Adarsh Station Scheme?

- **About:** Adarsh station scheme of the Ministry of Railways aims to upgrade the **suburban stations** of India to Adarsh stations. It was introduced in 2009.
 - The selection of railway stations under this scheme is based on the identified need for **up-gradation of amenities**.
- **Key features:**
 - Adarsh stations will be **beautified** and upgraded with **modern facilities** like:
 - Improvement of facade of the **station building**.
 - Duly streamlining **traffic flow**
 - Improvement of **platform** surface
 - Improvement of existing **waiting halls** and **retiring rooms**
 - Toilet facilities
 - Provision of **foot over bridges**
 - Provision of **lifts** and **escalators** etc.
 - The upgradation process will be monitored by the Indian Government and Indian Railways.

International Migration Outlook 2022

Why in News?

Recently, **International Migration Outlook 2022**, a report on international migration patterns was released by the **Organisation for Economic Co-operation and Development (OECD)**.

What are the Highlights of the Report?

- **Global Scenario:**
 - After a record decrease in 2020 due to the COVID-19 crisis, **permanent-type migration to OECD countries bounced back by 22% in 2021**.
 - Family migration increased by 40% in 2021 and remained the largest category of inflows, accounting

Note:



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for more than four in ten new permanent immigrants to the OECD.

- Migration in free mobility areas was less affected by the pandemic, but still fell by 17% in 2020.
- In 2020, there were 4.4 million international students enrolled in the OECD, accounting for 10% of all tertiary students. The most important receiving countries are the United States (22%), the United Kingdom (13%) and Australia (10%).
- The **United States remained the largest recipient of permanent immigrants in 2021** (834 000), 43% more than in 2020, and 19% less than in 2019. In the EU, the upturn in permanent-type migration (+15%) was less pronounced.

➤ Indian Scenario:

- Students from **China (22%) and India (10%) account for the largest share of foreign students** in OECD countries. About a third of the world's population aged 20-29 live in these two countries.
- A look at the stay rates of Indians and Chinese students who had obtained their education permit in 2015 shows that in nearly every OECD country, including Canada, Germany, Australia, New Zealand, the United Kingdom, and Japan, Indians have significantly higher retention rates than the Chinese.
- **Indian students tend to have a higher stay rate than the overall international student population.**

What is OECD?

- **About:** The OECD is an **intergovernmental economic organisation**, founded to stimulate economic progress and world trade.
- Most OECD members are high-income economies with a very high Human Development Index (HDI) and are regarded as developed countries.
- **Founded:** 1961.
- **Headquarters:** Paris, France.
- **Total Members:** 38.
- The most recent countries to join the OECD were **Colombia, in April 2020, and Costa Rica, in May 2021.**
- **India is not a member**, but a key economic partner.
- Reports and Indices by OECD
 - Government at a Glance
 - OECD Better Life Index.

What are the Different Types of Migration?

➤ On the Basis of Movement Pattern

- **Step Migration:** Migration initiating from a small settlement and moving to a larger one in the urban hierarchy over the years. Such as movement from a farm to a village, then to a town and subsequently to a suburb (if applicable) and finally into a city.
- **Circular Migration:** Cyclical migration experiences between an origin and a destination with at least one migration and return.
 - **Seasonal Migration** is a very common form of circular migration, driven by seasonal peaks in labor demand, mostly in agriculture.
 - **Return Migration** refers to a one-time emigration and returns after an extended stay outside the host territory.
 - **Chain Migration:** Migration of families at different stages of the life cycle from one location to the next, who subsequently bring people from their home location to this new place.

➤ On the Basis Decision-making Approach:

- **Voluntary Migration:** Based on a person's free will, initiative, and desire to live in a better place and to improve their financial status, among other factors.
- **Involuntary Migration:** Based on a person's being forced out of their home due to certain unfavorable environmental and political situations.

➤ On the Basis of Duration:

- **Permanent Migration:** When people migrate to another place over a long distance for living there for a long period, it is called a permanent migration. For example, a person has moved from Satna (Madhya Pradesh) to Gurugram (Haryana) for better job opportunities and he planned to settle there. This type of migration will be considered permanent migration.
- **Temporary Migration:** It is migration to a country that is not intended to be permanent, for a specified and limited period of time, and usually undertaken for a specific purpose.

4th Heli-India Summit 2022

Why in News?

Recently, the Minister of Civil Aviation has inaugurated the **4th Heli-India Summit 2022** in the Union Territory of Jammu and Kashmir.

Note:



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- **Theme:** Helicopters for Last Mile Connectivity.

What are the Highlights of the Summit?

- Announcing the achievements in the Civil Aviation sector, it was noted that the country had only 74 airports from 1947 to 2014, but it now has 141, with **67 added in the last seven years.**
- It is proposed to build a civil enclave in Jammu and the Srinagar's present terminal will be expanded three times.
- Announced to develop Fractional Ownership Model and **HEMS (Helicopter Emergency Medical Services)** pilot called **Project.**
 - **Fractional Ownership Model:** It helps to grow the non-scheduled operations.
 - It will lower the barrier on the cost of acquisition of helicopters and airplanes through pooled capital by multiple owners.
 - **HEMS:** It is called Project Sanjeevani; **a helicopter will be deployed to provide emergency medical services** at AIIMS Rishikesh.
 - The helicopter will be based at the hospital at 20-minute notice and will have a service covering an area of 150 km radius.
 - **Connecting New Airports:** The government aims to develop 100 airports by 2024 (under the UDAN Scheme) and create world-class civil aviation infrastructure to be at par with global standards.

What are the Related Initiatives?

- **Heli-Sewa Portal:**
 - HeliSewa portal is fully online and being used by all operators for obtaining landing permissions to helipads, and **it also is creating a database of helipads in the country.**
- **Heli-Disha:**
 - HeliDisha, the guidance material on helicopter operations for State administration, has been **distributed to 780 districts.**
 - It contained all regulations and issues related to helicopter size, weight, operations, etc, and it would be distributed so that awareness about them is created in the district administrations across the country.
- **Helicopter Accelerator Cell:**
 - The Helicopter Accelerator Cell is fully active in resolving helicopter issues and the advisory group of industry representatives is helping identify problems areas.

- **Ude Desh Ka Aam Naagrik:**

- Ude Desh ka Aam Nagrik (UDAN) was launched as **a regional connectivity scheme under the Ministry of Civil Aviation in 2016.**
- It is an innovative scheme to develop the **regional Aviation market.**

- **Krishi UDAN 2.0 scheme:**

- It lays out the vision of improving value realization through better integration and optimization of agri-harvesting and air transportation and contributing to agri-value chain sustainability and resilience under different and dynamic conditions.

Scheme Special Assistance to States for Capital Investment

Why in News?

Recently, the Government has launched a **Scheme Special Assistance to States for Capital Investment for 2022-23.**

What is the Scheme Special Assistance to States for Capital Investment?

- **About:**

- Under this Scheme, financial assistance is provided to the States Governments in the form of **50-year interest free loan** for capital investment projects.
- For the 2022-23 Financial Year (FY) a total financial assistance of Rs 1 lakh crore would be given to states.
- The loan under the scheme **would be over and above the normal borrowing ceiling** allowed to states for FY 2022-23 and should be spent in the same year.

- **Eligible Parts of the Scheme:**

- New or ongoing projects or for settling pending bills in ongoing capital projects.
- States may submit projects of higher value than the funds allocated, indicating their preference/priority.

- **Different Parts of the Scheme:**

- For capital works (**PM Gati Shakti Master Plan** will receive priority); PM Gati Shakti related expenditure; **PM Gram Sadak Yojana**; Incentives for digitisation; **Optical Fibre Cable**; Urban reforms; Disinvestment and monetisation.

Note:



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- **Exclusion:** Projects with capital outlay of less than 5 crore (2 crore for North East) and repair and maintenance projects irrespective of capital outlay are not eligible

What is Capital Expenditure?

- **Meaning:**
 - Capital expenditure is the **money spent by the government on the development of machinery, equipment, building, health facilities, education, etc.**
 - It also **includes the expenditure incurred on acquiring fixed assets** like land and investment by the government that gives profits or dividends in future.
 - Along with the creation of assets, repayment of loan is also capital expenditure, as it reduces liability.
 - Capital spending is associated with investment or development spending, where expenditure has benefits extending years into the future.
- **Significance:**
 - Capital expenditure is long-term in nature and allows the economy to generate revenue for many years by adding or improving production facilities and boosting operational efficiency.
 - It also **increases labour participation**, takes stock of the economy and raises its capacity to produce more in future.
- **Different from Revenue Expenditure:**
 - Unlike capital expenditure, which creates assets for the future, **revenue expenditure is one that neither creates assets nor reduces any liability of the government.**
 - Salaries of employees, interest payment on past debt, subsidies, pension, etc, fall under the category of revenue expenditure. It is recurring in nature.

Interest Rates on Small Savings Schemes

Why in News?

Recently, the Government of India has hiked interest rates on some of the **Small Savings Schemes (2-year and 3-year Time Deposits, Senior Citizens Savings Scheme and Kisan Vikas Patra)** for October-December 2022.

What are Small Savings Schemes?

- **About:**
 - Small Savings Schemes are a **set of savings instruments managed by the central government** with an aim to **encourage citizens to save regularly irrespective of their age.**
 - They are popular as they **not only provide returns that are generally higher than bank fixed deposits** but also come **with a sovereign guarantee and tax benefits.**
 - All deposits received under various small savings schemes are pooled in the **National Small Savings Fund**. The money in the fund is **used by the central government** to finance its **fiscal deficit.**
- **Classification:**
 - **Post office deposits:**
 - Savings deposit, Recurring deposit and Time deposits with 1, 2, 3 and 5 year maturities and the Monthly Income Account.
 - **Savings Certificates:**
 - **National Savings Certificate:**
 - The interest that is **earned is reinvested into the scheme every year** automatically.
 - **Kisan Vikas Patra:**
 - Open to everyone, doubles the one-time investment at the end of 124 months signifying a **return of 6.9% compounded annually.**
 - **Social Security Schemes:**
 - **Public Provident Fund:**
 - Public Provident Fund (PPF) is a retirement savings scheme offered by the Government of India with the aim of providing a secure post-retirement life to everyone.
 - **Sukanya Samriddhi Account:**
 - It was launched in 2015 under the **Beti Bachao Beti Padhao** campaign **exclusively for a girl child.**
 - The account **can be opened in the name of a girl child** below the age of 10 years.
 - The scheme **guarantees a return of 7.6% per annum** and is eligible for **tax benefit under Section 80C of the Income Tax Act.**
 - **Senior Citizens Savings Scheme:**
 - Can be opened by anyone who is over 60 years of age.
 - **Determination of Rates:**

Note:

- Interest rates on small savings schemes are **reset on a quarterly basis**, in line with the **movement in benchmark government bonds of similar maturity**. The rates are **reviewed periodically by the Ministry of Finance**.
- The **Shyamala Gopinath panel (2010)** constituted on the **Small Saving Scheme** had suggested a **market-linked interest rate system** for small savings schemes.

National Technical Textiles Mission (NTTM)

Why in News?

The **Ministry of Textiles** recently cleared 23 strategic research projects worth around Rs 60 crores in **Specialty fibres, Sustainable Textiles, Geotextiles, Mobiltech and Sports textiles** under the **National Technical Textiles Mission**.

What are Technical Textiles?

- Technical textiles are **functional fabrics** that have applications across various industries including automobiles, civil engineering and construction, agriculture, healthcare, industrial safety, personal protection etc.
 - Technical Textile products derive their demand from the development and industrialization in a country.
- Based on usage, there are **12 technical textile segments**: Agrotech, Meditech, Buildtech, Mobiltech, Clothtech, Oekotech, Geotech, Packtech, Hometech, Protech, Indutech and Sportech.
 - **For example**, 'mobiltech' refers to products in vehicles such as seat belts and airbags, airplane seats; geotech, which is incidentally the fastest growing sub-segment, used to hold back soil, etc.

What do we know about the National Technical Textiles Mission (NTTM)?

- **About:**
 - It was **approved in 2020 by the Cabinet Committee on Economic Affairs (CCEA)** with total outlay of Rs.1480 Crore.
 - The implementation period is four years, from FY 2020-21 to FY 2023-24.

➤ Aim:

- The aim of the mission is to position **India as a global leader in Technical Textiles** by taking the domestic market size from USD 40 billion to USD 50 billion by 2024.
- It also supports the **'Make in India'** Initiative promoting domestic manufacturing of related machinery and equipment.

➤ Components:

- **First component:** It will **focus on research, development and innovation** with an outlay of Rs. 1,000 crores.
 - The research will be at both fiber level and application-based in geo, agro, medical, sports and mobile textiles and the development of biodegradable technical textiles.
 - Research activities will also focus on the development of indigenous machinery and process equipment.
- **Second component:** It will be for the **promotion and development of the market for technical textiles**.
 - The **penetration level of technical textiles is low** in India varying between 5-10% against the level of 30-70% in developed countries.
 - The Mission will aim at an average growth rate of 15-20% per annum by 2024.
- **Third component:** It will **focus on export promotion** so that technical textile exports from the country reach from Rs 14,000 crores to Rs 20,000 crores by 2021-2022 and ensure 10% average growth every year till the Mission ends.
 - An **export promotion council** for technical textiles will be set up.
- **Fourth component:** It will **focus on education, training and skill development**.
 - The Mission will promote technical education at higher engineering and technology levels related to technical textiles and its application areas.
- **Scenario of Textile sector:**
 - The growth of technical textiles in India has **gained momentum in the past five years**, currently growing at an **8% per annum rate**.
 - It aims to **hasten this growth to the 15-20% range** during the next five years.
 - Indian Technical Textiles segment is estimated at USD 16 Billion which is approximately 6% of the 250 billion USD global technical textiles market.

Note:



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- The **biggest players are the USA**, western Europe, China and Japan (20-40% share).

➤ **Implementation & Governance:**

- The mission will be implemented via a **three-tier institutional mechanism which will consist of the following:**
 - **Mission Steering Group:** The group will be authorized to approve all financial norms with respect to schemes, components and programme of the mission.
- The group will also be entrusted with the **responsibility of approving all scientific and technological research projects** under the mission.
 - **Empowered Programme Committee:** The committee will be required to approve all projects (except research projects) within the financial limits of various programs as approved by the Mission Steering Group.
- The committee will also be entrusted with the **responsibility of monitoring the implementation** of various components of the mission.
 - **Committee on Technical Textiles on Research, Development & Innovation:** This committee will be responsible for the identification and recommendation of research projects to the Mission Steering Group for approval.
- These projects will be related to strategic sectors such as space, security, defence, para-military, and atomic energy.

Green Fins Hub

Why in News?

Recently, the **United Nations Environmental Programme (UNEP)**, along with the UK-based charity Reef-World Foundation, launched the Green Fins Hub.

- Green Fins Hub is a **global digital platform for diving and snorkelling operators worldwide**.

What is Green Fins?

➤ **About:**

- **Green Fins** is a proven conservation management approach **implemented internationally by The Reef-World Foundation and the UNEP** which leads to a measurable **reduction in the negative environmental impacts associated with marine tourism**.

- **Originally established in Thailand in 2004**, the Green Fins approach is a tool for supporting **adoption and implementation of best practices in the diving and snorkeling tourism industry**.

➤ **Aim:**

- It aims to **protect coral reefs through environment-friendly guidelines** promoting sustainable diving and snorkelling.
- It provides the **only internationally recognised environmental standards for marine tourism** and its robust assessment system measures compliance.

What is Green Fins Hub?

➤ **About:**

- The **Green Fins Hub** is the **first-ever global marine tourism industry platform**.
- It would **give sustainable marine tourism a 'major boost'**.
- It is expected to scale up to reach a **potential 30,000 operators worldwide from about 700 operators across 14 countries**.

➤ **Significance:**

- It is intended to catalyse a **seismic shift towards sustainability in the marine tourism sector** through Green Fins membership.
- **Coral reefs are home to at least 25% of marine life**, are the mecca for marine-related tourism, contributing up to **40% or more of the gross domestic product** in some island nations. However, they are a **most vulnerable ecosystem**, especially to climate change with the difference between a global temperature rise of 1.5 or 20C being existential for reefs.
 - **Increasing accessibility of best practice, knowledge and citizen science** through the Green Fins Hub could be a **game changer** in ensuring a future for coral reefs and other fragile marine ecosystems.
- The **platform will help diving and snorkelling operators worldwide to make simple, cost-efficient changes to their daily practices** by utilising tried and tested solutions.
 - It would also help them **keep track of their annual improvements and communicate with their communities and customers**.

Note:

What is Sustainable Coastal and Marine Tourism?

- **Sustainable Tourism** refers to sustainable practices in and by the tourism industry. It refers to addressing the issues of a greener tourism sector both on the demand as well as supply side.
 - According to the UN, sustainable tourism should incorporate the following:
 - **Make optimal use of environmental resources** that constitute a key element in tourism development, maintaining essential ecological processes and helping to conserve natural heritage and biodiversity.
 - **Respect the socio-cultural authenticity of host communities**, conserve their built and living cultural heritage and traditional values, and contribute to inter-cultural understanding and tolerance.
 - **Ensure viable, long-term economic operations, providing socio-economic benefits** to all stakeholders that are fairly distributed, including stable employment and income-earning opportunities and social services to host communities, and contributing to poverty alleviation.
- **Coastal and Marine Tourism (CMT)** represents at least **50% of total global tourism**. It constitutes the **largest economic sector for most Small Island Developing States (SIDS) and many coastal states**.
 - With anticipated global growth rates of more than 3.5%, coastal and marine tourism is **projected to be the largest value-adding segment of the ocean economy by 2030, at 26%**.

Financial Stability and Development Council

Why in News?

Recently, the Union Minister of Finance and Corporate Affairs chaired the 26th Meeting of the **Financial Stability and Development Council (FSDC)**.

What are the Key Highlights?

- The council stressed on the **early warning indicators for the economy and the preparedness to deal with them**, improving the efficiency of the existing

financial and credit information systems, and issues of governance and management in systemically important financial institutions.

- It was noted that there is a **need to monitor the financial sector risks**, the financial conditions and market developments on a continuous basis by the Government and the regulators **so that appropriate and timely action can be taken** so as to mitigate any vulnerability and strengthen financial stability.
- The council took note of the **preparation in respect of financial sector issues** to be taken up during **India's G20 Presidency in 2023**.

What is FSDC?

➤ Establishment:

- It is a **non-statutory apex council** under the Ministry of Finance constituted by the **Executive Order in 2010**.
- The Raghuram Rajan committee (2008) on **financial sector reforms first proposed the creation of FSDC**.

➤ Composition:

- It is chaired by the **Finance Minister and its members include the heads of all Financial Sector Regulators (RBI, SEBI, PFRDA & IRDA)**, Finance Secretary, Secretary of Department of Economic Affairs (DEA), Secretary of Department of Financial Services (DFS), and Chief Economic Adviser.
- In 2018, the government **reconstituted FSDC to include the Minister of State** responsible for the Department of Economic Affairs (DEA), Secretary of Department of Electronics and Information Technology, Chairperson of the **Insolvency and Bankruptcy Board of India (IBBI)** and the Revenue Secretary.
- FSDC sub-committee is headed by the **Governor of RBI**.
- The Council can invite experts to its meeting if required.

➤ Functions:

- To strengthen and institutionalize the mechanism for maintaining financial stability, enhancing inter-regulatory coordination and promoting financial sector development.
- **To monitor macro-prudential supervision** of the economy. It assesses the functioning of large financial conglomerates.

Note:

PM PRANAM (Promotion of Alternate Nutrients for Agriculture Management Yojana)

Why in News?

To reduce the use of chemical fertilisers the Government is Planning to Launch the **PM PRANAM (Promotion of Alternate Nutrients for Agriculture Management Yojana)** Scheme.

What do we Know About PRANAM Scheme?

➤ Objectives:

- To encourage the balanced use of fertilisers in conjunction with biofertilisers and organic fertilisers.

➤ Aim:

- To bring down the subsidy burden on chemical fertilisers, which is estimated to reach Rs 2.25 lakh crore in 2022-23 — 39% higher than 2021 figure of Rs 1.62 lakh crore.

➤ Features of the Proposed Scheme:

- The scheme will have no separate budget and will be financed through the “savings of existing fertiliser subsidy” under schemes run by the Department of Fertilizers.
- 50% of subsidy savings will be passed on as a grant to the state that saves the money.
 - 70% of the grant provided under the scheme can be used for asset creation related to the **technological adoption of alternate fertilisers** and alternate fertiliser production units at the village, block and district levels.
 - The remaining 30% grant money can be used for **rewarding and encouraging farmers, panchayats, farmer producer organisations** and self-help groups that are **involved in the reduction of fertiliser use and awareness generation**.
- The calculation of reducing chemical fertiliser use of urea in a year will be **compared to the average consumption of urea during the last three years**.
 - For this purpose, data available on a Fertilizer Ministry dashboard, **IFMS (Integrated Fertilizers Management System)** will be used.

What was the Need for this Scheme?

➤ Subsidy Burden on Government:

- Farmers **buy fertilisers at Maximum Retail Prices (MRP) below their normal supply-and-demand-based market rates** or what it costs to produce/import them.
 - For example, the MRP of neem-coated urea is fixed by the government at Rs. 5,922.22 per tonne, whereas its average cost-plus price payable to domestic manufacturers and importers comes to around Rs. 17,000 and Rs. 23,000 per tonne, respectively.
- The **difference**, which varies according to plant-wise production cost and import price, is **footed by the Centre as a subsidy**, which goes to the companies.
- The **MRPs of non-urea fertilisers are decontrolled or fixed by the companies**. However, the **Centre pays a flat per-tonne subsidy on these nutrients** to ensure reasonable prices.
 - The per-tonne subsidy ranges from Rs. 10,231 to Rs. 24,000 for different types of fertilisers.
- The Centre **pays subsidy on urea to fertiliser manufacturers on the basis of cost of production** at each plant and the units are required to sell the fertiliser at the government-set Maximum Retail Price (MRP).

Amendments in IBBI Regulations

Why in News?

Recently, **Insolvency and Bankruptcy Board of India (IBBI)** amended its regulations to boost the value of stressed companies.

- The amendments in **IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016** have been done to **maximise value in resolution**.
- It will allow the **sale of one or more assets of an entity undergoing insolvency resolution process** besides other changes.

What are the Amended Regulations?

- The **Committee of Creditors (CoC)** can now **examine whether a compromise or an arrangement can be explored for a Corporate Debtor (CD)** during the liquidation period.

Note:

- As many as 1,703 **Corporate Insolvency Resolution Processes (CIRPs)** ended up in liquidation till June 2022.
- The **regulator has permitted a resolution professional and the CoC** to look for **sale of one or more assets of the CD** concerned in cases where there are **no resolution plans for the whole business**.
- A **resolution plan to include sale of one or more assets of CD will be enabled** to one or more successful resolution applicants providing for appropriate treatment of the remaining assets.
- A **Resolution Professional (RP)** will have to **actively seek claims from known (based on the books of accounts) creditors of the company** concerned that will help in making available a clearer picture of the debt.
- RPs will be required to provide an opinion on whether the company has been subject to **avoidance transactions within 75 days of the start of CIRP**.
- RPs will now be required to **assess and report whether the company has completed any transactions** to siphon off funds prior to insolvency proceedings.
- The regulations mandate that **any appointments made by RPs should follow a transparent process**.
- **Details of any applications** filed for avoidance of transactions will be **made available to resolution applicants before submission of resolutions plans** and can be addressed by the applicants in their plans.
- **The information memorandum is required to contain material information** which will help in assessing its position as a going concern, and not only information about its assets, thereby addressing a critical need of the market.

Why is the Significance of Amended Regulations?

- The provisions would **allow stakeholders to claw back lost value** and would **disincentivise stakeholders** from entering into such transactions.
- The amendments **enable a longer time for the asset** in the market.
- The amendments will **provide an impetus to better market-led solutions** for insolvency resolution.
- This will ensure that **better quality information about the insolvent company and its assets is available to the market**, including prospective resolution applicants, in a timely manner.

What is Insolvency and Bankruptcy Board of India?

- The Insolvency and Bankruptcy Board of India was established in 2016 under the **Insolvency and Bankruptcy Code, 2016 (Code)**.
- It is a key pillar of the ecosystem responsible for **implementation of the Code** that consolidates and amends the laws relating to reorganization and insolvency resolution of corporate persons, partnership firms and individuals in a time bound manner for maximization of the value of assets of such persons, to promote entrepreneurship, availability of credit and balance the interests of all the stakeholders.
- It is a **unique regulator** as it regulates a profession as well as processes.
- It has **regulatory oversight** over the Insolvency Professionals, Insolvency Professional Agencies, Insolvency Professional Entities and Information Utilities.
- It has also been designated as the **'Authority' under the Companies (Registered Valuers and Valuation Rules), 2017** for regulation and development of the profession of valuers in the country.

47th AIBD Annual Gathering

Why in News?

India's Presidency of the prestigious **Asia-Pacific Institute of Broadcasting Development (AIBD)** has been **extended for one more year**.

- This was unanimously **decided by the AIBD member countries** at the two-day General Conference of the Institute held in New Delhi.

What is Asia-Pacific Institute of Broadcasting Development (AIBD)?

- **About:**
 - The **Asia-Pacific Institute for Broadcasting Development (AIBD)** was established in 1977 under the aegis of **United Nations Educational, Scientific and Cultural Organization (UNESCO)**.
 - It is a unique regional **inter-governmental organisation servicing countries of the United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP)** in the field of **electronic media development**.

Note:

- Its secretariat is situated in **Kuala Lumpur** and is hosted by the Government of Malaysia.
- **Objective:**
 - The AIBD is mandated to **achieve a vibrant and cohesive electronic media environment in the Asia-Pacific region** through policy and resource development.
- **Founding Members:**
 - The **International Telecommunication Union (ITU)**, the **United Nations Development Programme (UNDP)**, and the **United Nations Educational, Scientific Cultural Organisation (UNESCO)** and The **Asia-Pacific Broadcasting Union (ABU)** are founding organizations of the Institute and they are non-voting members of the General Conference.
- **Members:**
 - Broadcasters from 26 countries in the Asia Pacific region including India are full members of the organisation.
- **The 47th AIBD Annual Gathering:**
 - The 47th AIBD Annual Gathering/20th AIBD General Conference and Associated Meetings was **held in New Delhi**.
 - It witnessed a range of discussions, presentations and idea exchange sessions especially focusing on the topic of **"Building a Stronger Future of Broadcasting in post pandemic era"**.
 - A **five-year plan for co-operative activities and exchange programmes** was also finalised.
 - All the participating countries and member broadcasters **pledged to work together for a sustainable broadcasting environment**, latest technology know-how, finest content

How has AIBD Proved Significant in the Covid-19 Pandemic Era?

- AIBD leadership kept the **member countries connected online** during the **Covid-19** pandemic and also maintained a **constant dialogue on how media can mitigate the impact of the pandemic**.
- **Member countries were immensely benefitted through sharing of information** on the latest developments in the medical field, positive stories of Covid warriors and more importantly in countering fake news which was spreading faster than the pandemic.

- AIBD continued its **training and capacity building programmes even during lockdowns**. 34 training programmes were conducted in 2021 alone and were focused on tradition as well as emerging issues like climate change, green technologies, sustainable development, faster reporting, programming for children etc.
- With increase in the use of internet in broadcasting, **training of journalists in cyber security journalism has become imperative**.
 - AIBD is the first set up to take this up as part of its training programmes.
- It is the media which brought the world on one platform during the difficult phase and reinforced the spirit of one global family.

National Logistics Policy 2022

Why in News?

Recently, the Government has launched a **National Logistics Policy (NLP) 2022**, aiming to achieve 'quick last-mile delivery', end transport-related challenges.

What is Logistics?

- Logistics encompasses **planning, coordinating, storing, and moving resources** —people, raw materials, inventory, equipment, etc., from **one location to another**, from the production points to consumption, distribution, or other production points.
- The term "logistics" describes the **total process of controlling the acquisition, storage, and delivery of resources** to their intended location.
- It entails **locating potential distributors and suppliers and evaluating the viability** and accessibility of such parties.

What is NLP 2022?

- **About:**
 - The policy focuses on key areas such as **process re-engineering, digitisation, and multi-modal transport**.
 - It is a crucial move as **high logistics cost impacts the competitiveness** of domestic goods in the international market.
 - The need for a national logistics policy was felt **since the logistics cost in India is high as compared to other developed economies**.

Note:

➤ **Goals:**

- **Logistics costs have to be cut by half to be near global benchmarks by 2030** by reducing the cost of logistics from 14-18% of GDP to global best practices of 8%.
 - Countries like the US, South Korea, Singapore, and certain European nations have such a **low logistics cost-to-GDP ratio**.
 - The current cost is 16% of GDP.
- Being the 5th largest economy in the world, India aims to be **among the top 10 in the LPI (Logistics Performance Index) by 2030**. It has to match the pace of South Korea.
 - In 2018, India was ranked **44th** in the LPI.
- Creating data-driven Decision Support Systems (DSS) to **enable an efficient logistics ecosystem**.
- The policy's target is to **ensure that logistical issues are minimised**, exports grow manifold, and small industries and the **people working in them benefit significantly**.

➤ **Key Building Blocks:**

- **Digital Integration System:** It will lead to seamless and faster work-flow, making logistics significantly more efficient.
- **Unified Logistics Interface Platform:** It aims to collapse **all logistics and transport sector digital services into a single portal**, thereby freeing manufacturers and exporters from the present tyranny of long and cumbersome processes.
- **Ease of Logistics Services:** E-Logs, a new digital platform, will allow industry to **directly take up operational issues with government agencies** for speedy resolution.
- **Comprehensive Logistics Action Plan:** The Comprehensive Logistics Action Plan comprising **integrated digital logistics systems**, standardisation of physical assets, benchmarking service standards, human resource development, capacity building, development of logistics parks, etc.

What is the Significance of the Policy?

- **PM Gati Shakti** will get further boost and complementarity with the launch of the National Logistics Policy.
- The Policy will help make the sector an integrated, cost-efficient, resilient, and **sustainable logistics**

ecosystem in the country as it covers all bases of the sector along with streamlining rules and **addressing supply-side constraints**.

- The policy is an endeavor to improve the competitiveness of Indian goods, enhance economic growth and increase employment opportunities.

What are the Initiatives Related to Logistics?

- **Multimodal Transportation of Goods Act, 1993.**
- **PM Gati Shakti Scheme**
- **Multi Modal Logistics Parks**
- **LEADS Report**
- **Dedicated Freight Corridor**
- **Sagarmala Projects**
- **Bharatmala Project**

Ethereum Merger

Why in News?

Recently, the **Ethereum** blockchain platform fully transitioned from 'proof of work' to a 'proof-of-stake' consensus mechanism and this revamp is known as the Merge.

What has Exactly Changed?➤ **Old Method:**

- **Proof of Work:** As a decentralised platform, Ethereum doesn't have institutions like banks approving the transactions that happen on its network – the **approvals were earlier happening under the Proof of Work (PoW) consensus mechanism** which was essentially **done by miners**.
 - Under it, the **miners would compete to solve complex mathematical puzzles** using a massive infrastructure of cutting-edge computer hardware, and the first one to solve the puzzle would be chosen as the validator.
 - This method was almost **entirely dependent on crypto farms**, which are massive warehouses lined with rows of computers which would solve the puzzles.
- **Issues:**
 - **High Energy Consumption:** These mining farms were **energy guzzlers** and they sometimes **consumed more electricity than entire countries** and were, therefore, a big concern in terms of **environmental sustainability**.

Note:



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- The crypto's total annualised power consumption nearly **matches that of Finland**, while its carbon footprint is comparable to Switzerland.
- For some time, European countries even mulled a crypto mining ban, while China actually carried out a nationwide crackdown on crypto miners, sending them fleeing overseas.
- **New Method:**
 - **Proof of Stake:** It would **set aside the need for crypto miners and gigantic mining farms**, which had previously driven the blockchain under a mechanism called 'proof-of-work' (PoW).
 - Instead, it has now **shifted to a 'proof-of-stake' (PoS) mechanism** that **assigns 'validators' randomly to approve transactions and earn a small reward**.
- Validators are people who **volunteer a computer to maintain the blockchain's integrity** by constantly computing the linkage from the first block to the last.
 - **Benefits:**
 - This would entirely **eliminate the need for miners** on the Ethereum network.
 - It will **reduce ethereum's energy consumption** by nearly 99.95%.
 - It will make **transactions on the Ethereum network extremely secure**.

What do we Know about Ethereum?

- Ethereum is one of the **most used platforms by developers to build decentralised apps (dApps)**, smart contracts, and even crypto tokens. The platform's currency, Ether is only second to Bitcoin in terms of market capitalisation.
- Some of the most popular applications of cryptocurrencies such as **non-fungible tokens (NFTs)** and **decentralised finance (DeFi)** are based on the Ethereum network.

What is Cryptocurrency?

- **Cryptocurrency**, sometimes called crypto-currency or crypto, is any form of currency that exists digitally or virtually and uses cryptography to secure transactions.
- Cryptocurrencies don't have a central issuing or regulating authority, instead using a decentralized system to record transactions and issue new units.
 - It is supported by a decentralized **peer-to-peer network** called the **blockchain**.

What is Blockchain Technology?

- **Blockchain technology** ensures that **all transactions in cryptocurrencies are recorded** in a public financial transaction database.
 - Bitcoin, Ethereum, and Ripple are a few notable **examples** of cryptocurrencies.
- Blockchain derives its name from the **digital databases or ledgers** where information is stored as "**blocks**" that are coupled together to form "**chains**".
 - It offers a **singular combination of permanent and tamper-evident record-keeping**, real-time transaction transparency, and auditability.
 - An exact copy of the blockchain is **available to each of the multiple computers** or users who are joined together in a network.
 - Any new information added or altered via a new block is to be vetted and **approved by over half the total users**.

PCA Framework

Why in News?

Recently, The **Reserve Bank of India (RBI)** has removed the **Central Bank of India (CBI)** from its **Prompt Corrective Action Framework (PCAF)** after CBI showed improvement in various financial ratios, including minimum regulatory capital and Net **Non-Performing Assets (NNPAs)**.

- The RBI had imposed the PCA norms on CBI in June 2017 due to its **high net NPA and Negative Return of Assets (RoA)**.

What is PCAF?

- **Background:**
 - PCA is a framework under which **banks with weak financial metrics are put under watch** by the RBI.
 - The RBI introduced the **PCA framework in 2002** as a structured **early-intervention mechanism** for banks that become **undercapitalised** due to poor asset quality, or vulnerable **due to loss of profitability**.
 - The framework was **reviewed in 2017** based on the recommendations of the working group of the **Financial Stability and Development Council** on Resolution Regimes for Financial Institutions in India and the Financial Sector Legislative Reforms Commission.

Note:

- **Parameters:**
 - The RBI has specified certain regulatory trigger points, as a part of PCA Framework, in terms of three parameters, i.e., **Capital to Risk Weighted Assets Ratio (CRAR)**, **net Non-Performing Assets (NPA)** and **Return on Assets (RoA)**
- **Objective:**
 - The objective of the PCA framework is **to enable supervisory intervention at an appropriate time** and require the supervised entity to initiate and implement remedial measures in a timely manner, so as to **restore its financial health**.
 - It aims to check the problem of **Non-Performing Assets (NPAs)** in the Indian banking sector.
 - It is intended to **help alert the regulator as well as investors and depositors** if a bank is heading for trouble.
 - The idea is to head off problems before they attain crisis proportions.
- **Audited Annual Financial Results:**
 - A bank will generally be placed under the PCA framework based on the audited annual financial results and the ongoing **supervisory assessment made by the RBI**.
- **Recent Development:**
 - In 2021, the RBI revised the PCA Framework for **scheduled commercial banks**, round capital, asset quality and leverage will be key areas, earlier asset quality and profitability were the key areas for monitoring under framework.

What is a Non Performing Asset?

- It is a loan or advance for which the principal or interest payment remains overdue for a period of 90 days.
- Banks are required to classify NPAs further into Substandard, Doubtful and Loss assets.

What is Capital Adequacy Ratio?

- The CAR is a measure of a **bank's available capital expressed as a percentage** of a bank's risk-weighted credit exposures.
 - CAR) is the measurement ratio that assesses **the ability of banks to absorb losses**.
- The Capital Adequacy Ratio, **also known as capital-to-risk weighted assets ratio (CRAR)**, is used to protect depositors and promote the stability and efficiency of financial systems around the world.

What is Return of Asset (RoE)?

- Return on assets is a profitability ratio that provides how **much profit a company is able to generate from its assets**.
- ROA is shown as a **percentage**, and the **higher the number, the more efficient a company's management is** at managing its balance sheet to generate profits.
- Companies with a low ROA usually have **more assets involved in generating profit**, while companies with a high ROA have fewer assets.
- ROA is best when comparing similar companies; an asset-intensive company's lower ROA might appear alarming compared to an **unrelated company's higher ROA with fewer assets and similar profit**.

Fund of Funds for Startups (FFS)

Why in News?

Recently, the Government of India has committed Rs. 7,385 crores under **Fund of Funds for Startup India** Investment, launched in 2016, for 88 **Alternative Investment Funds (AIFs)**.

- These AIFs, in turn, have invested Rs. 11,206 crores in 720 **startups**.

What is Fund of Funds for Startup?

➤ About:

- Fund of Funds is a mutual fund scheme that invests in other **mutual fund** schemes.
 - In this, the fund manager holds a portfolio of other mutual funds instead of directly investing in equities or **bonds**.
- Under FFS, support is extended to **Securities and Exchange Board of India (SEBI)** registered **Alternative Investment Funds (AIFs)**, which in turn invest in startups.
- FFS was announced with a corpus of Rs. 10,000 crore.
 - The corpus is to be built up over **14th and 15th Finance Commission Cycles** (FY 2016-2020 and FY 2021-2025) through budgetary support by the **Department for Promotion of Industry and Internal Trade (DPIIT)**, Ministry of Commerce & Industry.

Note:



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- FFS has made capital available for startups at **early stage, seed stage and growth stage**.
 - It has also played a role in facilitating **raising of domestic capital, reducing dependence on foreign capital and encouraging home grown and new venture capital funds**.

➤ **Performance:**

- The amount committed under FFS has **grown** over the years recording a **CAGR (Compound Annual Growth Rate) of over 21%** since the launch of the Scheme.
- **Small Industries Development Bank of India (SIDBI)**, which is responsible for operationalising the Scheme, has undertaken a **series of reforms** recently to expedite the drawdowns to **enable AIFs assisted under FFS to avail accelerated drawdowns**.
 - This has resulted in a **year-on-year surge of 100%** in the amount of drawdowns.
- FFS has helped anchor 67 AIFs out of 88 AIFs supported.
 - 38 of these are first time fund managers which is in line with FFS's core objective of **anchoring venture capital investments for Indian startups**.
- Performing startups supported through FFS are showing valuation increase by more than 10 times with a number of them even achieving **unicorn status** (valuation of over USD 1 billion).

What is Alternate Investment Funds AIF?

- **Alternative Investment Fund or AIF** means any fund **established or incorporated in India**, which is a **privately pooled investment vehicle** which collects funds from sophisticated investors, whether Indian or foreign, for **investing it in accordance with a defined investment policy** for the benefit of its investors.
- **Regulation 2(1)(b) of Securities and Exchange Board of India (SEBI) Regulations (AIFs), 2012** lays down the definition of AIFs.
- Through a company, or a Limited Liability Partnership (LLP), an **Alternative Investment Fund can be established**.

Eight Years of Make in India

Why in News?

Make in India completes eight years of path-breaking reforms and annual FDI doubles to USD 83 billion in 2022.

What do we Know about the Make in-India Programme?

➤ **About:**

- **Launched in 2014**, Make in India aims to **transform the country into a leading global manufacturing and investment destination**.
- The initiative is an open invitation to potential investors and partners across the globe to participate in the growth story of 'New India'.
- Make In India has substantial accomplishments across 27 sectors. These include strategic sectors of manufacturing and services as well.

➤ **Objectives:**

- To **attract foreign investment for new industrialisation** and develop the already existing industry base in India to surpass that of China.
- Target of an **increase in manufacturing sector growth to 12-14% per annum** over the medium term.
- To **increase the share of manufacturing sector in the country's Gross Domestic Product from 16% to 25% by 2022**.
- To **create 100 million additional jobs by 2022**.
- To **promote export-led growth**.

➤ **Outcomes:**

- **FDI inflows:** FDI inflows in India stood at USD 45.15 billion in 2014-2015 and have since consecutively reached record FDI inflows for eight years.
 - The year 2021-22 recorded the **highest ever FDI at USD 83.6 billion**.
 - On the back of **economic reforms and Ease of Doing Business** in recent years, India is **on track to attract USD 100 Billion in FDI** in the current Financial Year (2022-23).
- The import of toys in FY21-22 has reduced by 70% to USD 110 Mn (Rs. 877.8 cr.). India's export of toys registers tremendous growth of 636% in April-August 2022 over the same period in 2013.
- **Production Linked Incentive (PLI):** The **Production Linked Incentive (PLI)** scheme across 14 key manufacturing sectors, was launched in 2020-21 as a big boost to the Make in India initiative.

What are the Initiatives to Support Make in India Scheme?

- **National Single Window System (NSWS):**

Note:

- The **National Single Window System (NSWS)** has been soft-launched in September 2021 to improve the ease of doing business by providing a single digital platform to investors for approvals and clearances.
- This portal has **integrated multiple existing clearance systems of the various Ministries/ Departments of the Government of India and State Governments** to enhance the investor experience.
- **Gati Shakti:**
 - The Government has also launched a programme for **multimodal connectivity to manufacturing zones in the country**, called the **Prime Minister's Gati Shakti programme**, which will ensure logistical efficiency in business operations through the creation of infrastructure that improves connectivity.
- **One-District-One-Product (ODOP):**
 - This initiative aims at facilitating the **promotion and production of indigenous products from each district** of the country and providing a global platform to the artisans and manufacturers of handloom, handicrafts, textiles, agricultural and processed products, thereby further contributing to the socio-economic growth of various regions of the country.
- **Improving toy exports and reducing Imports:**
 - To address the import of low-quality and hazardous toys and to enhance domestic manufacturing of toys, several strategic interventions such as increase of **Basic Custom Duty from 20% to 60%**, implementation of Quality Control Order, mandatory sample testing of imported toys, granting more than 850 BIS licenses to domestic toy manufacturers, development of toy clusters etc. have been taken by the government.
- **Scheme for building Semiconductor Ecosystem:**
 - Recognising the importance of semiconductors in the world economy, the Government has launched a USD 10 billion incentive scheme to build a semiconductor, display, and design ecosystem in India.

Maharatna Status to REC

Why in News?

Recently, Rural Electrification Corporation (REC) has been accorded the status of a '**Maharatna**' Central Public Sector Enterprise (CPSE).

What do we know about REC & Maharatna Status?

➤ About REC:

- REC is a **Non-Banking Financial Company (NBFC)**, incorporated in 1969, focusing on **Power Sector Financing and Development** across India.
- It comes under the purview of the **Ministry of Power**.
- It has been appointed as a Nodal Agency for Government of India's flagship schemes as following:
 - **Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGAYA)**
 - Deen Dayal Upadhaya Gram Jyoti Yojana (DDUGJY)
 - National Electricity Fund (NEF)
- REC also assists the Ministry of Power in monitoring the **Ujjwal Discom Assurance Yojana (UDAY)**.

○ Benefits to Maharatna Status to REC:

- The Board of a 'Maharatna' CPSE can **make equity investments to undertake financial joint ventures and wholly-owned subsidiaries and undertake mergers and acquisitions** in India and abroad, subject to a **ceiling of 15% of the Net Worth** of the concerned CPSE, limited to **₹5,000 crores in one project**.
- The Board can also **structure and implement schemes** relating to personnel and Human Resource Management and Training.
- REC now can also enter into technology **Joint Ventures** or other strategic alliances among others.

➤ Maharatna Status:

- The **Maharatna dispensation** was ushered in by the Union government for mega **Central Public Sector Enterprises (CPSEs)** to become global giants (introduced in 2010).
- CPSEs are those companies in **which the direct holding of the Central Government** or other CPSEs is 51% or more.
- "Maharatna" status is granted to a company which has recorded **more than Rs. 5,000 crores of net profit for three consecutive years**, an **average annual turnover of Rs. 25,000 crore** for three years or should have an **average annual net worth of Rs. 15,000 crore** for three years. It should also have global operations or footprints.
- A CPSE should also have a **Navratna status**, be **listed on an Indian stock exchange**.

Note:

Classification of CPSES			
Category	Launch	Criteria	Examples
Maharatna	➤ Maharatna Scheme was introduced for CPSES in May, 2010, in order to empower mega CPSEs to expand their operations and emerge as global giants.	<ul style="list-style-type: none"> ➤ Having Navratna status. ➤ Listed on Indian stock exchange with minimum prescribed public shareholding under Securities and Exchange Board of India (SEBI) regulations. ➤ An average annual turnover of more than Rs. 25,000 crore during the last 3 years. ➤ An average annual net worth of more than Rs. 15,000 crore during the last 3 years. ➤ An average annual net profit after tax of more than Rs. 5,000 crore during the last 3 years. ➤ Should have significant global presence/ international operations. 	➤ Bharat Heavy Electricals Limited, Bharat Petroleum Corporation Limited, Coal India Limited, GAIL (India) Limited, etc.
Navratna	➤ Navratna Scheme was introduced in 1997 in order to identify CPSEs that enjoy comparative advantages in their respective sectors and to support them in their drive to become global players.	<ul style="list-style-type: none"> ➤ The Miniratna Category - I and Schedule 'A' CPSES, which have obtained 'excellent' or 'very good' rating under the Memorandum of Understanding system in three of the last five years, and have composite score of 60 or etc. above in the six selected performance parameters, namely, <ul style="list-style-type: none"> ○ Net profit to net worth. ○ Manpower cost to total cost of production/ services. ○ Profit before depreciation, interest and taxes to capital employed. ○ Profit before interest and taxes to turnover. ○ Earning per share. ○ Inter-sectoral performance. 	➤ Bharat Electronics Limited, Hindustan Aeronautics Limited, etc.
Miniratna	➤ Miniratna scheme was introduced in 1997 in pursuance of the policy objective to make the public sector more efficient and competitive and to grant enhanced autonomy and delegation of powers to the profit-making public sector enterprises.	<ul style="list-style-type: none"> ➤ Miniratna Category-I: The CPSES which have made profit in the last three years continuously, pre-tax profit is Rs.30 crores or more in at least one of the three years and have a positive net worth are eligible to be considered for grant of Miniratna-I status. ➤ Miniratna Category-II: The CPSES which have made profit for the last three years continuously and have a positive net worth are eligible to be considered for grant of Miniratna-II status. ➤ Miniratna CPSES should have not defaulted in the etc. repayment of loans/interest payment on any loans due to the Government. ➤ Miniratna CPSES shall not depend upon budgetary support or Government guarantees. 	<ul style="list-style-type: none"> ➤ Category-I: Airports Authority of India, Antrix Corporation Limited, etc. ➤ Category-II: Artificial Limbs Manufacturing Corporation of India, Bharat Pumps & Compressors Limited, etc.

Modified Incentive Scheme for Semiconductor Chip-Making

Why in News?

Recently, the Centre approved changes to the scheme for the development of a **semiconductor** and

display manufacturing ecosystem in the country in order to make India's \$10 billion **chip-making initiative** more attractive to investors.

What are the Approved Changes to India's Chip-making Scheme?

➤ Background:

- In 2021, India announced its roughly \$10 billion dollar **Production-Linked Incentive (PLI) scheme**

Note:



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to encourage semiconductor and display manufacturing in the country.

- Also, a **Design-Linked Initiative (DLI)** scheme to drive global and domestic investment related to design software, IP rights etc. was announced.

➤ **Changes:**

- **Uniform 50% Fiscal Support:** In the previous version of the scheme, the Centre was offering to fund 30% of the project cost for 45nm to 65nm chip production, 40% for 28nm to 45nm, and 50% or half of the funding for chips 28nm or below. The modified scheme provides **uniform 50% fiscal support for all nodes**.
- **Setting-up of New Semiconductor Plants:** Vedanta and Taiwanese chipmaker Foxconn have signed a Memorandum of Understanding (MoU) to set up a ₹1,54,000 crore semiconductor plant in Gujarat.
- **Two other projects have also been announced:**

- A \$3 billion plant in Karnataka by the International consortium ISMC.

➤ ISMC is a joint venture between Abu Dhabi-based Next Orbit Ventures and Israel's Tower Semiconductor.

- A \$3.5 billion plant in Tamil Nadu by Singapore's IGSS Ventures.

- **Production of the 45nm Chip:** The modified scheme also emphasised the production of the 45nm chip, which is **fairly less time-consuming and economical** in terms of production.

- These chips have **high demand, driven primarily by automotive, power and telecom applications**.

➤ **Significance:**

- The changes will lead to the **harmonisation of government incentives for all technology nodes of semiconductors**.
- It will encourage all areas of chip-making to **create an integrated ecosystem in India**.
- PLI and DLI schemes had attracted many global semiconductor players for setting up semiconductor fabrication plants (fabs) in India and the **modified programme would further expedite these investments and bring in more applicants**.

➤ **Associated Concern:**

- Although the scheme is an encouraging move, chip production is a **resource-intensive and expensive process**. The new scheme **provides equal funding for all steps of the process**. However, the outlay of the scheme remains \$10 billion.

- It requires an investment of anywhere between \$3 and \$7 billion to just set up one semiconductor fab.

What are Semiconductor Chips?

➤ **About:**

- **Semiconductors** are materials which have a **conductivity between conductors and insulators**.
- They can be pure elements, **silicon or germanium** or compounds; **gallium, arsenide or cadmium selenide**.
- The **basic component of a semiconductor chip is a sliver of silicon**, which is **etched with billions of microscopic transistors** and projected to specific minerals and gases, forming **patterns to control the flow of current** while following different computational instructions.
- The **most-advanced semiconductor technology nodes** available today are the **3 nm and the 5 nanometer (nm) ones**.
- Semiconductors having **higher nanometer value are applied in automobiles, consumer electronics and so on**, while those with **lower values are used in devices such as smartphones and laptops**.
- The **chip-making Process** is complex and highly exact, having **multiple other steps in the supply chain** such as **chip-designing** done by companies to develop new circuitry for use in appliances, **designing software for chips and patenting them through core Intellectual Property Rights (IPR)**.
 - It also involves making chip-fabrication machines; setting up fabs or factories; and ATMP.

➤ **Significance:**

- Semiconductors are the thumbnail-sized **building blocks of almost every modern electronic device** from smartphones to connected devices in the **Internet of Things (IoT)**. They help give computational power to devices.

➤ **Global Scenario:**

- The chip-making industry is a **highly-concentrated one**, with the big players being Taiwan, South Korea and the U.S. among others. Infact, **90% of 5nm chips are mass-produced in Taiwan**, by the Taiwan Semiconductor Manufacturing Company (TSMC).
- Therefore, the **global chip shortage, U.S.-China tensions over Taiwan**, and the **supply chain blockages owing to the Russia-Ukraine conflict**

Note:

have led major economies to enter the chip-making sector with a renewed push.

- The **global semiconductor industry is currently valued at \$500-\$600 billion** and caters to the **global electronics industry** currently valued at about **\$3 trillion**.

➤ **Indian Scenario:**

- **India currently imports all chips** and the market is estimated to touch \$100 billion by 2025 from \$24 billion now. However, for the domestic manufacturing of semiconductor chips, **India has recently launched several initiatives:**
 - The Union Cabinet has allocated an amount of ₹76,000 crore for supporting the development of a '**semiconductors and display manufacturing ecosystem**'.
 - India has also launched the **Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS)** for manufacturing electronics components and semiconductors.
 - In 2021, the MeitY also launched the **Design Linked Incentive (DLI) Scheme** to nurture at least 20 domestic companies involved in semiconductor design and facilitate them to achieve a turnover of more than Rs.1500 Crore in the next 5 years.
- India's own consumption of semiconductors is **expected to cross \$80 billion by 2026 and to \$10 billion by 2030**.

Push to Coarse Cereals

Why in News?

Recently, a meeting was organised by the **Department of Food and Public Distribution (DFPD)**, to discuss the procurement of the **Kharif produce for 2022-2023**.

- The government of India has considered pushing towards **coarse cereals** as **climate change** affects **wheat and paddy cultivation**.
- Procurement target for coarse cereals is **doubled from Kharif crop market**, more coarse grains likely to be seen in rations.

What are Coarse Cereals?

➤ **About:**

- Coarse cereals are traditionally **grown in resource poor agro-climatic regions** of the country.
 - Agro-climatic zone is a land unit in terms of major climates suitable for a certain range of crops and cultivars.
- Sorghum, pearl millet, maize, barley, finger millet and several small millets such as kodo millet, little millet, foxtail millet, proso millet and barnyard millet together called coarse cereals.
 - Sorghum, pearl millet, finger millet, maize and small millets (barnyard millet, proso millet, kodo millet and foxtail millet) **are also called nutri-cereals**.

➤ **Significance:**

- Coarse cereals are known for **nutria-rich content** and having characteristics like **drought tolerance, photo-insensitivity** and **resilient to climate change** etc.
 - These crops also offer a good potential in the **food processing industry** and as a **promising exportable commodity**.
- **Their cultivation in drought prone areas** for providing food for human consumption, feed & fodder for animal and poultry, use as fuel and industrial uses are common.
 - Their nutritious value serves as an excellent tool to **combat malnutrition**.
- It helps in **generating employment in low rainfall areas** where other alternative crops are limited and these crops are used as a contingent crop.

➤ **Coarse Cereals Producing States:**

- Karnataka, Rajasthan, Puducherry, Maharashtra, Madhya Pradesh, Uttar Pradesh etc.

➤ **Uses of Coarse Cereals:**

- **Fodder:**
 - The cultivation of **Millets** like sorghum and pearl millet in some Northern States like Haryana, Punjab and Western UP is primarily done for fodder purposes.
- **Industrial Products:**
 - **Sorghum:** Used in Malting, high fructose syrup, starch, Jaggery, bakery etc.
 - **Pearl millet:** Used in Brewing/malting, starch, bakery, poultry and animal feed.
 - **Maize:** Used in Brewing, starch, bakery, poultry and animal feed, bio-fuel.

Note:

○ Source of Feed:

- The demand for coarse cereals for **animals and poultry feed** is on the rise.
- In India, feed requirements are met from **waste food grains** in general and **made especially from coarse cereals**.
- Maize is the preferred carbohydrate source in poultry feed.

Urban Employment Guarantee

Why in News?

Recently, the government of Rajasthan has launched the flagship scheme for **Urban Employment**; the **Indira Gandhi Shehri Rojgar Yojana**.

What do we need to know about the Scheme?

➤ Aim:

- To provide **100 days of employment to families in urban areas** on the lines of **Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA)**.
- The government has allocated Rs 800 crore for the implementation of the scheme.

➤ Target Population: People in the 18 to 60 age group are eligible for the scheme.

➤ Employment Opportunities:

- **Water Conservation:** The **renovation work** at Khaniyon ki Baori comes under the **water conservation works** of the scheme.
- **Convergence:** People can be **employed in other centre or state level schemes**, already having a material component, and which require labour work.
- **Other works include:**
 - **Environmental conservation** such as tree plantation in public places and maintenance of parks.
 - Cleanliness and sanitation-related works such as **solid waste management**.
 - **Heritage conservation** and work related to security/fencing/boundary wall/guarding of urban civic bodies and public lands, etc.

➤ Urban Employment Guarantee Schemes of other States:

○ Kerala:

- **Ayyankali Urban Employment Guarantee Scheme (AUEGS)**, launched in 2010, aims at enhancing the livelihood security of people in urban areas by guaranteeing hundred days of wage employment in a financial year to an urban household whose adult members volunteer to do unskilled manual work.

○ Himachal Pradesh:

- **Mukhya Mantri Shahri Ajeevika Guarantee Yojna** was launched in 2020 to enhance livelihood security in urban areas by providing 120 days of guaranteed wage employment to every household in a financial year.

○ Jharkhand:

- **Mukhyamantri Shramik Yojana** was launched in 2020 to enhance livelihood security in Jharkhand State by providing a guaranteed 100 days wage employment in a financial year.

Fall in Price of Natural Rubber

Why in News?

Recently, there have been protests by farmers and various organizations due to the price of **natural rubber (NR)** crashing to a sixteen-month low in the Indian market.

What has Caused the Sharp Fall in Prices?

- **Poor Demand and Other Factors:** Due to weak Chinese demand and the European energy crisis, along with high **inflation**.
 - While the unremitting zero COVID strategy in China, which consumes about 42% of the global volume, has cost the industry dearly.
- **Import from Other countries:** There is an ample supply of block rubber from Ivory Coast and compounded rubber from the Far East in the domestic tyre industry.
 - The **Auto-Tyre manufacturing sector** accounted for **73.1%** of the total quantity of natural rubber consumption.

How does the Falling Price affect the Farmer?

- **Crop Shifting:** The impact of the price fall is felt more in the rural areas, where most people are solely dependent on rubber cultivation, therefore, they might switch to other crops.

Note:



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- It can even lead to the fragmentation of rubber holdings.
- **Effect on Small and Medium Enterprises:** As most of the production occurs in small and medium enterprises, the falling price could lead to their uncertain future and force them to stop production temporarily.
- **Panic in Kerala:** The state accounts for almost 75% of total production, as local economy depends on rubber production, therefore the falling price could lead to major panic in villages of Kerala.

What do we Know about Natural Rubber?

- **Commercial Plantation Crop:** Rubber is made from the latex of a tree called *Hevea Brasiliensis*. Rubber is largely perceived as a **strategic industrial raw material** and accorded special status globally for defence, national security and industrial development.
- **Conditions for Growth:** It is an **equatorial crop**, but under special conditions, it is also grown in tropical and sub-tropical areas.
 - **Temperature:** Above 25°C with a moist and humid climate.
 - **Rainfall:** More than 200 cm.
 - **Soil Type:** Rich well-drained alluvial soil.
 - **Cheap and adequate supply of skilled labour** is needed for this plantation crop.
- **Major Producers Globally:** Thailand, Indonesia, Malaysia, Vietnam, China and India.
- **Major Consumers:** China, India, USA, Japan, Thailand, Indonesia and Malaysia.

What is the Status of Rubber Production in India?

- **Production:**
 - The **British established the first rubber plantation in India in 1902** on the banks of the river Periyar in Kerala.
 - India is currently the **fifth largest producer of Natural Rubber** in the world with one of the highest productivity.
 - The production of the material improved by 8.4%, to 7,75,000 tonnes, during 2021-22 compared to 2020-21.
 - It also remains the **second biggest consumer** of the material globally.
 - About **40% of India's total natural rubber consumption** is currently met through imports.

- **Top Rubber Producing States:** Kerala > Tamil Nadu > Karnataka.
- **Government Initiatives:**
 - **Rubber Plantation Development Scheme** and the **Rubber Group Planting Scheme** are examples of government-led initiatives for rubber.
 - 100% **Foreign Direct Investment (FDI)** is allowed in plantations of rubber.
 - **The Department of Commerce** brought out the **National Rubber Policy in March 2019.**
 - The policy includes several **provisions to support the Natural Rubber (NR)** production sector and the entire rubber industry value chain.
- It is based on the **short-term** and **long-term strategies** identified by the **Task Force** constituted in the rubber sector for mitigating problems faced by rubber growers in the country.
- Developmental and research activities for supporting the NR sector for the welfare of growers are carried out through **Rubber Board** by implementing the **scheme Sustainable and Inclusive Development of Natural Rubber Sector** in the **Medium-Term Framework (MTF)**.

What do we know about the Rubber Board of India?

- It is **headquartered in Kottayam, Kerala**, under the **administration of the Ministry of Commerce and Industry**.
- The Board is responsible for the development of the rubber industry in the country by assisting and encouraging research, development, extension and training activities related to rubber.
 - **Rubber Research Institute** is under the Rubber Board.

Windfall Tax

Why in News?

Recently, the Ministry of Finance has justified the **imposition of Windfall Tax** on domestic **crude oil** producers in July 2022, saying that it was **not an ad hoc (made or done suddenly) move** but was done after full consultation with the industry.

- Besides India, a wave of countries including the United Kingdom, Italy, and Germany have either already imposed a windfall profit tax on **super normal profits of energy companies** or are **contemplating doing so**.

Note:

What is a Windfall Tax?

- **About:**
 - Windfall taxes are **designed to tax the profits a company derives** from an external, sometimes unprecedented event— for instance, the **energy price-rise as a result of the Russia-Ukraine conflict**.
 - These are profits that cannot be attributed to something the firm actively did, like an investment strategy or an expansion of business.
 - A windfall is defined as an **“unearned, unanticipated gain in income** through no additional effort or expense”.
 - Governments typically levy a **one-off tax retrospectively over and above the normal rates of tax** on such profits, called **windfall tax**.
 - One area where such taxes have **routinely been discussed is oil markets**, where price fluctuation leads to **volatile or erratic profits for the industry**.
- **Rationale:**
 - There have been varying rationales for governments worldwide to introduce windfall taxes, from **redistribution of unexpected gains when high prices benefit producers at the expense of consumers**, to funding social welfare schemes, and as a **supplementary revenue stream** for the government.

Why are Countries

Levying Windfall Taxes Now?

- Prices of oil, **gas**, and **coal** have seen sharp **increases since late last year** and in the first two quarters of the current year, **although they have reduced recently**.
- The increase stems from a combination of factors, **including a mismatch between energy demand and supply** during the economic recovery from **Covid-19**, further amplified by the **Russian war in Ukraine**.
- Pandemic recovery and supply issues resulting from the Russia-Ukraine conflict shore up energy demands, **in turn driving up global prices**.
- The rising prices meant huge and record profits for energy companies while **resulting in hefty gas and electricity bills for household bills** in major and smaller economies.
- The levies came as refiners made major gains by **boosting fuel exports to countries that were in a deficit like Europe**, which has now boycotted oil imports from Russia.

- The **U.N.(United Nations)** chief urged all **governments to tax these excessive profits** “and use the funds to support the **most vulnerable people** through these difficult times.”
- The calls to introduce windfall taxes also found support in organisations like the IMF, which released an **advice note as to how such a tax should be levied**.

What are the Issues with Imposing Windfall Tax?

- **Uncertainty in the Market:**
 - Companies are confident in investing in a sector if there is **certainty and stability in a tax regime**.
 - Since windfall taxes are imposed retrospectively and are often influenced by unexpected events, they **can brew uncertainty in the market** about future taxes.
- **Populist in Nature:**
 - It is believed that such taxes are **populist** and politically opportune in the short term.
- **Reduces Future Investment:**
 - Introducing a temporary windfall profit tax **reduces future investment because prospective investors will internalize** the likelihood of potential taxes when making investment decisions.
- **Not Defined Precisely:**
 - It is not defined **what exactly constitutes true windfall profits** and how it **can be determined** what level of profit is normal or excessive.
 - If rapid increases in prices lead to higher profits, in one sense it can be called true windfalls as they are unforeseeable but it can be argued that it is the profit **the companies earned as a reward for the industries risk-taking** to provide the final product to the end user.
 - It is not defined who should be taxed- only the big companies responsible for the bulk of high-priced sales or smaller companies as well— raising the question of whether producers with revenues or **profits below a certain threshold should be exempt**.

India Became the World's Fifth-largest Economy

Why in News?

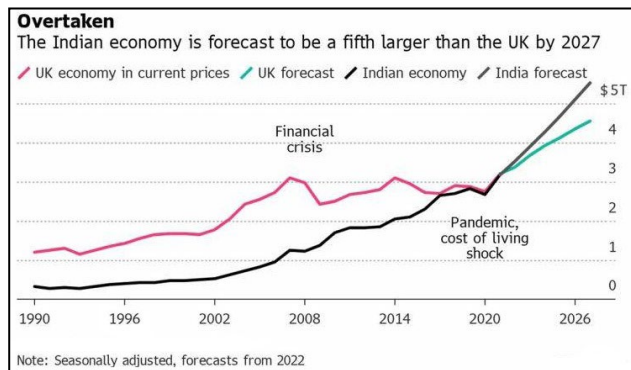
Recently, India became the world's fifth largest economy by overtaking the United Kingdom. Now, the United States, China, Japan, and Germany are the only nations with economies larger than India's.

Note:



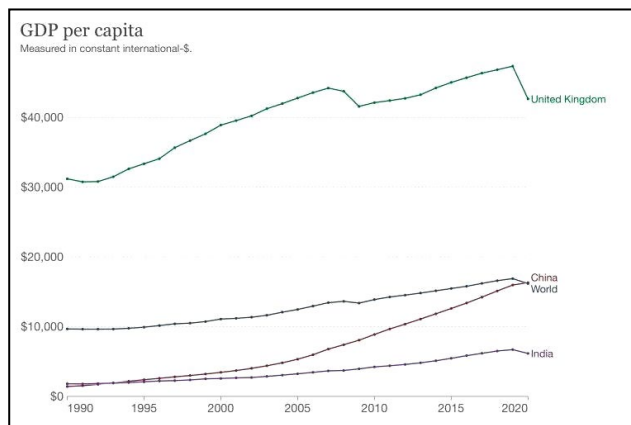
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- The real **Gross Domestic product(GDP)** growth of 6-6.5% in a world full of uncertainties is the new normal and **India is set to be the third largest economy by 2029.**



What are the Key Highlights of this Achievement?

- **New Milestone:**
 - Moving past one of the biggest economies in the world, **especially one that ruled over the Indian sub-continent for two centuries, is a major milestone.**
- **Size of Economy:**
 - The size of the Indian economy in 'nominal' cash terms in the quarter through March, 2022 was USD 854.7 billion while for UK was USD 816 billion.
- **Comparison with United Kingdom:**
 - **Population Size:**
 - As of 2022, **India has a population of 1.41 billion while the UK's population is 68.5 million.**
 - **GDP Per capita:**



- GDP per capita provides a more realistic comparison of income levels because it divides a country's GDP by the population of that country.

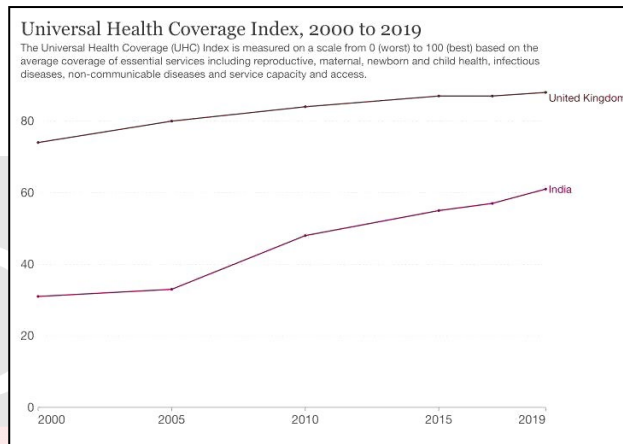
- The per capita income in India remains very low, India is ranked 122 out of 190 countries in terms of per capita income in 2021.

○ **Poverty:**

- The low per capita incomes often point to high levels of poverty.
- **At the start of the 19th century, the UK's share in extreme poverty was considerably higher than India's.**

- **However, the relative positions have reversed even though India has made giant strides in curbing poverty.**

○ **Health:**



- The **Universal Health Coverage (UHC) Index** is measured on a scale from 0 (worst) to 100 (best) based on the average **coverage of essential services** including reproductive, maternal, newborn and child health, infectious diseases, non-communicable diseases and service capacity and access.
- While faster economic growth and **the government's policy focus on healthcare schemes since 2005** have made a distinct improvement for India, there is still a long way to go.

○ **Human development Index:**

- The end goal of higher GDP and faster economic growth is to have better human development parameters.
- **According to HDI (2019), the UK score is 0.932 and India's score is 0.645 which is comparatively far behind the UK.**

- Despite its secular improvement, India might still take a decade to be where the UK was in 1980.

Note:



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○ **Present outlook:**

- The dramatic shift has been driven by **India's rapid economic growth over the past 25 years as well as downslides in the value of the pound over the last 12 months.**

- The **right policy perspective and realignment in global geopolitics** could further, also lead to an upward revision in its estimates for India.

US Start-up SETU

Why in News?

The Union Minister of Commerce and Industry recently launched the **US Startup SETU** - Supporting Entrepreneurs in Transformation and Upskilling programme in the Bay Area of San Francisco, United States of America.

What is Startup SETU?

➤ **About:**

- SETU or **Supporting Entrepreneurs in Transformation and Upskilling** is an Indian government initiative under **Ministry of Commerce & Industry.**
- The initiative would connect start-ups in India to US-based investors and start-up ecosystem leaders with mentorship and assistance in various areas including funding, market access and commercialization.

➤ **Significance:**

- To **break the geographical barriers between US mentors willing to invest in entrepreneurship** and sunrise startups in India.
- The interaction will be supported through the mentorship portal under the Startup India initiative MAARG, or the **Mentorship, Advisory, Assistance, Resilience, and Growth program**, which is a single-stop solution finder for startups in India.
 - The portal has been developed with the idea to be accessible from every corner of the country to connect with a mentor.

➤ **Need:**

- It is estimated that **about 90% of the start-ups and more than half of the well-funded startups fail in their early days.** Lack of experience in handling the business is a key issue, and founders require the right guidance for taking a decision and moral support.

- As India becomes a leading start-up destination, the proper guidance at the right time is paramount. Further, the Government of India invites stalwarts, seasoned experts, and industry leaders to give back to the nation by adding value to a startup's journey.

Central Bank Digital Currency

Why in News?

According to recent reports, the **Reserve Bank of India's** (RBI) digital rupee — the **Central Bank Digital Currency (CBDC)** — may be introduced in phases beginning with wholesale businesses in the current financial year.

- RBI had proposed amendments to the **Reserve Bank of India Act, 1934**, which would enable it to **launch a CBDC.**

What is Central Bank Digital Currency (CBDC)?

➤ **About CBDC:**

- CBDCs are a **digital form of a paper currency** and unlike **cryptocurrencies** that operate in a regulatory vacuum, these are **legal tenders issued and backed by a central bank.**
- It is the **same as a fiat currency** and is **exchangeable one-to-one with the fiat currency.**
 - A fiat currency is a national currency that is not pegged to the price of a commodity such as gold or silver.
- The digital fiat currency or CBDC **can be transacted using wallets backed by blockchain.**
- Though the concept of CBDCs was directly inspired by **Bitcoin**, it is different from decentralised virtual currencies and crypto assets, **which are not issued by the state and lack the 'legal tender' status.**

➤ **Objectives:**

- The main objective is to **mitigate the risks and trim costs in handling physical currency**, costs of **phasing out soiled notes, transportation, insurance and logistics.**
- It will also **wean people away from cryptocurrencies** as a means for money transfer.

➤ **Global Trends:**

- **Bahamas** has been the first economy to launch its nationwide CBDC — **Sand Dollar.**

Note:

- **Nigeria** is another country to have rolled out **eNaira** in 2020.
- **China** became the world's first major economy to pilot a digital currency **e-CNY** in **April 2020**.
- **Korea, Sweden, Jamaica, and Ukraine** are some of the countries to have begun testing its digital currency and many more may soon follow.

What are the Benefits & Challenges of CBDC?

➤ Benefits:

- **A Combination of Traditional and Innovative:**
 - CBDC can gradually bring a cultural shift towards **virtual currency** by **reducing currency handling costs**.
 - **CBDC is envisaged to bring in the best of both worlds:**
- The convenience and security of digital forms like cryptocurrencies
- The regulated, reserved-backed money circulation of the traditional banking system.
- **Easier Cross-Border Payments:**
 - CBDC can provide an **easy means to speed up a reliable sovereign backed domestic payment and settlement system** partly replacing paper currency.
 - It could also be used for **cross-border payments**; it could eliminate the need for an expensive network of correspondent banks to settle cross-border payments.
- **Financial Inclusion:**
 - The increased use of CBDC could be explored for many other financial activities to push the **informal economy** into the formal zone to ensure **better tax and regulatory compliance**.
 - It can also pave the way for **furthering financial inclusion**.

New Norms to Invest Overseas

Why in News?

Recently, The Ministry of Finance noticed new norms making it easier for domestic corporates to invest abroad, while making it tougher for loan defaulters and those facing a probe by investigative agencies to invest in overseas entities.

What are the Key Highlights of the New Rules?

➤ Administered by RBI:

- The **Overseas Investment Rules and Regulations**, notified under the **Foreign Exchange Management Act**, will be **administered by the Reserve Bank of India (RBI)**, and shall subsume all existing norms pertaining to overseas investments as well as the acquisition and transfer of immovable property outside India.

➤ No Go Sectors:

- A **No-Objection Certificate (NOC)** will be mandatory for any person who has a bank account classified as a **Non-performing asset**, or is labelled a wilful defaulter by any bank, or is under investigation by a financial service regulator, **the Enforcement Directorate (ED)** or the **Central Board of Investigation (CBI)**.
- Further, no Indian resident will be permitted to make investments in foreign entities that are engaged in real estate business, gambling in any form and dealing with financial products linked to the Indian rupee without the central bank's specific approval.

➤ Sixty Day Timeline:

- However, **if the lenders or the relevant regulatory body or investigative agency fail to furnish the NOC within sixty days** of receiving an application, it may be **presumed that they have no objection to the proposed transaction**.

➤ Significance:

- The revised regulatory framework for overseas investment provides for simplification of the existing framework for overseas investment and has been aligned with the current business and economic dynamics
- Clarity on overseas direct investment and overseas portfolio investment has been brought in and "various overseas investment-related transactions that were earlier under **the approval route are now under automatic route**, significantly enhancing ease of doing business.

Online Marketplace Aqua Bazar

Why in News?

Recently, the Union Minister for Fisheries launched the Online Market Place feature, Aqua Bazar, in the

Note:

MatsyaSetu mobile app during the ninth general body meeting of the National Fisheries Development Board.

What is Matsya Setu App?

➤ About:

- The app was developed by the **Indian Council of Agricultural Research ICAR-Central Institute of Freshwater Aquaculture (ICAR-CIFA)**, Bhubaneswar, with the funding support of the **National Fisheries Development Board (NFDB)**, Hyderabad through the **Pradhan Mantri Matsya Sampada Yojana (PMMSY)**.

➤ Features:

- Through this platform, any registered vendor can list their input materials.
- The listed items will be displayed in the marketplace based on geographical proximity to the app user.
 - The listings are categorized into the following **major categories; fish seeds, input materials, services, jobs, and table fish.**
 - Every listing will contain **detailed information about the product, price, available quantity, supply area**, etc. along with the seller's contact details.
- The needy farmers/stakeholders can contact the vendors and fulfill their procurements.
- It also allows the fish farmers to list their grown table-size fish/fish seeds for sale with an option to indicate the date of availability along with the price offer.
 - Interested fish buyers will contact the farmers and offer their prices.

➤ Significance:

- The online marketplace will **help the fish farmers and stakeholders to source the inputs such as fish seeds, feed, medicines, etc.**, and services required for fish culture as well as farmers can also list their table-size fish for sale.
 - The marketplace aims to connect all stakeholders in the aquaculture sector.
 - Reliable information about the timely availability of quality inputs in the right place is very crucial for the success and development of freshwater aquaculture in the country.
- It will certainly **help the farmers to receive more business inquiries from buyers or buyer agents**

who procure fish, paving the way for increased awareness about the market situation and better price realization of farmers' produce.

What was the Need to Launch this Initiative?

- At times, fish farmers do **face problems in sourcing critical, quality inputs such as fish seeds, feed, feed ingredients, fertilizers, nutraceuticals, additives, medicines, etc.**, during the crop season.
 - **Any delay in obtaining these inputs would cause significant consequences in the productivity of their fish culture operation.**
 - Sometimes, farmers also look for services such as farm construction, rental services, manpower for harvesting, etc.
 - Similarly, at certain times, fish farmers do **face difficulties in selling their produce in the market** or they only rely upon a limited number of buyers/agents to procure their fish produced.

What is the National Fisheries Development Board?

- The National Fisheries Development Board (NFDB) was established in 2006 as an autonomous organization under the administrative control of the Department of Fisheries, **Ministry of Fisheries, Animal Husbandry & Dairying**, Government of India to enhance fish production and productivity in the country and to coordinate fishery development in an integrated and holistic manner.
- **Headquarters: Telangana, Hyderabad.**

Tilapia Aquaculture Project: Fisheries

Why in News?

Inspired by **Pradhan Mantri Matsya Sampada Yojana (PMMSY)**, the Technology Development Board (TDB) has extended support to the **Tilapia Aquaculture Project** with Israeli Technology.

- Technology Development Board (TDB) is a statutory body under the Ministry of Science and Technology.

What is Pradhan Mantri Matsya Sampada Yojana?

- Pradhan Mantri Matsya Sampada Yojana (PMMSY) scheme was announced in September 2020 to **provide financial support for the acquisition of technologically advanced fishing vessels**, deep sea fishing vessels for traditional fishermen, and fishing boats and nets for traditional fishermen.

Note:

- It envisages enhancing fish **production to 220 lakh metric tons by 2024-25, at an average annual growth rate of about 9%.**
- The ambitious scheme also aims to double the export earnings to Rs.1,00,000 crore and generate about 55 lakhs direct and indirect employment opportunities in the fisheries sector over a period of the next five years.
- Despite various issues faced by the sector during Covid – 19 pandemic, India has achieved all-time high exports of marine products worth USD 7,165 million from April to February 2021-22.

What is Aquaculture?

- **About:**
 - The term aquaculture broadly refers to the **cultivation of aquatic organisms in controlled aquatic environments** for any commercial, recreational or public purpose.
 - The breeding, rearing and harvesting of plants and animals takes place **in all types of water environments** including ponds, rivers, lakes, the ocean and man-made “closed” systems on land.
- **Purposes:**
 - Food production for human consumption;
 - Rebuilding of populations of threatened and endangered species;
 - Habitat restoration;
 - Wild stock enhancement;
 - Production of baitfish; and
 - Fish culture for zoos and aquariums.

What is Tilapia?



- Tilapia, also dubbed aquatic chicken, has emerged to be **one of the most productive and internationally traded fish foods** in the world.

- The culture of tilapia has become **commercially popular in many parts of the world** and due to its quick growth and low maintenance cultivation, it was dubbed **aquatic chicken**.
- Tilapia is tolerant of a variety of aquaculture environments; it can be farmed in brackish or salt water and also in pond or cage systems.

What is the State of Fisheries in India?

- **About:**
 - Fishing is the **capture of aquatic organisms in marine, coastal and inland areas**.
 - Marine and inland fisheries, together with aquaculture, **provide food, nutrition and a source of income** to millions of people around the world, from harvesting, processing, marketing and distribution.
 - For many it also forms part of **their traditional cultural identity**.
 - One of the greatest threats to the sustainability of global fishery resources is illegal, unreported and unregulated fishing.
- **Significance:**
 - Fisheries is one of the **fastest growing sectors** amongst the primary producing sectors.
 - India is the **second largest fish producing country** in the world accounting for 7.56% of global production and contributing about 1.24% to the country's **Gross Value Added (GVA) and over 7.28% to the agricultural GVA**.
 - India is the **4th largest exporter** of fish in the world.
 - The sector plays a **vital role in economic and overall development** of the country, also referred as the **“Sunrise Sector”**, it is poised to **bring in immense potential through equitable and inclusive growth**.
 - The sector is recognized as a **powerful engine for providing employment to 14.5 million people** and sustaining livelihood for the 28 million fishermen community of the country.
 - The fisheries sector has witnessed three **major transformations in the last few years:**
 - The growth of inland aquaculture, specifically freshwater aquaculture.
 - The mechanization of capture fisheries.
 - The successful commencement of brackish water shrimp aquaculture.

Note:

➤ Challenges:

- The **Food and Agriculture Organization (FAO)** points out that **nearly 90% of the global marine fish stocks** have either been fully **exploited or overfished** or depleted to the extent that recovery may not be biologically possible.
- Discharge of harmful substances like plastics and other waste into water bodies that cause devastating consequences for aquatic life.
- **Changing climate.**

What are the Government Initiatives for Fisheries?

- **Fisheries and Aquaculture Infrastructure Development Fund (FIDF)**
- **Blue Revolution**
- **Extension of Kisan Credit Card (KCC)**
- **Marine Products Export Development Authority.**
- **Seaweed Park**

India Blockchain Platform

Why in News?

Recently, India has made several efforts to become a digital society by building a large citizen-scale digital public infrastructure with a significant push from the government.

What is Public Digital Infrastructure?

➤ About:

- It refers to **digital solutions that enable basic functions essential for public and private service delivery, i.e., collaboration, commerce, and governance.**

➤ Indian Initiatives:

- The Government of India and the **Reserve Bank of India (RBI)** have been **promoting simplification and transparency to increase the speed of interaction between individuals, markets, and the government.**
 - With the commencement of the **Digital India mission** in 2015, the **payments, provident fund, passports, driving licenses, crossing tolls, and checking land records** all have been transformed with modular applications built on **Aadhaar, Unified Payments Interface (UPI), and the India Stack.**

➤ Limitations:

○ Not Interconnected:

- The existing different digital infrastructures are not interconnected as a design.

○ Not Interoperable:

- There is need for a technical integration is required to make them conversant and interoperable.

○ Inefficient:

- Today, information travels across multiple systems, and they mostly rely on limited private databases, which makes it more complex, as more network grows it increases the cost and creates inefficiency.

What are Other Efficient Digital Systems?

➤ Web 3.0:

○ About:

- **Web 3.0** is a **decentralized internet** to be run on **blockchain technology**, which would be different from the versions in use, **Web 1.0 and Web 2.0.**

- The internet in Web 1.0 was mostly static web pages where users would go to a website and then read and interact with the static information.

- In Web 2.0 users **can create content** - primarily, a social media kind of interaction.

- In Web 3.0, **users will have ownership stakes in platforms and applications** unlike now where tech giants control the platforms.

○ Significance:

- The Web 3.0 architecture establishes a new version of **the Internet protocol incorporating token-based economics, transparency, and decentralization.**

- It is not only the cryptocurrencies but also **NFTs or non-fungible tokens**, representing physical assets or digital twins.

- A user can access all ecosystem benefits using a distributed token where they can show proof of ownership, tax history, and payment instruments.

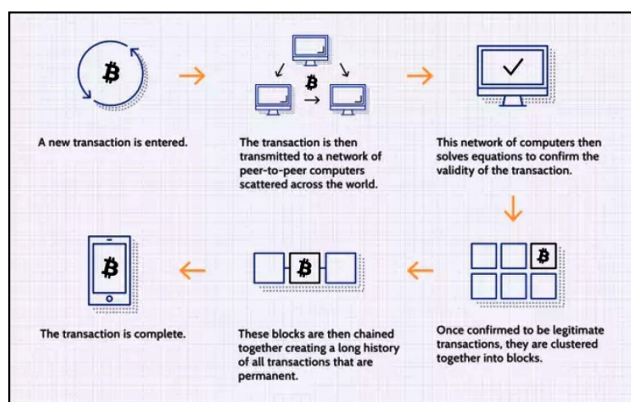
- The blockchain records could be visible, compiled, and audited by the regulators in real time.

➤ Blockchain:

Note:

○ About:

- A blockchain is a **distributed database or ledger that is shared among the nodes of a computer network**.
- As a database, a blockchain **stores information electronically in digital format**.
- Blockchains are best known for their crucial role in cryptocurrency systems, such as Bitcoin, for maintaining a secure and decentralized record of transactions.
- The innovation of a blockchain is that it **guarantees the fidelity and security of a record of data and generates trust without the need for a trusted third party**.



○ Global Adoption:

- **Estonia**, the world's **blockchain capital**, is using **blockchain infrastructure to verify and process all e-governance services offered to the general public**.
- **China**, launched **BSN (Blockchain-based Service Network)** to deploy blockchain applications in the cloud at a streamlined rate.
- In **Britain**, the Centre for Digital Built Britain is running the National Digital Twin program (NDTP) to foster collaboration between owners and developers of digital twins in the built environment.
- The **Brazilian government** recently launched the Brazilian Blockchain Network to bring participating institutions in governance and the technological system that facilitates blockchain adoption in solutions for the public good.

○ Applications:

- They are well-established **decentralized finance (DeFi)** platforms that rely on blockchain infrastructure.

- These platforms have a multi-country presence and usage and do not come under any particular regulatory ambit.
- **DeFi allows users to borrow and lend cryptocurrencies on a short-term basis at algorithmically determined rates**.
- DeFi users are rewarded with tokens that confer governance rights, which are analogous to seats on the protocol's board.
- For example:

- The blockchain provider **Solana** launched a **prototype smartphone with hardware and security that can support decentralized apps** for people interested in crypto wallets, Web3, and NFTs.

The Developed Country Goal

Why in News?

Recently, the **Prime Minister** in his Independence Day Speech laid out Panch Pran (Five Vows) to be completed by 2047 when India celebrates 100 years of Independence,

- The first vow is for India to become a **Developed Country in the next 25 years**.
- The remaining pledges for 2047 are - **removing any sign of servility, pride in heritage, unity and fulfilling our duties**.

What is a Developed Country?

- A **Developed Country** is industrialised, has a high quality of life, a **developed economy** and advanced technological infrastructure relative to less industrialised nations.
- Whereas developing countries are **those in the process of industrialisation or are pre-industrial and almost entirely agrarian**.
- The most common criteria for evaluating the degree of economic development are:

○ GDP:

- The **Gross Domestic Product (GDP)**, or the monetary measure of all goods and services produced in a country in a year.
- Countries with a high GDP and **per capita income** (the amount of money earned per person) are considered developed.

Note:

○ Dominate Tertiary and Quaternary Sector:

- The Countries in which the **tertiary** (companies that provide services such as entertainment, financial, and retailers) and **quaternary sectors of industry** (knowledge-based activities such as **information technology**, research, and development, as well as consulting services and education) dominate are described as developed.

○ Post-Industrial Economies:

- Also, the developed countries generally have **more advanced post-industrial economies, meaning the service sector provides more wealth than the industrial sector.**

○ Human Development Index:

- Other criteria are the scale of infrastructure, the general standard of living, and the **Human Development Index (HDI).**

- As the HDI focuses on indices for life expectancy and education and **does not take into account factors** such as **the net wealth per capita or the relative quality of goods in a country.**
- This is why even some of the most advanced countries, including the **G7 members** (Canada, France, Germany, Italy, Japan, the UK, the US, and the European Union) and others, do not do too well on HDI. That's why countries like Switzerland rank high on HDI.

What is the Definition of a Developed Country?

- There is no all-agreed definition of a developed country.
- Agencies such as the **United Nations**, the **World Bank**, the **World Trade Organization**, and the World Economic Forum use their indicators to club developed and developing countries.
- For example, the UN classifies countries into low, lower-middle, upper-middle, and high-income countries.
 - This classification is based on an individual country's gross national income (GNI) per capita.
 - Low –Income Economy: GNI per capita of up to \$1,085
 - Lower Middle-income: GNI per capita up to \$4,255
 - Upper-Middle-income: GNI per capita \$13,205
 - High-Income economy: GNI per capita above \$13,205

Why is the United Nations Classification Contested?

- The UN classification is **not very accurate as it focuses on limited analytical value.** due to which only the **top three countries - the US, the UK & Norway are categorized as developed countries.**
- Whereas, **almost there are 31 developed countries, and the rest except 17** (economies in transition) are designated as **developing countries.**
- In the case of China, the country's capita income is closer to Norway's than Somalia's.
 - China's per capita income is 26 times that of Somalia's while Norway's is just about seven times that of **China's, but still, it got the tag of a developing country.**
- On the other hand, a country like **Ukraine, with a per capita GNI of \$4,120** (a third of China's) designated as **economies in transition rather than a developed nation.**

Expansion of Emergency Credit Line Guarantee Scheme

Why in News?

Recently, the government approved an enhancement in the Emergency Credit Line Guarantee Scheme (ECLGS) to enterprises in hospitality and related sectors as the pandemic disrupted these sectors.

- The government has increased the amount by Rs 50,000 crore from Rs. 4.5 Lakh crore to Rs. 5 Lakh crore for these sectors which will valid till 31st March, 2023.

What is an Emergency Credit Line Guarantee Scheme?

About:

- ECLGS was **rolled out in 2020** as part of the Centre's **Aatmanirbhar package** in response to the **Covid-19** crisis.
- The objective was **to support small businesses struggling to meet their operational liabilities** due to the imposition of a nationwide lockdown.
- **A 100% guarantee is provided by the National Credit Guarantee Trustee Company (NCGTC)** to Member Lending Institutions (MLIs) - banks, financial institutions and **Non-Banking Financial Companies (NBFCs).**

Note:

- The credit product for which guarantee would be provided under the Scheme shall be named as 'Guaranteed Emergency Credit Line (GECL)'.

➤ ECLGS 1.0:

- To provide fully guaranteed and collateral free additional credit to **MSMEs, business enterprises, MUDRA borrowers** and individual loans for business purposes to the extent of 20% of their credit outstanding as on 29th February, 2020.
- MSMEs with up to Rs 25. crore outstanding and Rs. 100 crore turnovers were eligible.
 - However, the turnover cap was removed post amendment to ECLGS 2.0 in November 2020.

➤ ECLGS 2.0:

- The amended version focused on entities in **26 stressed sectors** identified by the **Kamath Committee** along with the healthcare sector with credit outstanding of more than Rs. 50 crore and up to Rs. 500 crores as of 29th February, 2020.
- The scheme also mandated borrower accounts to be less than or equal to 30 days past due as of 29th February, 2020, that is, they should not have been classified as **SMA 1, SMA 2, or NPA** by any of the lenders as of 29th February 2020.
 - **SMAs are special mention accounts**, which show signs of incipient stress, that lead to the borrower defaulting in servicing the debt.

- While **SMA-0 accounts** have payments partially or wholly overdue for **1-30 days**, **SMA-1 and SMA-2** accounts have payments overdue for **31-60 days and 61-90 days** respectively.

- The revised scheme also has a five-year repayment window up from four years in ECLGS 1.0.

➤ ECLGS 3.0:

- It involves extending credit of up to 40% of total credit outstanding across all lending institutions as of 29th February 2020.
- The tenor of loans granted under ECLGS 3.0 would be 6 years, including a moratorium period of 2 years.
- Covers business enterprises in **Hospitality, Travel & Tourism, Leisure & Sporting** sectors, which had, as on 29th february 2020,
 - Total credit outstanding not exceeding Rs. 500 crore and overdue, if any, were for 60 days or less.

➤ ECLGS 4.0:

- A 100 % guarantee to cover **loans up to Rs 2 crore to hospitals, nursing homes, clinics, medical**

colleges for setting up on-site oxygen generation plants with the interest rate capped at 7.5 %.

What is National

Credit Guarantee Trustee Company Ltd?

- NCGTC is a **private limited company incorporated under the Companies Act, 1956** in 2014, established by the Department of Financial Services, Ministry of Finance, as a wholly owned company of the **Government of India**, to act as a common trustee company for multiple credit guarantee funds.
 - Credit guarantee programmes are **designed to share the lending risk of the lenders and in turn, facilitate access to finance** for the prospective borrowers.

Gross State Domestic Product

Why in News?

Recently, the Union Ministry of Statistics and Programme Implementation has released figures for the Gross State Domestic Products.

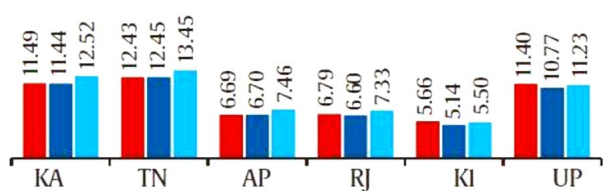
- The economies of **19 states and Union Territories** exceeded their **pre-Covid levels**, with 7 recording **double-digit growth rates during 2021-22**.
- The growth rates of 11 states including Gujarat and Maharashtra were not available for 2021-22.

What are the Key Findings?

HOW STATES FARED AFTER COVID

Gross State Domestic Product at constant (2011-12) prices

■ 2019-20 ■ 2020-21 ■ 2021-22 Figures in Rs '000 cr



- Size of the **Gross State Domestic Product (GSDP)** of the 19 states and UTs had **contracted or recorded a negligible growth during 2020-21** — the year when the government had imposed a **nationwide lockdown in view of the Covid-19 outbreak**.
 - **These 19 states and UTs are** Andhra Pradesh, Rajasthan, Bihar, Telangana, Delhi, Odisha, Madhya

Note:

Pradesh, Haryana, Karnataka, Tripura, Sikkim, Himachal Pradesh, Meghalaya, Jharkhand, Tamil Nadu, Jammu and Kashmir, Punjab, Uttarakhand and Puducherry.

- Their economies (**GSDP**) bounced back in 2021-22 and exceeded their pre-Covid (2019-20) levels.
 - **Kerala and Uttar Pradesh are the only exceptions** in 2021-22 which recorded **GSDP below the pre-Covid levels**.
 - **Andhra recorded the highest growth** of 11.43%, **Puducherry recorded the lowest** at 3.31%.
 - Besides Andhra Pradesh, **five other states and one UT recorded double digit growth in 2021-22**:
 - **Rajasthan**: 11.04%
 - **Bihar**: 10.98%
 - **Telangana**: 10.88%
 - **Odisha**: 10.19%
 - **Madhya Pradesh**: 10.12%
 - **Delhi**: 10.23%
- Sharp jump in the GSDP of some states is due to the **base effect**; the general trend mirrors the **post-pandemic economic recovery**.
 - In 2021-22, India's GDP expanded at 8.7% against a 6.6% contraction in 2020-21.

What is Gross State Domestic Product?

- **About:**
 - Gross State Domestic Product (GSDP) is a measure in monetary terms, **the sum total volume of all finished goods and services produced during a given period of time**, usually a year, **within the geographical boundaries of the State**, accounted without duplication.
- **Significance:**
 - Gross State Domestic Product (GSDP) or State Income is the most important indicator for measuring the economic growth of a State.
 - These estimates of the economy, over a period of time, reveal the extent and direction of the changes in the levels of economic development.
 - The State Domestic Product is classified under three broad sectors such as **Primary sector, Secondary sector and Tertiary sector** and is compiled economic activity wise as per the methodology prescribed by the **National Accounts Division, National Statistical Office, Ministry of Statistics & Programme Implementation, Govt. of India**.

- In 2015, NSO introduced the new series of national accounts statistics **with base year 2011-12**, replacing the previous series with base year 2004-05.

Self Sufficiency in Urea

Why in News?

India is hoping to end its reliance on imported urea within the next four years, till 2025 by expanding output of a locally developed version known as **Liquid Nano Urea**.

What is Liquid Nano Urea?

- It is urea **in the form of a nanoparticle**. It is a nutrient (liquid) to provide **nitrogen to plants as an alternative** to the conventional urea.
 - Urea is a **chemical nitrogen fertiliser**, white in colour, which artificially provides nitrogen, a major nutrient required by plants.
- It is developed **to replace conventional urea and it can curtail the requirement of the same by at least 50%**.
 - It contains 40,000 mg/L of nitrogen in a 500 ml bottle which is equivalent to the impact of nitrogen nutrient provided by one bag of conventional urea.
- It is **Indigenous Urea**, introduced firstly by the **Indian Farmers Fertiliser Cooperative Limited (IFFCO)** for farmers across the world.
- The first Liquid Nano Urea (LNU) plant is inaugurated at Kalol, Gujarat.

What is the Need of becoming Self Sufficient in Urea?

- India has been importing urea for decades to meet the shortfall in the supply chain. India, being one of the largest importers of urea, its **demand affects the international price of urea**.
 - India is the **world's largest buyer of Urea and Di-Ammonium Phosphate (DAP)**.
 - DAP is the **second most commonly used fertilisers** in India after urea.
 - Farmers **normally apply this fertiliser just before or at the beginning of sowing**, as it is high in phosphorus (P) that stimulates root development.
- Urea and DAP have been **hit by a sharp rise in global fertiliser prices** this year 2022 due to **supply disruptions**.
- Agriculture being the mainstay of nearly 70 % of our population, **any shortfall in supply or increase**

Note:

in the price of critical input like fertilisers is bound to have an adverse impact on the overall economic performance of our rural sector.

- It is likely that the **demand for urea is not going to come down in the foreseeable future**, so remaining dependent on the import of urea perpetually was a very bad idea from the onset.
- In this regard, the decision to set up several brownfield urea plants in the public sector in 2016 was a very good step.
- Self-sufficiency in urea will save the government nearly Rs 40,000 crore.

What are the Related Government Initiatives?

- **Nano Urea Production:**
 - Eight new nano urea plants, which are being centrally monitored, will start production by November 2025.
 - These are located in several states, including Karnataka, Uttar Pradesh and Assam.
- **Neem Coating of Urea:**
 - The Department of Fertilizers (DoF) has made it mandatory for all the domestic producers to produce 100% urea as Neem Coated Urea (NCU), to Improve soil health, Reduce usage of plant protection chemicals etc.
- **New Urea Policy (NUP) 2015:**
 - Objectives of the policy are,
 - To maximize indigenous urea production.
 - To promote energy efficiency in the urea units.
 - To rationalize the subsidy burden on the Government of India.
- **New Investment Policy- 2012:**
 - The Government announced New Investment Policy (NIP)-2012 in January, 2013 and made amendments in 2014 to facilitate fresh investment in the urea sector and to make India self-sufficient in the urea sector.
- **Policy on Promotion of City Compost:**
 - The Government of India approved a policy on promotion of City Compost, notified by the DoF in 2016 granting Market Development Assistance of Rs. 1500/- for scaling up production and consumption of city compost.
- **Use of Space Technology in Fertilizer Sector:**

- DoF commissioned a three year Pilot Study on "Resource Mapping of Rock Phosphate using Reflectance Spectroscopy and Earth Observations Data" by National Remote Sensing Centre under ISRO, in collaboration with Geological Survey of India (GSI) and the Atomic Mineral Directorate (AMD).

➤ The Nutrient Based Subsidy (NBS) Scheme:

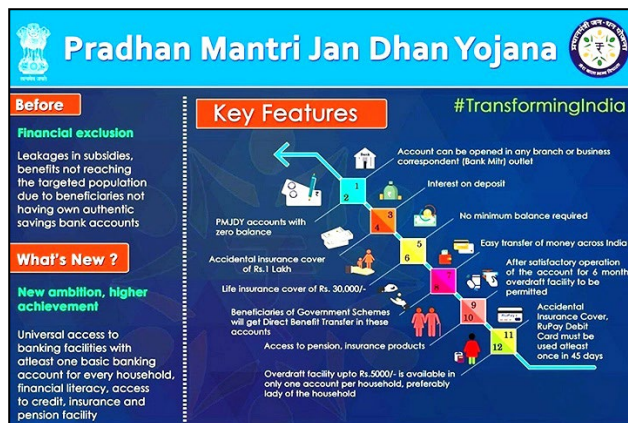
- It has been implemented from April 2010 by the Ministry of Chemicals and Fertilizers' Department of Fertilizers.
- Under NBS, a fixed amount of subsidy decided on an annual basis, is provided on each grade of subsidized Phosphatic & Potassic (P&K) fertilizers depending on its nutrient content.

Eight Years of Pradhan Mantri Jan Dhan Yojna (PMJDY)

Why in News?

Recently, **Pradhan Mantri Jan Dhan Yojana (PMJDY)** - National Mission for **Financial Inclusion**, completed eight years of successful implementation.

- **More than 46.25 crore beneficiaries banked under PMJDY since inception, amounting to Rs. 1,73,954 crores.**



What is Pradhan Mantri Jan Dhan Yojana (PMJDY)?

- **About:**
 - **Pradhan Mantri Jan Dhan Yojana (PMJDY)** is the **National Mission for Financial Inclusion**.
 - It ensures **access to financial services, namely, Banking/ Savings & Deposit Accounts, Remittance, Credit, Insurance, Pension** in an affordable manner.

Note:

- PMJDY has been the foundation stone for **people-centric economic initiatives**. Whether it is **Direct Benefit Transfer (DBT)**, **Covid-19** financial assistance, **PM-KISAN**, increased wages under **Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA)**, life and health insurance cover, the first step of all these initiatives is to provide every adult with a bank account, which PMJDY has nearly completed.
- **Objectives:**
 - Ensure **access to financial products & services** at an affordable cost.
 - **Use of technology to lower cost** & widen reach.
- **Basic tenets of the scheme:**
 - **Banking the unbanked:** Opening of **basic savings bank deposit (BSBD) account** with minimal paperwork, relaxed KYC, e-KYC, account opening in camp mode, zero balance & zero charges.
 - **Securing the unsecured:** Issuance of **Indigenous Debit cards for cash withdrawals & payments** at merchant locations, with **free accident insurance coverage of Rs. 2 lakhs**.
 - **Funding the unfunded:** Other financial products like **micro-insurance, overdraft for consumption, micro-pension & micro-credit**.

What is Financial Inclusion?

- **Financial inclusion** is defined as the process of **ensuring access to financial services and timely and adequate credit where needed by vulnerable groups** such as weaker sections and low-income groups at an affordable cost.
- In a diverse country like India, financial inclusion is a critical part of the development process. Since independence, the **combined efforts of successive governments, regulatory institutions, and civil society have helped in increasing the financial-inclusion net in the country**.
- Being able to have access to a transaction account is a **first step toward broader financial inclusion since a transaction account allows people to store money, and send and receive payments**.
 - A transaction account serves as a **gateway to other financial services**.

What are the Other Initiatives to Increase Financial Inclusion in India?

- **Digital Identity (Aadhaar)**

- **National Centre for Financial Education (NCFE)**
- **Centre for Financial Literacy (CFL) Project**
- **Expansion of financial services in Rural and Semi-Urban Areas**
- **Promotion of Digital Payments**

What are the Six Pillars of the Scheme?

- **Universal access to banking services:** Branch and Banking Correspondents.
- **Overdraft Facility:** **Basic savings bank accounts with overdraft facility** of Rs. 10,000/- to every eligible adult.
- **Financial Literacy Programme:** Promoting savings, use of ATMs, getting ready for credit, availing insurance and pensions, using **basic mobile phones for banking**.
- **Creation of Credit Guarantee Fund:** To provide banks some guarantee against defaults.
- **Insurance:** Accident cover up to Rs. 1,00,000 and life cover of Rs. 30,000 on account opened between 15 Aug 2014 to 31 January 2015.
- **Pension scheme** for Unorganized sector.

Regional Rural Banks

Why in News?

Recently, a meeting was held between the finance minister and the heads of banks to discuss various reforms in Regional Rural Banks (RRBs).

What are RRBs?

- **About:**
 - The Regional Rural Banks (RRBs) were established in 1975 under the provisions of the Ordinance promulgated on 26th September 1975 and Regional Rural Banks Act, 1976.
 - RRBs are **financial institutions** which ensure adequate credit for agriculture and other rural sectors.
 - The RRBs **combine the characteristics of a cooperative in terms of the familiarity of the rural problems** and a commercial bank in terms of its professionalism and ability to mobilise financial resources.
 - After the reforms in the 1990s, the government in 2005-06 **initiated a consolidation program** that resulted in the number of RRBs declining from

Note:

196 in 2005 to 43 in FY21, and 30 of the 43 RRBs reported net profits.

➤ Functions:

- The basic functions of a bank can be summarized as follows:
 - To provide safety to the savings of customers
 - To create credit and increase the supply of money
 - To encourage public confidence in the financial system
 - To mobilize the savings of public
 - To increase its network so as to reach every segment of the society
 - To provide financial services to all customers irrespective of their level of income
 - To bring in social equity by providing financial services to every stratum of society.

What are the Issues Related to RRBs?

- **Rising Cost:** The rising cost of operations of **Regional Rural Banks (RRBs)** as compared to scheduled commercial banks.
 - The government wants them to work towards increasing their earnings.
- **Limited Activities:** Due to the fact that many of these branches don't have enough business, they are incurring losses.
 - In rural areas, they mainly offer government schemes like **Direct Benefit transfer**.
- **Low Internet Banking:** At present only 19 RRBs have internet banking facilities and 37 have mobile banking licenses.
 - Existing regulations allow only those RRBs to offer internet banking which maintains minimum statutory **capital to risk-weighted assets ratio (CRAR)** of more than 10%.

What are the Suggestions by the Government?

- It has asked RRBs to move towards **digitization, including offering internet banking services** to its customers and expanding their credit base further through increased lending to the **Micro, Small, and Medium Enterprises (MSME) sector**.
 - So that they become financially sustainable
- It urged the sponsor banks to formulate a clear roadmap in a time-bound manner to further strengthen the RRBs and support the post-pandemic economic recovery and

- Also, suggested conducting a workshop on RRBs and sharing the best practices with each other.

Financial Inclusion Index: RBI

Why in News?

The **Reserve Bank of India** has released the **Composite Financial Inclusion Index (FI-Index)** for the year ended 31st March 2022.

What are the Findings?

- India's Financial Inclusion Index has improved to **56.4 from 53.9** in the previous year 2021.
- The improvement has been seen across **all its sub-indices (Access, Usage and Equality)**.

What is the Financial Inclusion Index?

➤ About:

- It is a comprehensive index incorporating **details of banking, investments, insurance, postal as well as the pension sector** in consultation with the government and respective sectoral regulators.
- It was developed by the RBI in 2021, **without any 'base year'**, and is published in July every year.

➤ Aim:

- To **capture the extent of Financial Inclusion across the country**.
- The FI-Index is responsive to ease of access, availability and usage of services and quality of services, consisting of **97 indicators**.

➤ Parameters:

- It captures information on various aspects of financial inclusion in a single value **ranging between 0 and 100**, where 0 represents complete financial exclusion and **100 indicates full financial inclusion**.
- It comprises **three broad parameters** (weights indicated in brackets) viz., Access (35%), Usage (45%), and Quality (20%) with each of these consisting of various dimensions, which are computed based on a number of indicators.
 - The index is **responsive** to ease of access, availability and usage of services, and quality of services **for all 97 indicators**.

Note:



drishti

What is the Significance of FI Index?

- **Measures Level of Inclusion:**
 - It provides **information on the level of financial inclusion** and measures financial services for use in internal policy making.
- **Development Indicators:**
 - It can be **used directly as a composite measure** in development indicators.
- **Fulfil the G20 Indicators:**
 - It **enables fulfilment of G20 Financial Inclusion Indicators** requirements.
 - The G20 indicators assess the state of financial inclusion and digital financial services, nationally and globally.
- **Facilitate Researchers:**
 - It also **facilitates researchers to study the impact of financial inclusion** and other macroeconomic variables.

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- In a diverse country like India, financial inclusion is a critical part of the development process. Since independence, the **combined efforts of successive governments, regulatory institutions, and civil society have helped in increasing the financial-inclusion net** in the country.
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What are the Initiatives to Increase Financial Inclusion in India?

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- **Expansion of financial services in Rural and Semi-Urban Areas**
- **Promotion of Digital Payments**

Udyam Portal

Why in News?

Around one crore Micro, Small and Medium Enterprises (MSMEs) have registered on the **Udyam portal** within a span of 25 months, according to the Union Minister of **Micro, Small, and Medium Enterprises**.

What is Udyam Portal?

- **About:**
 - It was launched on 1st July, 2020.
 - It's an online system for registering MSMEs, launched by the Union MSME ministry.
 - Further, it is linked to the databases of the **Central Board of Direct Taxes (CBDT)** and **Goods and Services Tax Network (GSTN)**.
 - GSTN is a **unique and intricate IT enterprise** that establishes a channel of communication and interaction between taxpayers, the central and various state governments, and other stakeholders.
 - It is fully online, does not require any documentation, and is a step towards **Ease of Doing Business for MSMEs**.
- **Significance:**
 - Udyam registrations are essential for MSMEs to utilize the benefits of schemes for the Ministry of MSME and for **Priority Sector Lending** from banks.
 - Also, MSMEs contribute to the GDP, exports, and employment generation of the country.
- **New Initiatives:**
 - The **MSME ministry signed MoUs with the Ministry of Tourism and the National Small Industries Corporation for the sharing of Udyam data**.
 - Further, the **Digi locker** facility for Udyam registration would be linked.

What are MSME?

- **About:**
 - The Micro Small and Medium Enterprises (MSMEs) sector is a **major contributor to the socio-economic development of the country**.
 - In India, the sector has gained significant importance due to its **contribution to the Gross Domestic Product (GDP) of the country and its exports**.

Note:

- The sector has also contributed immensely with respect to **entrepreneurship development, especially in semi-urban and rural areas of India.**

- According to the provisions of the Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small, and Medium Enterprises (MSME) are **classified into two classes i.e., Manufacturing Enterprises and Service Enterprises.**

- The enterprises are further categorized **based on investment in equipment and annual turnover.**

➤ **Related initiatives:**

- **Scheme of Fund for Regeneration of Traditional Industries (SFURTI).**
- **A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE).**
- **MSME Innovative Scheme.**

FRP for Sugarcane and Sugar Industry in India

Why in News?

The **Cabinet Committee on Economic Affairs** has hiked **Fair and Remunerative Price (FRP)** of sugarcane for sugar season 2022-23 (October - September) by Rs 15 per quintal.

- The Centre has also announced a premium of Rs 3.05 per quintal for each 0.1% increase in recovery of sugar over and above 10.25% and reduction in FRP by Rs 3.05 per quintal for every 0.1% decrease in recovery.
- **Recovery rate is the amount of sugar that sugarcane fetches** and higher the quantum of sugar derived from sugarcane, greater the price it fetches in the market.

How is Sugarcane Cultivated?

- **Temperature:** Between 21-27°C with hot and humid climate.
- **Rainfall:** Around 75-100 cm.
- **Soil Type:** Deep rich loamy soil.
- **Top Sugarcane Producing States:** Maharashtra > Uttar Pradesh > Karnataka
- It can be grown **on all varieties of soils ranging from sandy loam to clay loam** given these soils should be well drained.

- It needs **manual labour** from sowing to harvesting.
- It is the main source of **sugar, gur (jaggery)**, kandsari and molasses.
- Scheme for Extending Financial Assistance to Sugar Undertakings (SEFASU) and **National Policy on Biofuels** are two of the government initiatives to support sugarcane production and the sugar industry.

How are the Prices of Sugarcane Determined?

- The **Prices** of Sugarcane are Determined by the **Central Government (Federal Government)** and the **State Governments.**
- **Central Government:** Fair and Remunerative Price (FRP)
 - The Central Government announces **Fair and Remunerative Prices** which are determined on the recommendation of the **Commission for Agricultural Costs and Prices (CACP)** and announced by the Cabinet Committee on Economic Affairs (CCEA).
 - CCEA is chaired by the Prime Minister of India.
 - The FRP is based on the Rangarajan Committee report on reorganising the **sugarcane industry.**
- **State Government:** State Advised Prices (SAP)
 - The SAP is announced by the **Governments of key sugarcane producing states.**
 - SAP is generally **higher than FRP.**

What is the Status of the Sugarcane Sector in India?

- **Largest Producer:**
 - India is the **largest producer of Sugarcane** in the World.
 - India has surpassed Brazil in the sugar production **in the current sugar season 2021-22.**
 - Factors like policies that incentivize production, including a minimum price, guaranteed sales of sugarcane and public distribution of sugar, **have helped India become the largest producer.**
 - However, factors like rainfall deficit, depleting groundwater table, delayed payment to cane farmers, lower net income (for the farmer) compared to other crops, labour shortage and increasing cost of labour, followed by Covid-19 pandemic **are challenging the entire sugar sector.**
- **Second Largest Exporter:**
 - India is the Second Largest exporter of Sugar after Brazil.

Note:

- India apart from meeting its requirement for domestic consumption has also **consistently exported sugar** which has **helped in reducing the fiscal deficit**.
- About 100 LMT of sugar has been exported till August.2022 in the **current sugar season 2021-22** & exports are likely to touch 112 LMT.
- **Becoming Self-Sustainable:**
 - Earlier, sugar mills were dependent primarily on the **sale of sugar to generate revenues**. Surplus production in any season **adversely affects their liquidity leading to accumulation of cane price arrears of farmers**.
 - However, in the **past few years the sugar industry has become self-sustainable**.
 - Since, 2013-14 about Rs. **49,000 crore revenue generated by sugar mills from sale of ethanol to Oil Marketing Companies (OMCs)**.
 - In the current sugar season 2021-22, about Rs. **20,000 cr revenue is being generated by sugar mills from the sale of ethanol to OMCs**;
 - The measures taken by the Central Government and FRP enhancement have **encouraged farmers to cultivate sugarcane and facilitated continued operation of sugar factories for domestic manufacturing of sugar**.

Ethanol Plant

Why in News?

- On **World Biofuel Day 2022**, the government of India announced a **2nd generation (2G) ethanol plant** to be set up at the **Indian Oil Corporation's refinery** in Haryana.
- This ethanol plant will help reduce **air pollution** from the Delhi and the NCR region along with generating additional income and **green fuel**.

What is World Biofuel Day?

- **About:**
 - It is celebrated every year on 10th of August.
 - It is observed to **raise awareness** of the importance of **non-fossil fuels** as a substitute for **conventional fossil fuels**.
- **History:**
 - This day is observed in honour of **Sir Rudolf Diesel**.
 - He was the inventor of the **diesel engine** and was the first to predict the possibility of **vegetable oil replacing fossil fuels**.

What do we know about the Ethanol Plant?

- It will boost India's **waste-to-wealth** endeavours by utilising about **2 lakh tonnes of rice straw (parali)** annually to generate around 3 crore litres of ethanol annually.
 - This plant will also utilize **maize and sugarcane waste** besides **paddy straw** to produce ethanol.
- The project will provide **direct employment to people** involved in the plant operation and **indirect employment will be generated** in the **supply chain** for **rice straw cutting, handling, storage**, etc.
- The project will have **zero liquid discharge**.
 - Through **reduction in burning of rice straw**, the project will contribute to a **reduction of greenhouse gases** equivalent to about 3 lakh tonnes of carbon dioxide equivalent emissions per annum, which can be understood as equivalent to **replacing nearly 63,000 cars annually on the country's roads**.

What Is Ethanol?

- **About:**
 - It is one of the principal **biofuels**, which is **naturally produced** by the **fermentation of sugars** by yeasts or via **petrochemical processes** such as ethylene hydration.
 - It is a **domestically produced** alternative fuel **most commonly made from corn**. It is also made from **cellulosic feedstocks**, such as crop residues and wood.
- **Ethanol as Fuel:**
 - The use of ethanol as a fuel for **internal combustion engines**, either alone or in combination with other fuels, has been given much attention mostly because of its possible **environmental and long-term economical advantages over fossil fuel**.
 - **Ethanol can be combined with petrol** in any concentration up to pure ethanol (E100).
 - **Anhydrous ethanol** (ethanol without water) can be blended with petrol in **varying quantities** to reduce the consumption of petroleum fuels, as well as to reduce **air pollution**.

What are India's Other Initiatives regarding Biofuels?

- **Ethanol Blending Programme:**
 - It is aimed at reducing the country's dependence on **crude oil imports**, cutting carbon emissions and **boosting farmers' incomes**.

Note:

- The Government of India has advanced the target for **20% ethanol blending in petrol** (also called E20) to 2025 from 2030.
- India has already achieved the target of **10% ethanol blending in petrol** with the country's ethanol production increasing to 400 crore litres.
- **The National Policy on Biofuels–2018:**
 - It provides an indicative target of 20% ethanol blending under the Ethanol Blended Petrol (EBP) Programme by 2030.
- **E-100 Pilot Project:**
 - TVS Apache two-wheelers are designed to run on E80 or pure ethanol (E100).
- **Pradhan Mantri JI-VAN Yojana, 2019:**
 - The scheme aims to create an ecosystem for setting up commercial projects and boost Research and Development in the 2G Ethanol sector.
- **Repurpose Used Cooking Oil (RUCO):**
 - The Food Safety and Standards Authority of India (FSSAI) has launched this initiative that will enable collection and conversion of used cooking oil to biodiesel.

Decline in Counterfeit Notes

Why in News?

Recently, the Ministry of finance has informed Lok Sabha that the value of counterfeit currency in the banking system reduced from Rs 43.47 crore in 2016-17 to about Rs 8.26 crore in 2021-22.

What is Counterfeit Money?

- Counterfeiting, manufacture of false money for gain, **a kind of forgery in that something is copied so as to defraud** by passing it for the original or genuine article.
- Because of the value conferred on money and the high level of technical skill required to imitate it, counterfeiting is singled out from other acts of forgery and is treated as a separate crime under **section 489A of the Indian Penal Code**.
- Counterfeiting is the oldest technique used by **fraudsters to cheat unsuspecting individuals of their money**.

What are the Threats of Counterfeiting?

- **Economic Terrorism:**

- **FICN (Fake Indian Currency Notes)** can be seen as a form of **“economic terrorism” practiced by external sources** to damage India's economy.
- Economic terrorism refers to the **behind-the-scenes manipulation of a nation's economy by state or non-state actors**.
- The circulation of FICN threatens **India's economy while the profit that is earned from doing so is used to fund covert activities** targeting India.
- **Inflation:**
 - The circulation of a large amount of fake currency **increases the amount of money in circulation**, which may lead to high demand for goods and commodities.
 - The rise in demand in turn creates a **scarcity of goods, leading to a rise in the price** of the goods.
 - This leads to **currency devaluation**.
- **Non-Reimbursement of Losses:**
 - The non-reimbursement policy of banks is another issue that occurs when banks reject the fake notes and do not reimburse the losses.
 - Firms which are involved in daily cash transactions **face heavy losses in the long run thanks to the infiltration of FICN into the economy**.
- **Loss of Public Confidence:**
 - Other effects of counterfeit currency include the loss of public confidence, **black marketing** of products, illegal stocking of products, etc.

What are the Measures to Control Fake Currency?

- **Demonetisation:**
 - On 8th November 2016 Rs. 500 and Rs. 1,000 notes were withdrawn from the system in 2016, to discourage the use of high-denomination notes for illegal transactions and to **curb Counterfeiting**.
 - **Demonetisation** is the act of **stripping a currency unit of its status as legal tender**.
- **Bi-Luminescent Security Ink:**
 - The **Council of Scientific and Industrial Research (CSIR)**-National Physical Laboratory has developed a **bi-luminescent security ink which glows in red and green colours** when illuminated by two different excitation sources.
- **Terror Funding and Fake Currency (TFFC) Cell:**

Note:

- A Terror Funding and Fake Currency (TFFC) Cell has been constituted in **National Investigation Agency (NIA)** to conduct focused investigation of terror funding and fake currency cases.
- **FICN Coordination Group:**
 - **FICN Coordination Group (FCORD)** has been formed by the Ministry of Home Affairs to share intelligence/information among the security agencies of the states/centre to counter the problem of circulation of fake currency notes.
- **MoU between India-Bangladesh to Counter Fake Currency:**
 - Memorandum of Understanding (MoU) has been signed between India and Bangladesh **to prevent and counter smuggling and circulation of fake currency notes.**
 - Also, security at the international borders has **been strengthened by using new surveillance technology.**

GIFT City and Bullion Exchange

Why in News?

Recently, the Prime Minister has laid the foundation stone of the headquarters building of the **International Financial Services Centers Authority (IFSCA)** in GIFT City, Gandhinagar.

- The building has been conceptualized as an iconic structure, reflective of the growing prominence and stature of GIFT-IFSC as a leading International Financial Centre.
- He also launched the **India International Bullion Exchange (IIBX)**, India's first International Bullion Exchange in GIFT-IFSC the NSE IFSC-SGX Connect.

What is a Bullion Exchange?

- **Bullion**
 - Bullion refers to **physical gold and silver of high purity that is often kept in the form of bars, ingots, or coins.**
 - Bullion can sometimes be considered **legal tender and is often held as reserves by central banks** or held by institutional investors.
 - The Government had notified in August 2020 about the Bullion Spot Delivery Contract and Bullion Depository Receipt (BDR) with **underlying Bullion as Financial Product and related services as Financial Services.**

➤ Bullion Exchange:

- A bullion Exchange is a market through which **buyers and sellers trade gold and silver as well as associated derivatives.**
- There are various bullion markets around the world with the **London Bullion Market known as the primary global market** trading platform for gold and silver.

What is IIBX?

➤ About:

- India International Bullion Exchange (IIBX) was first announced in the Union Budget 2020 for easing the Gold Import by Jewellers in India.
- It is a **platform that not only enrolls jewellers to trade on the exchange, but has also set up necessary infrastructure** to store physical gold and silver.
- IIBX will facilitate efficient price discovery with the assurance of responsible sourcing and quality, apart from giving impetus to the financialisation of gold in India.
 - IFSCA is entrusted with notifying the eligible qualified jewellers in India for directly importing gold through IIBX.

➤ Significance

- It will empower **India to gain its rightful place in the global bullion market and serve the global value chain** with integrity and quality.
- IIBX also re-enforces the commitment of the Government of India towards enabling India to be able to influence global bullion prices as a principal consumer.

What is GIFT City?

- **GIFT (Gujarat International Finance Tec-City) City** is located in Gandhinagar, Gujarat.
- It consists of a **multi-service Special Economic Zone (SEZ)**, which houses India's first International Financial Services Centre (IFSC) and an exclusive **Domestic Tariff Area (DTA).**
- GIFT city (Gujarat International Finance Tec-City) is envisaged as an **integrated hub for financial and technology services not just for India but for the world.**
 - IFSCA is the **unified regulator for the development and regulation of financial products, financial**

Note:

services and financial institutions in International Financial Services Centers (IFSCs) in India.

- The social infrastructure in the city includes a school, medical facilities, a proposed hospital, GIFT City business club with indoor and outdoor sports facilities. It also includes integrated well-planned residential housing projects making GIFT City a truly “Walk to Work” City.

What is NSE IFSC-SGX Connect?

- It is a **framework between NSE’s subsidiary in the GIFT International Financial Services Centre (IFSC) and Singapore Exchange Limited (SGX)**.
- Under Connect, all orders on NIFTY derivatives placed by members of Singapore Exchange will be **routed to and matched on the NSE-IFSC order** matching and trading platform.
- Broker-Dealers from India and across international jurisdictions are expected to participate in large numbers for trading derivatives through Connect.
- It will **deepen liquidity in derivative markets at GIFT-IFSC**, bringing in more international participants and creating a positive impact on the financial ecosystem in the GIFT-IFSC.

What is the International Financial Services Centres Authority?

- **Establishment:**
 - It was established in April 2020 under the International Financial Services Centres Authority Act, 2019.
 - It is headquartered at GIFT City, Gandhinagar in Gujarat.
- **Functions:**
 - The Authority shall regulate all such financial services, financial products and Financial Institutions in an IFSC. It may also recommend to the Central Government such other financial products, financial services and financial institutions which may be permitted in the IFSCs.
- **Powers:**
 - All powers exercisable by the respective financial sector regulatory (**viz. Reserve Bank of India, Securities and Exchange Board of India, IRDAI, and Pension Fund and Regulatory Development Authority etc.**) under the respective Acts shall be solely exercised by the Authority in the IFSCs in so far as the regulation of financial products, financial services and FIs that are permitted in the IFSC are concerned.

➤ Processes and Procedures:

- The processes and procedures to be followed by the Authority shall be governed in accordance with the provisions of the respective Acts of Parliament of India applicable to such financial products, services or institutions, as the case may be.

➤ Grants by the Central Govt:

- The Central Govt. may, after due appropriation made by Parliament by law on this behalf, make to the Authority grants of such sums of money as the Central Government may think fit for being utilized for the purposes of the Authority.

➤ Transactions in Foreign Currency:

- The transactions of financial services in the IFSCs shall be done in the foreign currency as specified by the Authority in consultation with the Central Govt.

Trade Infrastructure for Export Scheme (TIES Scheme)

Why in News?

Recently, the central government has released Rs 206 crore to states for the promotion of exports under the **Trade Infrastructure for Export Scheme (TIES)** initiative.

- Under the TIES, financial assistance for 27 export infrastructure projects have been approved during FY 2019-20 to 2022-23.

What is Trade Infrastructure for Export Scheme (TIES)?

➤ About:

- **Union Ministry of Commerce and Industry** launched the Trade Infrastructure for Export Scheme (TIES) in 2017.
 - After delinking the **Assistance to States for Development of Export Infrastructure and Allied Activities (ASIDE) Scheme** in 2015, the State Governments had been consistently requesting the support of the Centre in creation of export infrastructure.

➤ Objective:

Note:

- To assist Central and State Government agencies in the creation of appropriate infrastructure for the growth of exports.
- **Scope:**
 - The scheme can be availed by States through their implementing agencies, for infrastructure projects with significant export linkages like **Border Haats, Land customs stations, quality testing and certification labs, cold chains, trade promotion centres, export warehousing and packaging, SEZs and ports/airports cargo terminuses.**
- **Extent of Financial Assistance:**
 - The Central Government assistance for infrastructure creation will be in the form of grant-in-aid, normally not more than the equity being put in by the implementing agency or 50% of the total equity in the project.
 - In the case of projects located in North Eastern States, Himalayan States including UT of J&K, Ladakh this grant can be up to 80% of total equity.
- **Negative List of Projects that will not be Considered under this Scheme:**
 - Projects which are covered under sector specific schemes like **textiles, electronics, IT.**
 - General infrastructure projects like **highways, power etc.**
 - Projects where an overwhelming export linkage cannot be established.



Jawaharlal Nehru Port

Why in News?

Recently, Jawaharlal Nehru Port became the first major port of the country to become a 100% Landlord port of India having all berths being operated on PPP model.

What is Landlord Port?

- In this model, the publicly governed port authority acts as a **regulatory body and as a landlord**, while **private companies carry out port operations**—mainly cargo-handling activities.
- Here, the **port authority maintains ownership of the port** while the infrastructure is leased to private firms that provide and maintain their own superstructure and install their own equipment to handle cargo.
- In return, the landlord port gets a share of the revenue from the private entity.

What is Service Port Model?

- In service ports, the **port authority does the administration and operation of port activities.**
- The port operation includes providing navigational services, warehouse facilities, cranes, and skilled employees/laborers. the construction of infrastructure, superstructure, and providing employees, becomes the responsibility of the port authority.
- Even if the port authority act in the public interest **full ownership of the port remains with the state or the government.**
- In most cases, service ports **run on losses due to inefficiency.** Since the port belongs to the state and operations control by the port authority, workers go on strikes to obtain their demands.

What are the Key highlights of Jawaharlal Nehru Port?

- **About:**
 - It's **located in Navi Mumbai** is the premier container handling port in India, accounting for around 50% of the total containerized cargo volume, across the major ports of India.
 - It was commissioned in 1989 and in three decades of its operations, JNP has transformed from a bulk-cargo terminal to become the premier container port in the country.
- **Overview:**
 - It is one of the leading container ports in the country and is **ranked 26th among the top 100 global ports** (as per Lloyds List Top 100 Ports 2021 Report).
 - With its **state-of-the-art facilities JNP meets all the international standards, user-friendly atmosphere, and excellent connectivity** by rail and road to the hinterland.

Note:

- It is **presently handling 9000 twenty-foot equivalent units (TEUs) capacity vessels and with the upgradation, it can handle 12200 TEUs capacity vessels.**

India: Top Remittance Recipient

Why in News?

According to a report released recently by the **World Health Organisation** titled "World report on the health of refugees and migrants", India received **USD 87 billion in remittances in 2021.**

What do we know about the Report?

- **About:**
 - The report is the first to offer a global review of **health and migration** and calls for urgent and concerted action to **support refugees and migrants** across the world to access **health care services** that are sensitive to their needs.
- **Findings:**
 - **Migration:**
 - It states that '**Globally, about one in eight people** are migrants.' (Total 1 billion are Migrants)
 - From 1990 to 2020:
 - The total number of **international migrants** increased from **153 million** to **281 million.**
 - ◆ About 48% of international migrants are **women** and some 36 million are **children.**
 - As of 2020, Europe and North America hosted the **greatest number** of international migrants, followed by northern Africa and western Asia.
 - More than **half of newly recognized refugees** during the first half of 2021 were from five countries:
 - Central African Republic
 - South Sudan
 - Syrian Arab Republic
 - Afghanistan
 - Nigeria
 - **Remittance:**
 - In 2021 the **top five remittance recipients** (among low- and middle-income countries) in **current US dollars** were:

- **India:** 83 billion
 - ◆ India's remittances **rose by 4.8% in 2021.** (Remittance in 2020 at USD 83 billion)
- **China:** 53 billion
- **Mexico:** 53 billion
- **Philippines:** 36 billion
- **Egypt:** 33 billion
- As a share of **Gross Domestic Product (GDP)**, the top five remittance recipients in 2021 were smaller economies:
 - **Tonga:** 44%
 - **Lebanon:** 35%
 - **Kyrgyzstan:** 30%
 - **Tajikistan:** 28%
 - **Honduras:** 27%
- In most other areas, remittances have also recovered strongly, registering growth of **5–10% in Europe and Central Asia, the Middle East and northern Africa, Southern Asia and sub-Saharan Africa.**
- But at a slower pace of 1.4% in **Eastern Asia and the Pacific**, excluding China.

What do we know about the Remittances?

- A remittance is **money sent to another party**, usually one in another country.
- The sender is typically an **immigrant** and the recipient a relative back home.
- Remittances represent **one of the largest sources** of income for people in **low-income and developing nations.**
 - It often exceeds the amount of **direct investment and official development assistance.**
- Remittances help families afford food, healthcare, and basic needs.
- India is the world's biggest recipient of remittances.
 - Remittances bolsters India's **foreign exchange reserves** and helps fund its **current account deficit.**

Build - Operate - Transfer Model

Why in News?

National Highway Authority of India (NHAI) plans to offer at least two highway upgradation projects to private players using the **build-operate-transfer (BOT)**

Note:

model under **Public-Private Partnership**, during the third quarter of 2022.

What do we know about the Build-Operate-Transfer (BOT) Model?

➤ About:

- Under the BOT model, a **private player is granted a concession** to finance, build and operate a project for a **specified period of time** (20 or 30 year concession period), with the **developer recouping the investments by way of user charges or tolls charged** from customers using the facility, and thereby taking on a certain amount of financial risk.
- It is a conventional **Public-Private Partnership** model in which a private partner is responsible to **design, build, operate** (during the contracted period) and **transfer back** the facility to the public sector.
 - Private sector partner has to **bring the finance for the project and take the responsibility** to construct and maintain it.
- The government has decided to assess the revenue potential of a project **every five years during the concession period as against every 10 years earlier**.
 - This would mean that the concession period (or period till which road developers can collect toll) is extended early in the tenure of the contract, **ensuring surety of revenue for the private company**.

➤ Working Process:

- **Build:**
 - A private company (or consortium) **agrees with a government to invest in a public infrastructure project**. The company then secures their own financing to construct the project.
- **Operate:**
 - The private developer then **operates, maintains, and manages** the facility for an agreed concession period and recoups their investment through charges or tolls.
- **Transfer:**
 - After the concessionary period the **company transfers ownership** and operation of the facility to the government or relevant state authority.

What are the Advantages & Challenges in BoT Model?

➤ Advantages:

- The Government gets the benefit of the **private sector to mobilize finance** and to use the **best management skills** in the construction, operation and maintenance of the project.
- The private participation also ensures **efficiency and quality by using the best equipment**.
- BOT provides a mechanism and incentives for enterprises to **improve efficiency through performance-based contracts and output-oriented targets**.
- The projects are **conducted in a fully competitive bidding situation and are thus completed at the lowest possible cost**.
- The risks of the project are **shared by the private sector**.

➤ Challenges:

- There is a **profit element in the equity portion of the financing**, which is **higher** than the debt cost. This is the **price paid** for passing the risk to the private sector.
- It may take a **long time and considerable up front expenses to prepare and close a BOT financing deal** as it involves multiple entities and requires a relatively complicated legal and institutional framework. There the BOT may not be suitable for small projects.
- It may take time to **develop the necessary institutional capacity to ensure that the full benefits of BOT are realized**, such as **development and enforcement of transparent and fair bidding and evaluation** procedures and the resolution of potential disputes during implementation.

What are some other Models of PPP?

➤ Engineering, Procurement, and Construction (EPC)

- Under this model, the cost is completely borne by the government. Government invites bids for engineering knowledge from the private players. Procurement of raw material and construction costs are met by the government.

➤ Hybrid Annuity Model (HAM)

- In India, the new HAM is a mix of BOT-Annuity and EPC models. As per the design, the government will contribute 40% of the project cost in the first

Note:

five years through annual payments (annuity). The remaining payment will be made on the basis of the assets created and the performance of the developer.

➤ **Build-Own-Operate (BOO)**

- In this model ownership of the newly built facility will rest with the private party.
- On mutually agreed terms and conditions, public sector partner agrees to 'purchase' the goods and services produced by the project.

➤ **Build-Own-Operate-Transfer (BOOT)**

- In this variant of BOT, after the negotiated period of time, the project is transferred to the government or to the private operator.
- BOOT model is used for the development of highways and ports.

➤ **Build-Own-Lease-Transfer (BOLT)**

- In this approach, the government gives a concession to a private entity to build a facility (and possibly design it as well), own the facility, lease the facility to the public sector and then at the end of the lease period transfer the ownership of the facility to the government.

➤ **Design-Build-Finance-Operate (DBFO)**

- In this model, the entire responsibility for the design, construction, finance, and operation of the project for the period of concession lies with the private party.

➤ **Lease-Develop-Operate (LDO)**

- In this type of investment model either the government or the public sector entity retains ownership of the newly created infrastructure facility and receives payments in terms of a lease agreement with the private promoter. It is mostly followed in the development of airport facilities.

RBI Seeks Ban on Cryptocurrency

Why in News?

The **Reserve Bank of India (RBI)** has recommended a ban on **cryptocurrencies** citing 'destabilising effects' for the country's monetary and fiscal health.

- China has declared **all cryptocurrency transactions illegal**, effectively imposing a complete ban, whereas **El Salvador has permitted Bitcoin as legal tender**.

What is the Current Status of Crypto?

- At the moment, there is **no legislature that covers cryptocurrencies in India**. In India, owning cryptocurrencies is still not illegal. In 2020, the **Supreme Court had struck down a ban** on trading of crypto currency in India, which was imposed by the Reserve Bank of India (RBI).
- Central bank has been cautioning people against the use of virtual currencies since as far back as 2013.
- In April 2018, the **RBI had prohibited regulated entities from dealing in virtual currencies** or providing services for facilitating any person or entity in dealing with or settling them. The directive was set aside by the Supreme Court in March 2020.
- Subsequently, in May 2021, the **central bank advised its regulated entities to continue to carry out customer due diligence processes** for transactions in such currencies, in line with regulations governing standards for **Know Your Customer (KYC), Anti-Money Laundering, Combating of Financing of Terrorism**, obligations under Prevention of Money Laundering Act, 2002, etc. and **Foreign Exchange Management Act (FEMA)** Norms for overseas remittances.
- The **Union Budget 2022-2023** also proposed to introduce a **digital currency** in the coming financial year.

What are the RBI's Concerns?

- **Not a Fiat Money:**
 - Cryptocurrencies are not a currency because **every modern currency needs to be issued by the central bank** or Government.
- **Speculative and Destabilising:**
 - The value of **fiat currencies** is anchored by **monetary policy and their status as legal tender**, however the value of cryptocurrencies **rests solely on the speculation and expectations of high returns** that are not well anchored, so it will have a destabilising effect on the **monetary** and **fiscal** stability of a country.

What is Cryptocurrency?

- **About:**
 - **Cryptocurrency**, sometimes called crypto-currency or crypto, is any form of currency that exists digitally or virtually and uses cryptography to secure transactions.

Note:



drishti

- Cryptocurrencies **don't have a central issuing or regulating authority**, instead use a decentralized system to record transactions and issue new units.
 - It is supported by a **decentralized peer-to-peer network called the blockchain**.
- **Benefits:**
 - **Fast and Cheap Transactions:** Cryptocurrencies are **way cheaper to use to execute international transactions** because the transactions don't have to be handled by a series of intermediaries before they reach their destinations.
 - **Investment Destination:** There is a limited supply of cryptocurrency – partially like gold. Moreover, the last few years have seen the price of cryptocurrencies rising faster than other financial instruments.
- Due to this, **cryptocurrencies can become a preferred investment destination**.
 - **Anti-Inflationary Currency:** Due to the high demand for cryptocurrency its prices have largely remained on a growing trajectory. In this scenario, **people tend to hold more cryptocurrency than spending it**.
 - This will cause a deflationary effect on the currency.

What are the Concerns Associated with Cryptocurrency?

- **Bombardment of Advertisement:** The crypto market is seen as a way to earn quick profits. Due to this, there is bombardment of advertising, both online and offline, **to lure people into speculating in this market**.
 - However, there are concerns that these are attempts **to mislead the youth through "over-promising" and "non-transparent advertising"**.
- **Counterproductive Utility:** Unregulated crypto markets can become **avenues for money laundering and terror financing**.
- **Cryptocurrencies are Extremely Volatile:** Bitcoin skyrocketed from USD 40,000 to reach an all-time high of USD 65,000 (between January to April 2021).
 - Then in May 2021, it plunged and throughout June it remained below USD 30,000.
- **Risk to Macroeconomic and Financial Stability:** The extent of investment exposure of Indian retail

investors in this unregulated asset class, **poses a risk to Macroeconomic and Financial Stability**.

- According to a Group of Crypto exchanges, crores of Indians have invested over Rs 6,00,000 crore in crypto assets.
- **Stock Market Issues: Securities and Exchange Board of India (SEBI)** has flagged the issue that it has no control over the **"clearing and settlement"** of crypto currencies, and it cannot offer counterparty guarantee as is being done for stocks.
 - Further, whether cryptocurrency is a currency, commodity, or security has not been defined.

A Glossary for the Troubled Global Economy

Why in News?

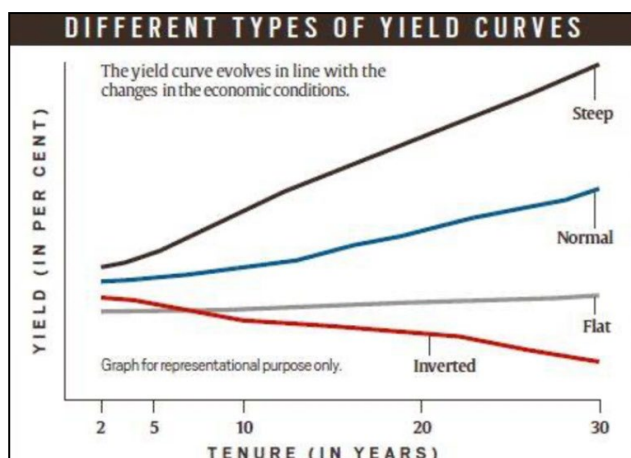
Recently, US' **Inflation** hit a record high of 9.1% in June 2022, the highest in 40 years.

- US observers have argued that the **US central bank will not be able to achieve a soft landing** for the economy if the yield curve inverts.
- **Start of reverse currency wars** has also been predicted.

What is Bond Yield Inversion?

- **Bonds:**
 - **Bonds** are essentially an **instrument through which governments (and also corporations) raise money from people**.
 - A bond's yield is the **return to an investor from the bond's coupon (interest) payments**.
 - Typically, **government bond yields** are a good way to understand the **risk-free interest rate** in that economy.
- **Yield Curve:**
 - The yield curve is the **graphical representation of yields from bonds (with an equal credit rating) over different time horizons**.
 - In other words, if one was to take the US government bonds of different tenures and plot them according to the yields they provide, **one would get the yield curve**.

Note:



➤ Bond Yield Inversion:

○ Under Normal Circumstances:

- Any economy would have an upward sloping yield curve.
 - As one lends for a **longer duration** — or as one buys bonds of longer tenure — **one gets higher yields**.
 - If one is **parting with money for a longer duration**, the return should be **higher**.
- When investors feel **confident** about the economy they **pull the money out from long-term bonds** and put it in short-term **riskier assets** such as stock markets.
- In the bond market, the **prices of long-term bonds fall**, and their **yield** (effective interest rate) **rises**.
 - This happens because **bond prices and bond yields are inversely related**.

➤ Suspicious Circumstances:

- However, when investors suspect that the economy is heading for trouble, they **pull out money from short-term risky assets** (such as stock markets) and put them in **long-term bonds**.
- This causes the **prices of the long-term bonds to rise and their yields to fall**.

What is Soft-landing?

- The process of **monetary tightening** that the **US Federal Reserve** is currently unveiling involves **not just reducing the money supply but also increasing the cost of money** (that is, the interest rate).
 - The US' Federal Reserve is **doing this to contain soaring inflation**.

- When a central bank is **successful in slowing down the economy** without bringing about a recession, it is called a **soft-landing** — that is, no one gets hurt.
 - But, when the actions of the central bank bring about a **recession**, it is called a **hard-landing**.

What is Reverse Currency Wars?

- A flip side of the US Federal Reserve action of aggressively **raising interest rates** is that **more and more investors are rushing to invest money in the US**.
 - This, in turn, has made the **dollar become stronger than all the other currencies** as the dollar is more in demand than yen, euro, yuan etc.
- A relative weakness of the local currency of other countries against the dollar makes their **exports more competitive**.
 - For instance, a Chinese or an Indian exporter gets a massive boost.
 - In the past, the US has accused other countries of **manipulating their currency** (and keeping its weaker against the dollar) just to **enjoy a trade surplus against the US**.
 - This used to be called the **currency war**.

Euro - Dollar Parity

Why in News?

Recently, the Euro and the U.S. dollar reached parity, meaning one dollar could buy one euro in the foreign exchange market.

- Since the beginning of the year, the euro has lost about 12% against the U.S. dollar and it is expected to lose more value going forward.

What determines a Currency Exchange Rate?

- The price of any currency in a market economy is determined by **supply and demand**.
 - The **supply of a country's currency** in the **foreign exchange market** is determined by various factors such as **central bank policy and the local demand for imports and foreign assets**.
 - The **demand for a country's currency**, on the other hand, is determined by factors such as **central bank policy and the foreign demand for exports and domestic assets**.

Note:

What are the factors behind Fall of the Euro?

- Divergence in the **monetary policies** of the **U.S. Federal Reserve** and the **European Central Bank** is the primary reason behind the euro's significant depreciation against the U.S. dollar.
- **Inflation** in the U.S. hit a four-decade high of 9.1% in June 2022 while inflation in the Eurozone reached its highest-ever level of 8.6% during the same month.
 - The U.S. Federal Reserve responded to the rising prices by **raising the interest rates** this year in order to **slow down U.S. money supply growth**.
 - The ECB, however, has been far less aggressive in tightening policy even though the inflation rate is as high as 22% in some European countries.
 - This has caused the **value of the euro to slide against the dollar** as currency traders witness, or at least expect, **the supply of euros in the market rising relative to the supply of dollars**.
- The value of the euro has been affected by the uncertainty in energy supplies in the wake of **Russia's invasion of Ukraine** and the ensuing actions against Russia.
 - Europe now has to **shell out more euros to import limited energy supplies**, which in turn has adversely affected the value of the euro against the U.S. dollar.

India Innovation Index 2021: NITI Aayog

Why in News?

Recently, India Innovation Index Report 2021 was released by **NITI (National Institution for Transforming India) Aayog** in which Karnataka retained its top position in the major States category.

- This is the third edition of the Report, which **highlights the scope of innovation analysis in the country by drawing on the framework of the Global Innovation Index**.
- The number of indicators has **increased from 36 (in the India Innovation Index 2020) to 66 (in the India Innovation Index 2021)**.

What is the India Innovation Index?

➤ About:

- It is a comprehensive tool for the evaluation and development of the country's innovation ecosystem.
- It ranks the states and the union territories on their innovation performance to build healthy competition amongst them.

➤ Institutions Involved:

- **NITI Aayog** with the Institute for Competitiveness.

➤ Indicators Used:

- There are **7 pillars** in the index - five 'Enabler' pillars measure the inputs and two 'Performance' pillars measure the output.
- The indicators that the survey **uses includes the level and quality of education and parameters such as:**
 - Number of PhD students and knowledge-intensive employment.
 - Enrolment in engineering and technology and number of highly skilled professionals.
 - Investment in R&D and number of patents and trademark applications filed.
 - Internet subscribers.
 - FDI inflows, business environment and safety and legal environment.



What are the Highlights of the Report?

➤ Categories:

- The Innovation Index is divided into three categories—major states, Union Territories, and hill and North East states.

➤ Major States:

- **Top States:** Karnataka topped with a score of 18.05 followed by **Telangana and Haryana**.

Note:

- Karnataka's success is attributed to its **peak performance in attracting FDI (Foreign Direct Investment)** and a large number of **venture capital deals**.
- **Bottom States:** Bihar, Odisha and Chhattisgarh scored the lowest on the index, which **put them at the bottom in the "major States" category**.
 - Chhattisgarh ranked last with **10.97 points**.
- **Hill and North-East States:**
 - Manipur is leading the category followed by Uttarakhand and Meghalaya.
 - Nagaland ranked **last (10th)**.
- **Union territories/Small States:**
 - Chandigarh is the top performer with a Score 27.88 followed by **Delhi and Andaman and Nicobar**.
 - Ladakh Ranked **last (9th)**.
- **Challenges:**
 - On an average, the country has **not performed well in the knowledge worker pillar**, as much as it has in the human capital pillar.
 - The expenditure on **human capital has been unable to create that knowledge base** in the country.
 - Innovation is **skewed against the manufacturing sector** due to the problems pertaining to and the missing middle.
 - Missing middle, i.e., there are too many tiny, informal enterprises, and too few large, formal ones to employ thousands of people.

What are the Recommendations?

- **GDERD (Gross Domestic Expenditure on R&D)** needs **considerable improvement and should touch at least 2%**, which would play an instrumental role in India **achieving the goal of a 5 trillion economy** and further influence its innovative footprint across the globe.
 - Increasing GDERD promotes private sector participation in R&D and **closing the gap between industry demand** and what the country produces through its education systems.
 - Countries that spend less on GDERD **fail to retain their human capital in the long run** and the ability to innovate is dependent on the quality of human capital; **India's GDERD as a percentage of GDP (Gross Domestic Product)** stood at about **0.7%**.
- The private sector **needs to pick up pace in R&D**, public expenditure is productive up to some extent;

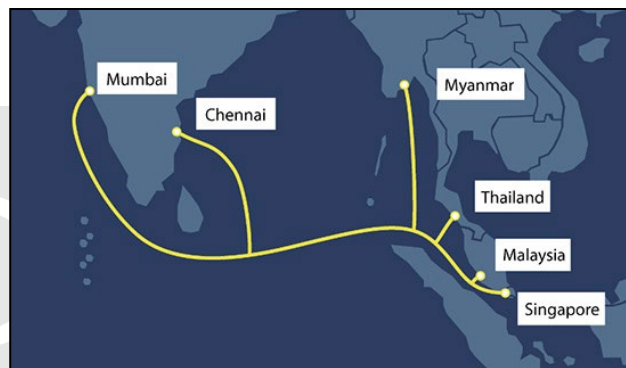
once the growth follows a trajectory, **it is desirable to shift to R&D mostly driven by the private sector.**

MIST Submarine Cable System

Why in News?

Recently, the Ministry of Environment, Forest and Climate Change recommended MIST (Myanmar/Malaysia-India-Singapore Transit) Submarine Cable System for **Coastal Regulation Zone (CRZ)** clearance.

- This will be the **17th such Optical Fibre Cable System** to land in Mumbai and is expected to be ready for service in 2023.



What is the MIST?

- MIST is an **international submarine cable communication network**, traversing the undersea to connect India with other Asian countries such as **Myanmar, Thailand, Malaysia and Singapore**.
- It is an **8,100km-long undersea transnational fibre optic cable system** connecting Mumbai to Singapore, via Chennai.
 - The cable system **will terminate in Mumbai at Versova beach**.
- Of the total length of the international undersea cable system, **523.50 km will be laid along the Tamil Nadu coastal waters** about 12 nautical miles offshore. and about 202.06 km in the CRZ boundary of Maharashtra.

What is the Significance of the Project?

- MIST cable system will provide **secure, reliable, robust and affordable telecom facilities in Asia**.
- It will **boost telecom connectivity between India and other Asian countries**, namely Myanmar, Thailand, Malaysia and Singapore.

Note:

- This is a project of immense importance to global communications and will have a **minimal footprint on Mumbai's coastal environment**.
- It would also **help avoid conflict with various stakeholders** considering the increasing number of international cable landing on the Chennai coast.

What are the Similar Upcoming Projects?

- **Reliance Jio Infocomm's India Asia Xpress (IAX)**, connecting India to the Maldives, Singapore, Sri Lanka and Thailand.
- **India Europe Xpress (IEX)**, connecting India to Italy via Saudi Arabia and Greece.
- **SeaMeWe-6 project**, owned by a consortium of telecom providers, will connect Singapore to France via India, Bangladesh, Maldives.
- **Africa2 cable**, which will connect India with the United Kingdom via several African countries.

Digital Banks

Why in News?

Recently, **NITI Aayog** has released a Report titled- 'Digital Banks: A Proposal for Licensing & Regulatory Regime for India'.

- It suggested setting up Digital Banks and a **licensing and regulatory framework for such Banks**.

What are the Findings of the Report?

- In recent years, India has made rapid strides in furthering **Financial Inclusion (FI)**, catalysed by the **Pradhan Mantri Jan Dhan Yojana (PMJDY)** and **India Stack**.
- However, **credit penetration remains a policy challenge**, especially for the nation's 63-million-odd MSME (Micro, Small and Medium Enterprises).
- The FI has been furthered by the **Unified Payments Interface (UPI)**, which has witnessed extraordinary adoption.
 - UPI recorded over 4.2 billion transactions worth Rs 7.7 trillion in October 2021.
- The FI also **resulted in Direct Benefit Transfer (DBT)** through apps such as **PM-KISAN** and extending microcredit facilities to street vendors through **PM-SVANIDHI**.
- India is at the **cusp of operationalizing its own open banking framework**.

- Creating a blueprint for digital banking regulatory framework and policy **offers India the opportunity to cement her position as the global leader** in Fintech at the same time as solving the several public policy challenges she faces.

What are the Recommendations?

- Issue of a **restricted digital bank licence**, the license would be restricted in terms of volume/value of customers serviced and the like.
- Enlistment of the licensee in a **regulatory sandbox framework enacted by the Reserve Bank of India**.
- Issue of a **'full-scale' digital bank licence**, contingent on satisfactory performance of the licensee in the regulatory sandbox, including salient, prudential and technological risk management.

What is Digital Bank and What is its Need?

➤ Digital Bank:

- It will be defined in the **Banking Regulation Act, 1949**, and shall have its own balance sheet and legal existence.
- It will be **different from the 75 Digital Banking Units (DBUs)** -- announced by Finance Minister in **Union Budget 2022-23** -- which are being set up to push digital payments, banking and fintech innovations in underserved areas.
 - A DBU is a **specialised fixed point business unit** or hub housing certain minimum digital infrastructure for delivering digital banking products and services as well as servicing existing financial products and services digitally in self-service mode at any time.
- Digital banks will be **subject to prudential and liquidity norms on a par with existing commercial banks**.

➤ Need:

○ Credit Gap:

- The success India has witnessed on the payments front is yet to be replicated in meeting the credit needs of its micro, small and medium businesses.
- The credit gap reveals a need for **leveraging technology effectively to cater to these needs and bring the underserved further within the formal financial fold**.

○ Reliance on Digital channels:

Note:

- Banks and fintech businesses that offer digital banking services rely primarily on **digital channels that organically have high-efficiency metrics relative to incumbent commercial banks.**
- This structural feature makes them a potentially effective channel through which policymakers can achieve social goals like empowering the under-banked small businesses, and enhancing trust among retail consumers.
- **Neo-Bank Models Face Challenges:**
 - Existing partnership-based **neo-bank** models face several challenges, such as **revenue generation and viability.**
- Neobanks don't have a bank license of their own but count on bank partners to provide bank licensed services.
 - They have **limited revenue potential**, high cost of capital, and offer products of only partner banks.

Bioeconomy

Why in News?

Recently, Biotechnology Industry Research Assistance Council (BIRAC) released India's Bioeconomy Report 2022.

- During the release, the government launched a **special Biotech Ignition Grant call for North East Region (BIG-NER)** and announced **financial support of up to Rs 50 Lakhs each to 25 startups and entrepreneurs** from North East Region to develop biotech solutions.
- BIRAC is a not-for-profit Section 8, Schedule B, Public Sector Enterprise, set up by Department of Biotechnology (DBT).

What are the Key Highlights of the Report?

- India's bioeconomy is likely to **touch USD 150 billion by 2025 and over USD 300 billion by 2030.**
- The country's bioeconomy has **reached over USD 80 billion in 2021, registering a 14.1 percent growth over USD 70.2 billion in 2020.**
- On average, **at least three biotech startups were incorporated every day in 2021 (a total of 1,128 biotech startups set up in 2021)** and the industry crossed USD 1 billion in research and development spending.

- India has **the second highest number of USFDA-approved manufacturing plants outside the US.**
 - USFDA: US Food and Drug Administration
- **Vaccination:**
 - India administered nearly 4 million doses of Covid-19 vaccines per day (a total of 1.45 billion doses given in 2021).
- **Covid-19:**
 - The country conducted 1.3 million Covid-19 tests each day in 2021 (a total of 506.7 million tests).

What is Bioeconomics?

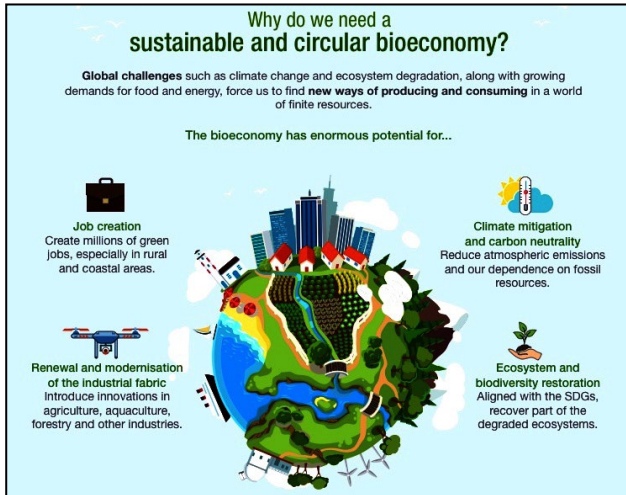
- **About:**
 - As per, the **United Nations Food and Agriculture Organization (FAO)**, Bio-economics could be defined as the production, use, and conservation of biological resources, including related knowledge, science, technology, and innovation to provide information, products, processes, and services to all economic sectors with the aim of moving towards a sustainable economy.
- **Historical Background:**
 - The term bioeconomy became popular in the **first decade of the 21st century** following its adoption by the European Union (EU) and the Organisation for Economic Co-operation and Development (OECD) as a framework for promoting the use of biotechnology to develop new products and markets.
- **Examples:**
 - **Food systems** occupy the largest niche in the bioeconomy. To these systems, which include
 - Sustainable agriculture,
 - Sustainable Fishing,
 - Forestry and aquaculture,
 - Food and feed manufacturing,
 - **Bio-Based Products:**
 - Bioplastics,
 - Biodegradable clothing.

What is Circular Bioeconomy?

- Bioeconomy aims to drive **both sustainable development and circularity.** In particular, the principles of the **circular economy** — **reuse, repair and recycle** — are a fundamental part of the bioeconomy.

Note:

- The total amount of waste and its impact is reduced through reuse, repair, and recycling. It also saves energy and minimizes air and water pollution, thus helping to prevent damage to the environment, climate and biodiversity.



What are the Indian Initiatives related to Bioeconomy?

- **For Biopharma:**
 - **National Biopharma Mission, 'Innovate India' 2017**, a Department of Biotechnology (DBT) programme worth US\$ 250 million, aims to bring together industry and academia in order to promote entrepreneurship and indigenous manufacturing in biopharma.
- **For Promoting Startups:**
 - **35 Bio incubators** have been set up across India with world-class facilities.
 - The **first International Incubator- Clean Energy International Incubator** has been set up under Mission Innovation by DBT & BIRAC.
 - Startups from 23 participating EU countries can potentially come & incubate in India and likewise, startups from this incubator can go to the partnering countries facilitating access to global opportunities. The department is supporting 4 Bio-clusters (NCR, Kalyani, Bangalore, and Pune).
- **National Mission on Bioeconomy:** Amid attempts to boost rural economy by using bio-resources, a 'National Mission on Bioeconomy' was launched by the Institute of Bio-resources and Sustainable Development under the Science and Technology Ministry, in 2016.

Promoting NER as Agri Export Hub

Why in News?

Agricultural and Processed Food Products Development and Authority (APEDA) has devised a strategy to promote Export of Agricultural and Horticulture products grown in **North-Eastern (NE) states**.

- **Created a platform in Assam** for the exporters to get the products directly from the producer group and the processors.
 - The platform **will link the producers and processors of Assam and exporters from other parts of the country** that would expand the base of the export pockets in the **North-Eastern states**.

What is the Significance of NER in Agri Exports?

- The NE region is **geopolitically important** as it shares **international boundaries** with China and Bhutan, Myanmar, Nepal and Bangladesh making it the potential hub for the export of agricultural produce to neighbouring countries as well as other foreign destinations.
- It witnessed an **85.34 % growth in the export of agricultural products** in the last six years as it increased from USD 2.52 million in 2016-17 to USD 17.2 million in 2021-22.
 - The major destination of export has been Bangladesh, Bhutan, the **Middle East**, the UK and Europe.
- Assam and the other states of North East Region have a **favourable climate condition and the soil type for growing almost all agricultural and horticultural crops**.
- The NER produces huge marketable surplus in a number of perishable commodities, such as banana, pineapple, orange and tomato.

Open Acreage Licensing Programme

Why in News?

Recently, the Government of India has launched the OALP Bid Round-VIII, offering 10 blocks for International Competitive Bidding.

Note:

What do we know about OALP?

- **The Hydrocarbon Exploration and Licensing Policy (HELP)** replacing the erstwhile **New Exploration Licensing Policy (NELP)** was approved in March 2016 and the **Open Acreage Licensing Policy (OALP)** along with the **National Data Repository (NDR)** were launched in June 2017 as the key drivers to accelerate the Exploration and Production (E&P) activities in India.
- Under OALP, **companies are allowed to carve out areas they want to explore oil and gas in**. Companies can put in an expression of interest for any area throughout the year but such interests are accumulated thrice in a year. The areas sought are then put on auction.

What do we know about HELP?

- **About:**
 - It stands for **Hydrocarbon Exploration and Licensing Policy**.
 - The new policy promises simpler rules, tax breaks, pricing and marketing freedom and is part of a government strategy to double oil and gas output by 2022-23.
- **Functions of HELP:**
 - **Uniform Licensing**
 - HELP provides for a uniform licensing system that will cover **all hydrocarbons** such as **oil, gas**, and coal bed methane.
 - Under NELP, separate licenses were issued for exploring different types of hydrocarbons.
 - This leads to additional costs, as a separate license is required if a different type of hydrocarbon is found while exploring a certain type.
 - **Revenue Sharing Model**
 - HELP **provides for a revenue sharing model**, the government will receive a share of the gross revenue from the sale of oil, and gas, etc and will not be concerned with the cost incurred.
 - The NELP was **profit sharing model**, where profits are shared between Government and the contractor after recovery of cost.
 - Under NELP, it became necessary for the Government to scrutinize cost details of private participants and this led to many delays and disputes.
 - **Pricing**

- HELP has marketing and pricing freedom.
 - Before HELP, contracts were based on production sharing with the possibility of gold plating (**incorporation of costly and unnecessary features**) the investment and causing loss to the government by 'manipulating profit'.
 - To reduce the complexity of handling contracts, it was changed to revenue sharing.
- Under the new system, a graded system of royalty rates were introduced.
 - Under this system the royalty rates will decrease from shallow water (**where cost of exploration and risks are lower**) to deep water (**where cost and risks are higher**) to ultra-deep water areas.

International Day of Cooperatives

Why in News?

Recently, 100th International Day of Cooperatives was observed.

- India celebrated the day under the theme "**Building a Self-Reliant India and a Better World through Cooperatives**".

What is International Day of Cooperatives?

➤ Historical Perspective:

- The International Day of Cooperatives was declared by the **United Nations General Assembly** on 16th December 1992, on the first Saturday of July.
- The purpose of this festival is to promote cooperatives globally and foster an environment that will foster their expansion and profitability.
- The occasion highlights the cooperative movement's contributions to tackling the major issues addressed by the United Nations as well as to enhancing and expanding the alliances between the cooperative movement internationally and other actors.

➤ Significance:

- It aims to **raise awareness** of cooperatives and further the values of the movement—
 - **International solidarity,**
 - **Economic efficiency,**

Note:

- Equality,
- Global peace.

➤ **Theme for 2022:**

- Cooperatives Build a Better World.

What are Co-operatives?

➤ **About:**

- **Co-operatives** are people-centered enterprises owned, controlled and run by and for their members to realize their common economic, social, and cultural needs and aspirations.
- Cooperatives bring people together in a **democratic and equal way**. Whether the members are the customers, employees, users or residents, cooperatives are **democratically managed by the 'one member, one vote' rule**.
 - Members share equal voting rights regardless of the amount of capital they put into the enterprise.

➤ **Indian Perspectives:**

- India has the **greatest cooperative movement** in the entire globe. Cooperatives, which currently **account for over 8.5 lakh villages in India**, are essential institutions for **fostering socioeconomic development for inclusive growth in both rural and urban areas**.
- Some of the well-known **success stories of the cooperative movement in India** include;
 - **AMUL (Anand Milk Union Limited)**,
 - **IFFCO (Indian Farmers Fertilizer Cooperative Limited)**,
 - **KRIBHCO (Krishak Bharati Cooperative Limited)**,
 - **NAFED (National Agricultural Cooperative Marketing Federation of India Ltd)**.

What are the Related Government Initiatives?

- Recently, the **Ministry of Cooperation** was established by the Union Government in July 2021. Following its creation, the ministry has been **actively working on developing a new cooperation policy and programmes**.
- There is an **immense potential for the development and empowerment of farmers, agriculture, and rural areas of the country in the cooperative sector**.
- The **computerization of Primary Agricultural Credit Societies (PACS)** has recently been approved by the Union Cabinet, **strengthening the cooperative sector**

by enhancing PACS' efficiency, bringing accountability and transparency to their operations, and enabling PACS to diversify their business and offer a variety of products and services.

RBI allows Trade Settlements in Rupee

Why in News?

Recently, the **Reserve Bank of India (RBI)** has put in place a mechanism to facilitate International Trade in Rupees (INR), with immediate effect.

- However, banks acting as authorised dealers for such transactions **would have to get prior approval from the regulator to facilitate this**.
- As per the broad framework for cross-border trade transactions in INR under **Foreign Exchange Management Act, 1999 (FEMA)**, all exports and imports under this arrangement may be **denominated and invoiced in rupee (INR)** and the exchange rate between the currencies of the two trading partner countries may be **market determined**.

RUPEE SWITCH

The new measure will promote trade growth, with an emphasis on exports from India, and support the interest of the trading community in rupee, RBI said.

India's top trading partners

Total trade in \$ billion, FY22



COLLATERAL GAIN

THE pressure on India's forex reserves is likely to diminish

RBI'S measure shows Russia's significance as India's trading partner

SOME analysts see RBI's move as a step to stabilize the rupee

What is Rupee Payment Mechanism?

➤ **About:**

- Authorised Dealer Banks in India had been permitted to open Rupee **Vostro** Accounts (an account that a correspondent bank holds on behalf of another bank).

Note:

- Indian importers undertaking imports via this mechanism will make payment in INR which will be credited into the Special Vostro account of the correspondent bank of the partner country, against the invoices for the supply of goods or services from the overseas seller.
- Indian exporters using the mechanism will be paid the export proceeds in INR from the balances in the designated Special Vostro account of the correspondent bank of the partner country.
- Indian exporters **may receive advance payment** against exports from overseas importers in Indian rupees through the above Rupee Payment Mechanism.
 - Before allowing any such receipt of advance payment against exports, **Indian banks need to ensure that available funds in these accounts are first used towards payment obligations** arising out of already executed export orders / export payments in the pipeline.
 - Balance in Special Vostro Accounts can be used for: payments for projects and investments; export/ import advance flow management; and investment in Government Treasury Bills, **Government securities**, etc.

➤ Existing Mechanism:

- If a company exports or imports, transactions are always in a foreign currency (**excluding with countries like Nepal and Bhutan**).
- So, in case of imports, the **Indian company has to pay in a foreign currency** (mainly dollars and could also include currencies like pounds, Euro, yen etc.).
- The Indian company **gets paid in foreign currency** in case of exports and the company converts that foreign currency to rupee since it needs rupee for its needs, in most of the cases.

What are the Benefits of this Mechanism?

➤ Promote Growth:

- It will **promote growth of global trade** and will **support the increasing interest of the global trading community in INR**.

➤ Trade with Sanctioned Countries:

- Ever since **sanctions were imposed on Russia**, trade has been virtually at standstill with the country due to payment problems.

- As a result of the trade facilitation mechanism introduced by the RBI, we see the **payment issues with Russia easing**.

➤ Forex Fluctuation:

- The move would also **reduce the risk of forex fluctuation**, especially looking at the Euro-Rupee parity.

➤ Arrest Fall of Rupee:

- Amid ongoing rupee weakness, this mechanism aims at **reducing demand for foreign exchange, by promoting rupee settlement of trade flows**.

India's Defence Exports

Why in News?

India's defence exports for 2021-22 were estimated at Rs 13,000 crore, the highest ever.

- The U.S. was a major buyer, as also nations in Southeast Asia, West Asia and Africa.

What are the Key Highlights?

- The **private sector accounted for 70%** of the exports, while public sector firms accounted for the rest.
 - Earlier, the private sector used to account for 90% but now the share of defence public sector units had gone up.
- While India's defence imports from the U.S. have gone up significantly in recent years, **Indian companies have been increasingly becoming part of the supply chains of U.S. defence companies**.

What steps have been taken recently to boost defence exports?

- In January 2022, India signed a **USD 374.96-million deal with the Philippines, its single biggest defence export order**, for the supply of three batteries of shore-based anti-ship variant of the **BrahMos supersonic cruise missile**.
- India has **imposed a phased import ban on 310 different weapons** and systems during the last two years, which helped boost export.
 - These weapons and platforms will be indigenised in phases over the next five to six years.
- The **increased partnership with the private sector** has led to a substantial rise in defence exports.

Note:

What is the Status of India's Defence Exports?

- Defence exports are a **pillar of the government's drive to attain self-sufficiency** in defence production.
- Over 30 Indian defence companies have exported arms and equipment to countries like Italy, Maldives, Sri Lanka, Russia, France, Nepal, Mauritius, Sri Lanka, Israel, Egypt, UAE, Bhutan, Ethiopia, Saudi Arabia, Philippines, Poland, Spain and Chile.
- The exports include personal **protective items, defence electronics systems, engineering mechanical equipment, offshore patrol vessels, advanced light helicopters, avionics suits, radio systems and radar systems.**
- However, India's defense exports are still not upto the expected lines.
 - The **Stockholm International Peace Research Institute (SIPRI)** ranked India at number 23 in the list of major arms exporters for 2015-2019.
 - India still accounts for **only 0.17% of global arms exports.**
- Reason for dismal performance in India's Defense exports is that, India's Ministry of Defense so far has no dedicated agency to drive exports.
- India has set a target of clocking defence exports worth USD 5 billion by 2024.

What are the Initiatives Related to Defence?

- **Defence Production and Export Promotion Policy 2020 (DPEPP 2020):**
 - The **DPEPP 2020** is envisaged as an overarching guiding document to provide a focused, structured and significant thrust to defence production capabilities of the country for self-reliance and exports.
- **Multi-Pronged Steps Towards Self Reliant Defense Sector:**
 - There have been progressive changes with one focus to empower the private industry.
 - The **DPP 2016** came out with a new category called **Indian IDDM** (Indigenously Designed, Developed and Manufactured) .
 - If any Indian company opted for Indian IDDM, it was given preference over all other categories.
- **Strategic Partnership:**
 - A strategic partnership model allows indian companies to collaborate with **foreign OEMs** and get transfer of technology, get the capability to build, manufacture india and sustain those projects in india.

- The first of the RFP for the **conventional submarines** in functioning.
- **Positive Indigenization:**
 - For the first time the government is putting a ban on itself to import any item, the Government wants to empower the **indigenous industry.**
 - There are **two positive indigenization** lists of 101 items and 108 items that range from platforms to weapon systems to sensors to the entire plethora of items.

Small Savings Schemes

Why in News?

- Recently, the government kept interest rates unchanged on Small Savings Schemes, including NSC (National Savings Certificate) and PPF (Public Provident Fund), for the second quarter of 2022-23 amid high **inflation** and rising interest rate.
- The interest rate on small savings schemes has not been revised since the **first quarter of 2020-21.**
 - A hike in the rate was expected **in view of a surge in yields on government bonds**, to which their returns are linked as per a formula.

What are the Small Saving Schemes/Instruments?

- **About:**
 - They are the major source of household savings in India and comprise 12 instruments.
 - The depositors get an assured interest on their money.
 - Collections from all small savings instruments are credited to the **National Small Savings Fund (NSSF).**
 - Small savings have emerged as a key source of financing the **government deficit, especially after the Covid-19 pandemic** led to a ballooning of the government deficit, necessitating higher need for borrowings.
- **Classification:** Small savings instruments can be classified under three heads:
 - **Postal Deposits** (comprising savings account, recurring deposits, time deposits of varying maturities and monthly income scheme).

Note:



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- **Savings Certificates:** National Small Savings Certificate (NSC) and Kisan Vikas Patra (KVP).
- **Social Security Schemes:** **Sukanya Samriddhi Scheme**, Public Provident Fund (PPF) and Senior Citizens' Savings Scheme (SCSS).
- **Determination of Rates:**
 - Interest rates on small savings schemes are reset on a quarterly basis, in line with the movement in benchmark government bonds of similar maturity. The rates are reviewed periodically by the **Ministry of Finance**.
 - The **Shyamala Gopinath panel (2010)** constituted on the Small Saving Scheme had suggested a **market-linked interest rate** system for small savings schemes.

Exit of Foreign Portfolio Investors

Why in News?

June 2022 witnessed the worst **Foreign Portfolio Investor (FPI)** selloff since March 2020 when India announced a **nationwide lockdown** at Rs. 50,000 crore.

- June was also the ninth on the trot that FPIs had sold net of their assets i.e. sold more than they had purchased.

What do We Mean by Foreign Portfolio Investors?

- **About:**
 - Foreign portfolio investors are those that invest funds in markets outside of their home turf.
 - Examples of FPIs include stocks, **bonds**, **mutual funds**, **exchange traded funds**, American Depositary Receipts (ADRs), and Global Depositary Receipts (GDRs).
 - FPI is part of a country's **capital account** and is shown on its **Balance of Payments (BOP)**.
 - The BOP measures the amount of money flowing from one country to other countries over one monetary year.
 - They are generally not active shareholders and do not exert any control over the companies whose shares they hold.

- **The Securities and Exchange Board of India (SEBI)** brought new **FPI Regulations, 2019**, replacing the erstwhile FPI Regulations of 2014.
- FPI is often referred to as **"hot money"** because of its tendency to flee at the first signs of trouble in an economy. FPI is more liquid, volatile and therefore riskier than FDI.
- **Significance of FPI:**
 - **Accessibility to International Credit:**
 - Investors may be **able to reach an increased amount of credit** in foreign countries, enabling the investor to utilize more leverage and generate a higher return on their equity investment.
 - **Increases the Liquidity of Domestic Capital Markets:**
 - As markets become more liquid, **they become more profound and broader**, and a more comprehensive range of investments can be financed.
 - As a result, **investors can invest with confidence** knowing that they can promptly manage their portfolios or sell their financial securities if access to their savings is required.
 - **Promotes the Development of Equity Markets:**
 - Increased competition for financing leads to rewarding superior performance, prospects, and corporate governance.
 - As the market's liquidity and functionality evolve, equity prices will become value-relevant for investors, ultimately driving market efficiency.

How Big are FPI In India?

- FPIs are the largest non-promoter shareholders in the Indian market and their investment decisions have a huge bearing on the stock prices and overall direction of the market.
- Holding of FPIs (in value terms) in companies listed on **National Stock Exchange** stood at Rs. 51.99 lakh crore as on 31st March 2022, a decrease of 3.36% from Rs. 53.80 lakh crore as on 31st December 2021 due to the sustained sell-off since October 2021.
- FPIs hold sizeable stakes in private banks, tech companies and big caps like Reliance Industries.
- The US accounts for a major chunk of FPI investments at Rs. 17.57 lakh crore as of May 2022, followed by Mauritius Rs. 5.24 lakh crore, Singapore Rs. 4.25 lakh crore and Luxembourg Rs. 3.58 lakh crore, according to data available from the National Securities Depository Ltd (NSDL).

Note:

Financial Services Institution Bureau

Why in News?

The **Cabinet Appointments Committee (ACC)** has passed a government resolution to establish the **Financial Services Institutions Bureau (FSIB)** in place of the **Banks Board Bureau (BBB)**.

- The new framework was proposed by the **Department of Financial Service, Ministry of Finance**.

What is the Financial Services Institutions Bureau?

➤ About:

- The Financial Services Institutions Bureau will **select the chiefs of public sector banks and insurance companies**.
- The FSIB will have the clear mandate to issue guidelines and select general managers and directors of state-run non-life insurers, general insurers and Financial Institutions.
 - FSIB will be the **single entity** for making **recommendations for appointments of WTD (Whole-time Director) and NEC (Non-executive Chairman) in Public Sector Banks, India Private Limited company and Financial Institutions**.
- The Department of Financial Services shall first carry out **necessary modifications in the Nationalised Banks (Management and Miscellaneous Provisions) Scheme of 1970/1980 (as amended)**.

- **Chairman of FSIB:** The ACC has approved the **appointment of Bhanu Pratap Sharma as Initial chairperson of FSIB for two years**. He was the former Chairman of BBB.

What are Public Sector Banks (PSB) ?

- It is a bank in which the **government holds a major portion of the shares**.
 - Example, **State Bank of India** is a public sector bank, the government holding in this bank is around 60%.

What is Financial Institution (FI)?

- A **financial institution** is an umbrella term for a company dealing with financial and monetary transactions, including loans, deposits, and/or investments.

- All India Financial Institutions (AIFIs) are **regulated and supervised by the Reserve Bank of India**.
- **Examples:**
 - National Bank for Financing Infrastructure and Development (NaBFID)
 - Export-Import Bank of India (EXIM Bank)
 - **National Bank for Agriculture and Rural Development (NABARD)**
 - **National Housing Bank (NHB)**
 - **Small Industries Development Bank of India (SIDBI)**

What is the Banks Board Bureau (BBB)?

➤ Background:

- The Banks Board Bureau (BBB) has its genesis in the recommendations of **'The Committee to Review Governance of Boards of Banks in India, May 2014 (Chairman - P. J. Nayak)'**.

➤ Formation:

- The government, in 2016, approved the constitution of the BBB to make recommendations for appointment of **whole-time directors** as well as **non-executive chairpersons of Public Sector Banks (PSBs) and state-owned financial institutions**.
 - It was an **autonomous recommendation body**.
- The Banks Board Bureau was a public authority as defined in the **Right to Information Act, 2005**.
- The **Ministry of Finance** has the final decision-making authority on the appointments in consultation with the **Prime Minister's Office**.

➤ Functions:

- Apart from recommending personnel for the PSBs, the Bureau had also been assigned with the task of **recommending personnel for appointment as directors in government-owned insurance companies**.
- It was also entrusted with the task of engaging with the board of directors of all PSBs to **formulate appropriate strategies for their growth and development**.

➤ Issues:

- **Delhi High Court had struck down the BBB's power to select directors of Public Sector Undertaking, general insurance companies and the government has already implemented the verdict by cancelling**

Note:



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all the appointments of the then serving directors who were selected by the BBB.

- **Delhi High Court** in 2020 ruled that the **BBB** couldn't select the general managers and directors of state-run general insurers, as it was not a competent body.
- **New India Assurance**, the country's largest general insurer, has been **functioning without a regular CMD** for almost 100 days.
- The **CMD post at Agriculture Insurance Company** also fell vacant.

States' Startup Ranking 2021

Why in News?

The results of the 3rd edition of **Ranking of States on Support to Startup Ecosystems** were released by the **Ministry of Commerce and Industry**.

- Earlier, the Ministry of Commerce and Industry released a **Ease of Doing Business (EoDB) Ranking**, which is based on Business Reforms Action Plan (BRAP) report 2020.

What is States' Startup Ranking?

➤ About:

- The **Start-up India initiative** of the Government of India envisages to **build a robust Start-up ecosystem in the country** for nurturing innovation and providing opportunities to budding entrepreneurs.
- The **Department for Promotion of Industry and Internal Trade (DPIIT)** under the Ministry of Commerce and Industry has been conducting the **States' Start-up Ranking Exercise since 2018**.
- The exercise plays a crucial role in easing the business environment for start-ups in the country.

➤ Objectives:

- Help bring to fore progress made by the States/ UTs for **promoting Startup ecosystem**.
- **Foster competitiveness** & propel the States/ UTs to work proactively.
- Facilitate States/ UTs to **identify, learn and replicate good practices**.

- **Classification:** States and Union Territories are classified into 5 Categories,
 - Best Performers
 - Top Performers
 - Leaders
 - Aspiring Leaders
 - Emerging Start-up Ecosystems.

How about the Rankings 2021?

➤ 7 broad Reform Areas:

- The participants were **evaluated across 7 broad Reform Areas** consisting of **26 Action Points** ranging from,
 - Institutional Support
 - Fostering Innovation and Entrepreneurship
 - Access to Market
 - Incubation support
 - Funding Support
 - Mentorship Support to Capacity Building of Enablers.

➤ Result:

- **Gujarat and Karnataka** appeared as the **Best Performers in the States category**.
 - **Meghalaya top among UTs** and North-eastern States category.
- **Kerala, Maharashtra, Orissa and Telangana** won the **Top Performers** award among states category.
 - **Jammu and Kashmir** appeared as the **Top Performer among UTs** and NE states category.



Note:

What are the Related Initiatives?

- Open Network for Digital Commerce
- Fisheries Startup Grand Challenge
- Start Up India Fund
- Policy Reforms for Startups
- Start-up Cells
- National Startup Advisory Council
- Aatmanirbhar Bharat ARISE-Atal New India Challenge
- AIM-iCREST

Development of Enterprise and Service Hubs Bill

Why in News?

The Government plans to table the **Development of Enterprise and Service Hubs (DESH) Bill** during the upcoming **monsoon session of the Parliament**.

What is DESH Bill?

- It will overhaul the existing **Special Economic Zone law of 2005**, aims to revive interest in SEZs and develop more inclusive economic hubs.
- SEZs **will be revamped and renamed as Development hubs** and will be free from a number of the laws that currently restrict them. These hubs will **facilitate both export-oriented and domestic investment**, playing the dual role of domestic tariff area and SEZ.
- The government **may impose an equalization levy on goods or services** supplied to the domestic market to bring taxes at par with those provided by units outside.

Why replace the existing SEZ Act?

- WTO's dispute settlement panel has ruled that **India's export-related schemes, including the SEZ Scheme, were inconsistent with WTO rules** since they directly linked tax benefits to exports.
- Countries are not allowed to **directly subsidize exports as it can distort market prices**.
- SEZ started declining **after the introduction of minimum alternate tax** and a **sunset clause** to remove tax sops.
 - SEZ units used to **enjoy 100% income tax exemption on export** income for the first five years, 50% for the next five years, and 50% of the ploughed back export profit for another five years.

International MSMEs Day

Why in News?

International MSME Day is observed every year on 27th June all over the world **to highlight the significance of MSMEs and how they play a crucial role in being the backbone of the country's economy**.

Earlier, Ministry for Micro, Small and Medium Enterprises has launched the **MSME (Micro, Small and Medium Enterprises) Sustainable (ZED-Zero Defect Zero Effect) Certification Scheme**.

What are the Key Points?

- **History:**
 - The **United Nations (UN)** designated 27th June as Micro, Small and Medium-sized Enterprises Day through a resolution passed in the UN General Assembly in April 2017.
 - In May 2017, a program titled 'Enhancing National Capacities for Unleashing Full Potentials of MSMEs in Achieving the **Sustainable Development Goals (SDGs)** in Developing Countries' was launched.
 - It has been funded by the **2030 Agenda for Sustainable Development** Sub-Fund of the United Nations Peace and Development Fund.
- **Theme for 2022:**
 - **Resilience and Rebuilding: MSMEs for Sustainable Development.**
 - The theme mainly highlights that for the socio-economic development of a country **Micro-Small and Medium-Sized Enterprises is a necessary component**.
- **Objectives:**
 - World MSME Day 2022 recognizes the potential of MSMEs and their role in strengthening the economies globally.
 - It also aims to raise public awareness regarding the contribution of MSMEs to global economic growth and sustainable development.
- **Significance:**
 - As per the **United Nations**, the formal and informal MSMEs account for 70 % of the total employment and 50 % of the **Gross Domestic Product (GDP)**.
 - Moreover, **MSMEs make up 90 % of all the firms**. With such a significant contribution to the country's

Note:



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economy, MSMEs are essential for the job creation, innovation and productivity growth.

- However, despite being a key player in generating jobs, MSMEs worldwide face challenges in **working conditions, productivity, and informality** apart from the lack of support from the governments and administrations.
- World **MSME Day** is celebrated to **unlock the potential of such enterprises** and also to utilize it for bolstering the global economy.

What is MSME?

➤ About:

- Micro-Small and Medium-Sized Enterprises are the organizations that do not usually employ more than 250 employees, however, are responsible for creating more than two-thirds of all jobs globally.

Revised MSME Classification			
Composite Criteria: Investment and Annual Turnover			
Classification	Micro	Small	Medium
Manufacturing & Services	Investment < Rs 1 cr and Turnover < Rs 5 cr	Investment < Rs 10 cr and Turnover < Rs 50 cr	Investment < Rs 20 cr and Turnover < Rs 100 cr

➤ Role of MSME in Indian Economy:

- They are the **growth accelerators of the Indian economy**, contributing about 30% of the country's **Gross Domestic Product (GDP)**.
- In terms of exports, they are an integral part of the supply chain and contribute about 48% of the overall exports.
- MSMEs also play an **important role in employment generation**, as they employ about 110 million people across the country.
- Interestingly, MSMEs are intertwined with the rural economy as well, as more than half of the MSMEs operate in rural India.

What are the Related Initiatives?

- **The Micro Small and Medium Enterprises Development (MSMED) Act:** It was notified in 2006 to address policy issues affecting MSMEs as well as the coverage and investment ceiling of the sector.
- **Prime Minister's Employment Generation programme (PMEGP):** It is a credit linked subsidy scheme, for setting up of new micro-enterprises and to generate employment opportunities in rural as well as urban areas of the country.

- **Scheme of Fund for Regeneration of Traditional Industries (SFURTI):** It aims to properly organize the artisans and the traditional industries into clusters and thus provide financial assistance to make them competitive in today's market scenario.
- **A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE):** The scheme promotes innovation & rural entrepreneurship through rural Livelihood Business Incubator (LBI), Technology Business Incubator (TBI) and Fund of Funds for start-up creation in the agro-based industry.
- **Interest Subvention Scheme for Incremental Credit to MSMEs:** It was introduced by the **Reserve Bank of India** wherein relief is provided upto 2% of interest to all the legal MSMEs on their outstanding fresh/incremental term loan/working capital during the period of its validity.
- **Credit Guarantee Scheme for Micro and Small Enterprises:** Launched to facilitate easy flow of credit, guarantee cover is provided for collateral free credit extended to MSMEs.
- **CHAMPIONS portal:** It aims to assist Indian MSMEs march into the big league as National and Global CHAMPIONS by solving their grievances and encouraging, supporting, helping and hand holding them.
- **MSME Innovative Scheme:** It ensures support through guidance, financial support, technical support, and more to MSMEs to scale up.
- **Udyam Registrations Portal:** This new portal assists the government in aggregating the data on the number of MSMEs in the country.
- **MSME SAMBANDH:** It is a Public Procurement Portal. It was launched to monitor the implementation of the Public Procurement from MSEs by Central Public Sector Enterprises.

Participatory Notes

Why in News?

Investment in the Indian capital markets through **Participatory notes (P-notes)** dropped to Rs 86,706 crore till May-end, 2022.

- However, according to experts, foreign investors will reverse their selling stance and return to the country's equities in the coming 1-2 quarters.

Note:

- In line with a decline in P-note investment, the assets under the custody of **Foreign Portfolio Investors (FPIs)** dropped 5% to Rs 48.23 trillion end-May, 2022 from Rs 50.74 trillion end-April, 2022.
 - This was the eighth consecutive month of net pull-out by FPIs from **equities**.

What are the Participatory Notes?

- P-notes are **Offshore Derivative Instruments (ODIs)** issued by registered **Foreign Portfolio Investors (FPIs)** to overseas investors who wish to be a part of the Indian **stock markets without registering themselves directly**.
 - P-notes have **Indian stocks as their underlying assets**.
 - FPIs are **non-residents who invest in Indian securities like shares, government bonds, corporate bonds, etc.**
- Though P-note holders have less stringent registration requirements, **they have to go through a proper due diligence process** of the **Security and Exchange Board of India (SEBI)**.

What are the reasons for Declining P- Notes?

- **Uncertainty around Inflation Levels:**
 - There is still uncertainty around inflation levels and the US Federal Reserve's (Fed's) actions.
 - Decline in P-Notes is being attributed due to the tightening of monetary policy by the US Fed which has been on a rate hiking spree to control inflation.
 - Other central banks, including in Britain and the Eurozone, are following suit.
- **Currency correction:**
 - Currency correction has happened to a large extent.
 - A correction is a **price rebound which can be observed after every trend impulse**. After a correction takes place, the price returns to the trend. A correction on the currency market takes place due to the overselling or overbuying of instruments at the current moment in time.
 - A large part of this reduction to **market correction in equity and debt portfolios**.

Payment Vision 2025: RBI

Why in News?

The **Reserve Bank of India (RBI)** has come out with "Payments Vision 2025" with an objective to provide

every user with **safe, secure, fast, convenient, accessible and affordable e-payment options**.

What is Payment Vision 2025?

➤ About:

- Payments Vision 2025 has been prepared by considering the guidance from the **Board for Regulation and Supervision of Payment and Settlement Systems of the RBI**.
- It builds on the initiatives of **Payments Vision 2019-21**.
- The Payments Vision 2025 document is presented across the five anchor goalposts of **Integrity, Inclusion, Innovation, Institutionalisation and Internationalisation**.
- **Theme:** E-Payments for Everyone, Everywhere, Everytime (4Es).

➤ Objectives:

- To elevate the **payment systems towards a realm of empowering users with affordable payment options** accessible anytime and anywhere with convenience.
- To enable **geotagging of digital payment infrastructure and transactions and revisiting guidelines for Prepaid Payment Instruments (PPIs)**, including closed system PPIs.
- **Regulating all significant intermediaries in payments ecosystems** and linking credit cards and credit components of banking products to UPI.
- **To bring in enhancements to Cheque Truncation System (CTS)**, including **One Nation One Grid clearing and settlement perspective**, and creating a payment system for processing online merchant payments using internet and mobile banking.
- **Regulation of BigTechs and FinTechs** in the payments space.
- **Examining of BNPL (Book Now Pay Later) methods** and exploration of appropriate guidelines on payments involving BNPL.

➤ Goals to Achieve:

- Volume of cheque-based payments to be less than 0.25% of the total retail payments.
- **Tripling the number of digital payment transactions**.
- UPI to register average annualised growth of 50% and IMPS / NEFT at 20%.
- Increase of payment transaction turnover vis-à-vis GDP to 8.

Note:



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- Increase in **debit card transactions at PoS (Point of Sale) by 20%.**
- Debit card usage to **surpass credit cards in terms of value.**
- Increase in **PPI transactions** by 150%.
- Card acceptance infrastructure to **increase to 250 lakh.**
- Increase of registered customer base for mobile based transactions by 50% CAGR.
- Reduction in Cash in Circulation (CIC) as a percentage of GDP.

Sovereign Gold Bond Scheme

Why in News?

The Government of India, in consultation with the **Reserve Bank of India**, will issue **Sovereign Gold Bonds in tranches for 2022-23.**

- Investment in SGBs went up sharply during **Covid-impacted years** as investors looked for safer options amid volatility in equity markets with 2020-21 and 2021-22 accounting for nearly 75% of total sales of the bonds since the inception of the scheme in November 2015.

What is the Sovereign Gold Bond Scheme?

- **Launch:**
 - The SGB scheme was **launched in November 2015** with an **objective to reduce the demand for physical gold** and shift a part of the domestic savings - used for the purchase of gold - into financial savings.
- **Issuance:**
 - The Gold Bonds are issued as **Government of India Stock under the Government Securities (GS) Act, 2006.**
 - These are issued by the **Reserve Bank of India (RBI)** on behalf of the Government of India.
 - Bonds are sold through Commercial banks, Stock Holding Corporation of India Limited (SHCIL), designated post offices and recognised stock exchanges viz., **National Stock Exchange of India Limited** and Bombay Stock Exchange, either directly or through agents.
- **Eligibility:**
 - The bonds are **restricted for sale to resident**

individuals, Hindu Undivided Families (HUFs), trusts, universities and charitable institutions.

➤ Features:

- **Issue Price:** Gold bond prices are linked to the price of gold of 999 purity (24 carats) published by **India Bullion and Jewellers Association (IBJA)**, Mumbai.
- **Investment Limit:** Gold bonds can be purchased in **the multiples of one unit, up to certain thresholds** for different investors.
- The upper limit for retail (individual) investors and HUFs is **4 kilograms (4,000 units) each per financial year.** For trusts and similar entities, an upper limit of 20 kilograms per financial year is applicable.
- Minimum permissible investment is 1 gram of gold.
- **Term:** The gold bonds come with a **maturity period of eight years**, with an option to exit the investment after the first five years.
- **Interest Rate:** A fixed rate of 2.5% per annum is applicable on the scheme, payable semi-annually.
- The interest on Gold Bonds shall be taxable as per the provision of Income Tax Act, 1961.

➤ Benefit:

- Bonds can be used as **collateral for loans.**
- The capital gains tax arising on **redemption of SGB to an individual has been exempted.**
- Redemption is the **act of an issuer repurchasing a bond** at or before maturity.
- **Capital gain is the profit earned on the sale of an asset** like stocks, bonds or real estate. It results in when the selling price of an asset exceeds its purchase price.

➤ Disadvantages of Investing in SGB:

- This is a **long term investment** unlike physical gold which can be sold immediately.
- Sovereign gold bonds are **listed on exchange but the trading volumes are not high**, therefore it will be difficult to exit before maturity.

Digitization of PACS

Why in News?

The Cabinet Committee on Economic Affairs (CCEA) approved to digitise around 63,000 **Primary Agricultural Credit Societies (PACS).**

Note:

- PACS will be digitised at a cost of RS 2,516 crore, which will benefit about **13 crore small and marginal farmers**. Each PACS will get around RS 4 lakh to upgrade its capacity and even old accounting records will be digitised and linked to a cloud based software.

What is the Significance of the Move?

- Computerisation of PACS will **increase their transparency**, reliability and efficiency, and will also facilitate the accounting of multipurpose PACS.
- It will also help PACS to become a nodal centre for providing various services such as **Direct Benefit Transfer (DBT)**, **Interest Subvention Scheme (ISS)**, **Crop Insurance Scheme (PMFBY)**, and inputs like **fertilizers** and seeds.
- The move will **help generate around 10 jobs in each centre** and the aim was to increase the number of PACs to upto 3 lakh in the next five years.

What is PACS?

- **About:**
 - PACS are the **ground-level cooperative credit institutions** that provide short-term, and medium-term agricultural **loans to the farmers for the various agricultural and farming activities**.
 - It works at the grassroots gram Panchayat and village level.
 - The first **Primary Agricultural Credit Society (PACS)** was formed in the year **1904**.
 - The PACS functioning at the base of the co-operative banking system constitute the major retail outlets of short term and medium term credit to the rural sector.
- **Objectives:**
 - To **raise capital for the purpose of making loans** and supporting members' essential activities.
 - To **collect deposits from members** with the goal of improving their savings habit.
 - To supply agricultural inputs and services to members at reasonable prices,
 - To arrange for the supply and development of improved breeds of livestock for members.
 - To **make all necessary arrangements** for improving irrigation on land owned by members.
 - To **encourage various income-generating activities** through supply of necessary inputs and services.

What is the Significance of PACS?

- They are **multifunctional organizations that provide a variety of services** such as banking, on-site supplies, marketing produce, and consumer goods trading.
- They function as **mini-banks to provide finance**, as well as counters to provide agricultural inputs and consumer goods.
- These societies also **provide warehousing services to farmers** in order to preserve and store their food grains.
- PACS account for 41% (3.01 crore farmers) of the **Kisan Credit Card (KCC)** loans given by all entities in the country, and 95% of these KCC loans (2.95 crore farmers) through PACS are to small and marginal farmers.

Cooperative Banks

Why in News?

Recently, the Minister of Home Affairs and Cooperation has addressed a conclave, organised by the National Federation of Urban Cooperative Banks and Credit Societies (NAFCUB), emphasising the needed Reforms for Urban Cooperative Banks (UCB).

- The NAFCUB is an **Apex Level Promotional body of Urban Cooperative Banks** and Credit Societies Ltd. in the Country. Its objective is to **promote the urban cooperative credit movement and protect the interest of the Sector**.

What are the Cooperative Banks?

- **About:**
 - It is an institution **established on a cooperative basis to deal with the ordinary banking business**. Cooperative banks are **founded by collecting funds through shares, accepting deposits, and granting loans**.
 - They are **Cooperative credit societies** where members from a community group together to extend loans to each other, at favorable terms.
 - They are registered under the **Cooperative Societies Act of the State** concerned or the **Multi-State Cooperative Societies Act, 2002**.
 - The Co-operative banks are **governed by the, Banking Regulations Act, 1949**.

Note:

- **Banking Laws (Co-operative Societies) Act, 1955.**
- They are broadly divided into **Urban and Rural cooperative banks.**
- **Features:**
 - **Customer Owned Entities:** Co-operative bank members are both customer and owner of the bank.
 - **Democratic Member Control:** These banks are owned and controlled by the members, who democratically elect a board of directors. Members usually have equal voting rights, according to the cooperative principle of "one person, one vote".
 - **Profit Allocation:** A significant part of the yearly profit, benefits or surplus is usually allocated to constitute reserves and a part of this profit can also be distributed to the co-operative members, with legal and statutory limitations.
 - **Financial Inclusion:** They have played a significant role in the financial inclusion of unbanked rural masses. They provide cheap credit to masses in rural areas.
- **Urban Cooperative banks (UCB):**
 - The term Urban Cooperative Banks (UCBs) is not formally defined but refers to primary cooperative banks **located in urban and semi-urban areas.**
 - The Urban Cooperative Banks (UCBs), the Primary Agricultural Credit Societies (PACS), the Regional Rural Banks (RRBs), and Local Area Banks (LABs) could be **considered as differentiated banks as they operate in localized areas.**
 - Till 1996, these banks were allowed to lend money only for non-agricultural purposes. This distinction does not hold today.
 - These banks were **traditionally centred on communities and local workgroups as they essentially lent to small borrowers and businesses.** Today, their scope of operations has widened considerably.

Surety Bonds

Why in News?

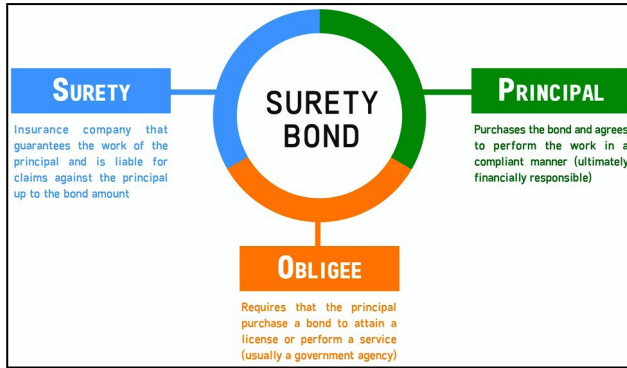
Recently the Ministry for Road Transport & Highways (MORTH) has asked insurance regulator Insurance Regulatory and Development authority (IRDAI) to develop a model product on Surety Bonds in consultation with general insurers.

- **Several challenging issues which made Surety Bond a complete non-starter** with the insurers have also been discussed and it was proposed to IRDAI that it should design a model product.
- The issue of Changes to the Indian Contract Act as well as the **Insolvency and Bankruptcy Code (IBC)** was also highlighted so that Surety Bonds are on the same footing as bank guarantees when it comes to recourse available to them in the case of default - are also being considered.

What is Surety Bond?

- **About:**
 - A surety bond can be defined in its simplest form as a **written agreement to guarantee compliance, payment, or performance of an act.**
 - Surety is a unique type of insurance because it involves a **three-party agreement.** The three parties in a surety agreement are:
 - **Principal** – the party that purchases the bond and undertakes an obligation to perform an act as promised.
 - **Surety** – the insurance company or surety company that guarantees the obligation will be performed. If the principal fails to perform the act as promised, the surety is contractually liable for losses sustained.
 - **Obligee** - the party who requires, and often receives the benefit of— the surety bond. For most surety bonds, the obligee is a local, state or federal government organization.
 - Surety bond is **provided by the insurance company** on behalf of the contractor to the entity which is awarding the project.
- **Aim:**
 - **Surety bonds are mainly aimed at infrastructure development, mainly to reduce indirect cost for suppliers and work-contractors thereby diversifying their options and acting as a substitute for bank guarantee.**
- **Benefits:**
 - Surety bonds **protect the beneficiary** against acts or events that impair the underlying obligations of the principal.
 - They **guarantee the performance** of a variety of obligations, from construction or service contracts to licensing and commercial undertakings.

Note:



What are the issues with the Surety Bonds?

- Surety bonds, a new concept, are **risky and insurance companies in India are yet to achieve expertise** in risk assessment in such business.
- Also, there's no clarity on **pricing, the recourse available against defaulting contractors and reinsurance options**.
 - These are critical and may impede the creation of surety-related expertise and capacities and eventually deter insurers from writing this class of businesses.

How can it boost the Infra Project?

- The move to frame rules for surety contracts will **help address the large liquidity and funding requirements** of the infrastructure sector.
- It will **create a level-playing field for large, mid and small contractors**.
- The Surety insurance business will assist in developing an alternative to bank guarantees for construction projects.
 - This shall **enable the efficient use of working capital and reduce the requirement of collateral** to be provided by construction companies.
- Insurers shall work together with financial institutions to share risk information.
 - Hence, this shall assist in releasing liquidity in infrastructure space without compromising on risk aspects.

Periodic Labour Force Survey 2020-21

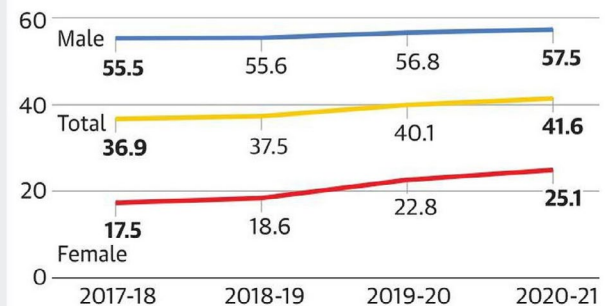
Why in News?

Recently the **Periodic Labour Force Survey (PLFS)** for 2020-21 released by the **Ministry of Statistics and Programme Implementation (MOSPI)**

What are the Other Highlights of PLFS?

- **Unemployment Rate:**
 - It shows that the unemployment rate fell to 4.2% in 2020-21, compared with 4.8% in 2019-20.
 - The rural areas recorded an unemployment rate of 3.3% and urban areas recorded an unemployment rate of 6.7%.
- **Labour Force Participation Rate (LFPR):**
 - The percentage of persons in the labour force (that is, working or seeking work or available for work) in the population increased from 40.1% in the previous year to 41.6% during 2020-21.
- **Worker Population Ratio (WPR):**
 - It increased from 38.2% of the previous year to 39.8%.
- **Migration Rate:**
 - The migration rate is 28.9%. The migration rate among women was 48% and 47.8% in rural and urban areas, respectively.

Looking for work | The labour force participation rate (LFPR) has continued to improve further in 2020-21, according to the latest Periodic Labour Force Survey. The graph shows LFPR over years across genders



Key Terms:

- **Unemployment Rate:** The unemployment rate is defined as the **percentage of unemployed persons in the labour force**.
- **Labour Force:** The Labour force, according to **Current Weekly Status (CWS)**, is the number of persons either employed or unemployed on an average in a week preceding the date of the survey.
- **Current Weekly Status (CWS) Approach:** The urban unemployment PLFS is based on the CWS approach.
 - Under CWS, a person is considered **unemployed if he/she did not work even for one hour on any day during the week but sought or was available for work at least for one hour on any day during the period**.

Note:

- **Worker Population Ratio (WPR):** WPR is defined as the percentage of employed persons in the population.

What is the Periodic Labour Force Survey?

- Considering the importance of the availability of labour force data at more frequent time intervals, the **National Statistical Office (NSO)** launched the Periodic Labour Force Survey (PLFS) in April 2017.
- The objective of PLFS is primarily two fold:
- To estimate the key employment and unemployment indicators (viz. **Worker Population Ratio, Labour Force Participation Rate, Unemployment Rate**) in the short time interval of three months for the urban areas only in the **CWS**.
- To **estimate employment and unemployment indicators** in both usual Status and CWS in both rural and urban areas annually.

World Competitiveness Index 2022

Why in News?

Recently, the annual World Competitiveness Index was released by the Institute for Management Development (IMD).

- IMD is a Swiss foundation, based in Switzerland, dedicated to the development of international business executives at each stage of their careers
- **India** has witnessed the **sharpest rise among the Asian economies**, with a six-position jump from **43rd to 37th rank** on the, largely due to gains in economic performance.

What is World Competitiveness Index?

- **About:**
 - The IMD World Competitiveness Yearbook (WCY), **first published in 1989**, is a comprehensive **annual report** and worldwide reference point on the competitiveness of countries.
 - It analyzes and ranks countries according to how they manage their competencies to achieve long-term value creation.
- **Factors:** It measures the prosperity and competitiveness of **countries** by examining the **Four factors** (334 competitiveness criteria):

WHO STANDS WHERE

2022	Country	2021
1	Denmark	3
2	Switzerland	1
3	Singapore	5
4	Sweden	2
5	Hong Kong	7
6	Netherlands	4
7	Taiwan, China	8
8	Finland	11
9	Norway	6
10	US	10
37	India	43

- Economic performance
- Government efficiency
- Business efficiency
- Infrastructure

What are the Highlights of the Index?

- **Top Global Performers:**
 - **Europe:** Denmark has moved to the **top of the 63-nation list** from the third position last year, while **Switzerland** slipped from the top ranking to the **second** position and **Singapore** regained the **third** spot from fifth.
 - **Asia:** The top-performing Asian economies are Singapore (3th), Hong Kong (5th), Taiwan (7th), China (17th) and Australia (19th).
 - **Others:** Both **Russia and Ukraine** were not assessed in this year's edition due to the limited reliability of data collected.

Note:



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- **India's Performance:**
 - **Performance on four Parameters:**
 - **Economic performance:** It has improved from 37th in 2021 to 28th in 2022.
 - **Government efficiency:** It has improved from 46th in 2021 to 45th in 2022.
 - **Business efficiency:** It saw a huge improvement from 32nd rank in 2021 to 23rd in 2022.
 - **Infrastructure:** It on the other hand, saw no change at 49.
- **Reasons for India's Good Performance:**
 - Major improvements in the context of **retrospective taxes** in 2021
 - **Re-regulation of a number of sectors**, including **drones**, space and **geo-spatial mapping**.
 - Significant improvement in the competitiveness of the Indian economy
 - **India as a driving force in the global movement to fight climate change** and India's **pledge of net-zero by 2070** at the **COP26 summit** also sits in harmony with its strength in environment-related technologies in the ranking.
- **India's Weaknesses:**
 - The **challenges that India faces include** managing trade disruptions and energy security, maintaining high **GDP** growth post the pandemic, skill development and employment generation, asset monetisation and resource mobilisation for infrastructure development.
- **India's Strengths:**
 - The **top five attractive factors of India's economy** for business are - a skilled workforce, cost competitiveness, dynamism of the economy, high educational level and open and positive attitudes.

What are the Recent steps taken by India to Increase its Competitiveness?

- **Towards Increasing Manufacturing Capacity:** India has made appreciable efforts to ensure resilience in manufacturing capacity such as via **Atmanirbhar Bharat** and **Make in India** initiatives which are aimed at domestic supply chains and heavy investment in manufacturing hubs.
 - The government has introduced the **Production-Linked Incentive (PLI) Scheme** in various sectors

for enhancing India's manufacturing capabilities and exports.

- **Technological Advancement:** To facilitate technological advancement for increasing competitiveness, India's Department of Telecom (**DoT**) has constituted six task forces on **6G technology**.
 - The Ministry of External Affairs, through its **New, Emerging And Strategic Technologies (NEST) division** is also ensuring India's active participation in international forums on technology governance.
 - It acts as the **nodal division within the ministry** for **issues pertaining to new and emerging technologies** and assists in collaboration with foreign partners in the field of technology.

Linking Credit Cards With UPI

Why in News?

The **Reserve Bank of India (RBI)** has proposed to allow **linking of credit cards with the Unified Payments Interface (UPI) platform**.

- A credit card is a **financial instrument** issued by banks with a pre-set credit limit, help make cashless transactions. It enables cardholders to pay a merchant for goods and services based on her accrued debt.
- This is intended to **provide additional convenience to users and enhance the scope of Digital Payments**.

What is Unified Payment Interface?

- **About:**
 - It is an **advanced version of Immediate Payment Service (IMPS)**- round-the-clock funds transfer service to make cashless payments faster, easier and smoother.
 - UPI is a system that **powers multiple bank accounts into a single mobile application** (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood.
 - UPI is currently the biggest among the **National Payments Corporation of India (NPCI) operated systems** including **National Automated Clearing House (NACH)**, **Immediate Payment Service (IMPS)**, **Aadhaar enabled Payment System (AePS)**, **Bharat Bill Payment System (BBPS)**, **RuPay** etc.

Note:

➤ **Need to Link Credit Card with UPI:**

- The UPI has, over time, become a **popular mode of payment in India with more than 26 crore unique users** and five crore merchants on the platform.
- In May 2022, about **594 crore transactions amounting to Rs 10.4 lakh crore** were processed through the interface.
- At present, the **UPI facilitates transactions by linking savings/current accounts through users' debit cards.**

What is the Significance of the Move?

- **Additional Avenue for Payment:**
 - The arrangement is expected **to provide an additional avenue for payment to customers and hence enhance convenience.**
- **Credit Card Usage will Increase:**
 - It will **deepen the reach and usage of credit cards.**
 - It is anticipated that credit card usage **will be zooming up in India given UPI's widespread adoption.**
- **Avenues to build Credit on UPI:**
 - It opens up **avenues to build credit on UPI through credit cards in India**, where in the last few years, a number of **startups** like Slice, Uni, One etc. have emerged.
- **Bolster Transactions at more Merchant Sites:**
 - It is expected to bolster transactions and acceptance at more merchant sites.
 - People who generally prefer to pay by credit card so as to avail of a longer pay-back period or loans on credit-card outstanding, or who do not wish to touch their savings at the moment of purchase, can pay using credit cards via UPI.
- **Boost Overall Spending:**
 - The move will provide a **significant boost to overall spending** via credit cards — currently, spending through the use of credit cards is more than double the average spend via debit cards. More spending is generally a force multiplier for the economy.
- **Increase Average Ticket Size of Financial Transactions:**
 - Besides accelerating digital transactions this measure is also expected to **affect the average ticket size of financial transactions.**

- Currently the average ticket size per transaction is Rs 1,600 while it is Rs 4,000 in credit cards.
- So, with the new development the UPI transaction ticket size is likely to go up to somewhere around Rs 3,000 to Rs 4,000, analysts claim.

What are the Challenges?

- It is not clear how the **Merchant Discount Rate (MDR)** will be applied to UPI transactions done through credit cards.
 - The MDR is a fee that a merchant is charged by their issuing bank for accepting payments from their customers via credit and debit cards.
- According to a norm **that has been in effect since January 2020, UPI and RuPay attract zero-MDR, meaning that no charges are applied to these transactions.**
- Applicability of zero-MDR on UPI could also be a reason why other card networks such as Visa and Mastercard may not have been onboarded to UPI for credit cards yet.

Open Network for Digital Commerce

Why in News?

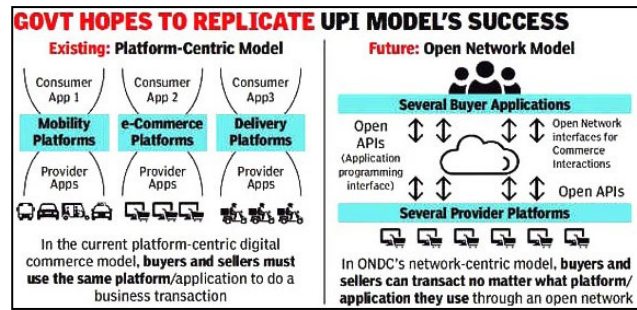
Recently, the government has launched the pilot phase of **Open Network for Digital Commerce (ONDC)** with an aim to “democratise” the country’s fast growing digital **e-commerce space** that is currently dominated by the two U.S.-headquartered firms — Amazon and Walmart.

What is ONDC?

- **About:**
 - ONDC is a freely accessible government-backed platform that aims to democratize e-commerce by **moving it from a platform-centric model to an open network** for buying and selling goods and services.
 - Under ONDC, it is envisaged that a **buyer registered on one participating e-commerce site (for example, Amazon) may purchase goods from a seller on another participating e-commerce site (for example, Flipkart).**

Note:

- Presently, buyers and sellers have to be on the same app for a transaction which happens through the same platform. For example, a buyer needs to go to Amazon, to buy a product from a seller on Amazon.
- It is a **not-for-profit organisation that will offer a network to enable local digital commerce stores** across industries to be discovered and engaged by any network-enabled applications.
 - The open network concept extends beyond the retail sector, to any digital commerce domains including wholesale, mobility, food delivery, logistics, travel, urban services, etc.
- It is neither an aggregator application nor a hosting platform, and **all existing digital commerce applications and platforms can voluntarily choose to adopt** and be a part of the ONDC network.
- The ONDC aims **at promoting open networks developed on open-sourced methodology**, using open specifications and open network protocols, independent on any specific platform.
- Implementation of ONDC, which is expected to be on the lines of **Unified Payments Interface (UPI)** could bring various operational aspects put in place by e-commerce platforms to the same level.
- The project to integrate e-commerce platforms through a network based on open-source technology has been tasked to the **Quality Council of India**.
 - Open source refers to a software program or platform with source code that is readily accessible and which can be modified or enhanced by anyone. Open-source access grants users of an application permission to fix broken links, enhance the design, or improve the original code.
- **Benefits:**
 - The ONDC will standardise operations like **cataloguing, inventory management, order management and order fulfilment**, hence **making it simpler and easier** for small businesses to be discoverable over network and conduct business.
- **Potential Issues:**
 - Experts have pointed out **some likely potential issues such as getting enough number of e-commerce platforms** to sign up, along with issues related to customer service and payment integration.



What is the Significance?

- On ONDC, buyers and sellers **may transact irrespective of the fact that they are attached to one specific e-commerce portal**.
- This could give a **huge booster shot to smaller online retailers** and new entrants.
 - However, if mandated, this could be problematic for larger e-commerce companies, which have their own processes and technology deployed for these segments of operations.
- ONDC is expected to **digitise the entire value chain, standardise operations, promote inclusion of suppliers**, derive efficiency in logistics and enhance value for consumers.
- The platform envisages **equal-opportunity participation and is expected to make e-commerce more inclusive and accessible** for consumers as they can potentially discover any seller, product or service by using any compatible application/platform, thus increasing their freedom of choice.
- It will **enable transactions of any denomination**, thus making ONDC a truly 'open network for democratic commerce'.
- Over the next five years, the ONDC expects to bring on board 90 crore users and 12 lakh sellers on the network, enabling **730 crore additional purchases**.

Open Network for Digital Commerce

What is ONDC?

ONDC is a freely accessible government-backed platform that aims to democratise e-commerce by moving it from a platform-centric model to an open network for buying and selling of goods and services. It aims to enable buying of products from all participating e-commerce platforms by consumers through a single platform. It is an initiative of the Department for Promotion of Industry and Internal Trade (DPIIT) under the Ministry of Commerce and Industry.

What is a Platform Centric Model?

A platform is a business model that creates value by facilitating exchanges between two or more interdependent groups, usually buyers and sellers. Buyers and sellers have to be on the same app for a transaction which happens through the same platform. For example, a buyer needs to go to Amazon, to buy a product from a seller on Amazon.

Advantages

Will standardise operations like cataloguing, inventory management, order management and order fulfilment, hence making it simpler and easier for small businesses to be discoverable over network and conduct business. For buyers, there would be access to more sellers and faster deliveries due to access to hyper-local retailers.

How is ONDC different?

The ONDC model is trying to replicate the success of the Unified Payments Interface (UPI) in the field of digital payments. Under ONDC, it is envisaged that a buyer registered on one participating e-commerce site (for example, Amazon) may purchase goods from a seller on another participating e-commerce site (for example, Flipkart). The open network concept extends beyond the retail sector to any digital commerce domains including wholesale, mobility, food delivery, logistics, travel, urban services, etc.

Potential Issues

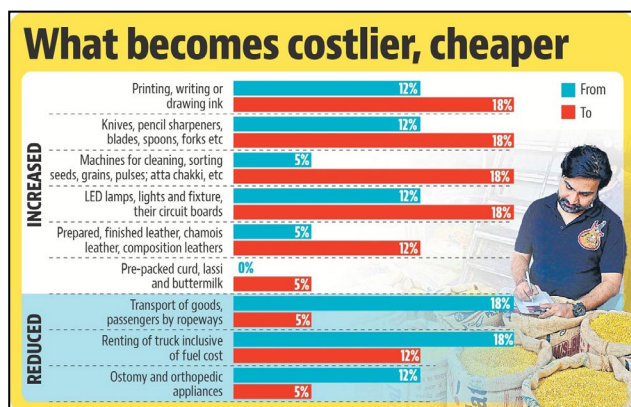
Getting enough number of e-commerce platforms to sign up, issues related to customer service and payment integration.

Note:

Goods and Services Tax Council

Why in News?

Recently, at the 47th meeting of the Goods and Services Tax (GST) Council, chaired by Union Finance Minister, officials approved hiking the rates for some goods and services while removing exemptions for several mass consumption items to simplify the rate structure.



What is the GST Council?

➤ Background:

- The Goods and Services Tax regime came into force after the Constitutional (122nd Amendment) Bill was passed by both Houses of Parliament in 2016.
- More than 15 Indian states then ratified it in their state Assemblies, after which the President gave his assent.

➤ About:

- The GST Council is a joint forum of the Centre and the states.
- It was set up by the President as per Article 279A (1) of the amended Constitution.

➤ Members:

- The members of the Council include the Union Finance Minister (chairperson), the Union Minister of State (Finance) from the Centre.
- Each state can nominate a minister in-charge of finance or taxation or any other minister as a member.

➤ Functions:

- The Council, according to Article 279, is meant to "make recommendations to the Union and the

states on important issues related to GST, like the goods and services that may be subjected or exempted from GST, model GST Laws".

- It also decides on various rate slabs of GST.

- For instance, an interim report by a panel of ministers has suggested imposing 28 % GST on casinos, online gaming and horse racing.

➤ Recent Developments:

- This is the first meeting since a decision of the Supreme Court in May 2022, Supreme Court stated that the recommendations of the GST Council are not binding.
- The court said Article 246A of the Constitution gives both Parliament and state legislatures "simultaneous" power to legislate on GST and recommendations of the Council "are the product of a collaborative dialogue involving the Union and States".
- This was hailed by some states, such as Kerala and Tamil Nadu, who believe states can be more flexible in accepting the recommendations as suited to them.

What is the Significance of GST?

- **Create a Unified Common Market:** Help to create a unified common national market for India. It will also give a boost to foreign investment and "Make in India" campaign.
- **Streamline Taxation:** Through harmonization of laws, procedures and rates of tax between Centre and States and across States.
- **Increase Tax Compliance:** Improved environment for compliance as all returns are to be filed online, input credits to be verified online, encouraging more paper trail of transactions at each level of supply chain;
- **Discourage Tax evasion:** Uniform SGST and IGST rates will reduce the incentive for evasion by eliminating rate arbitrage between neighbouring States and that between intra and inter-state sales
- **Bring about Certainty:** Common procedures for registration of taxpayers, refund of taxes, uniform formats of tax return, common tax base, common system of classification of goods and services will lend greater certainty to taxation system;
- **Reduce Corruption:** Greater use of IT will reduce human interface between the taxpayer and the tax administration, which will go a long way in reducing corruption;

Note:

- **Boost Secondary Sector:** It will boost export and manufacturing activity, generate more employment and thus increase GDP (Gross Domestic Product) with gainful employment leading to substantive economic growth.

Rubber Industry

Why in News?

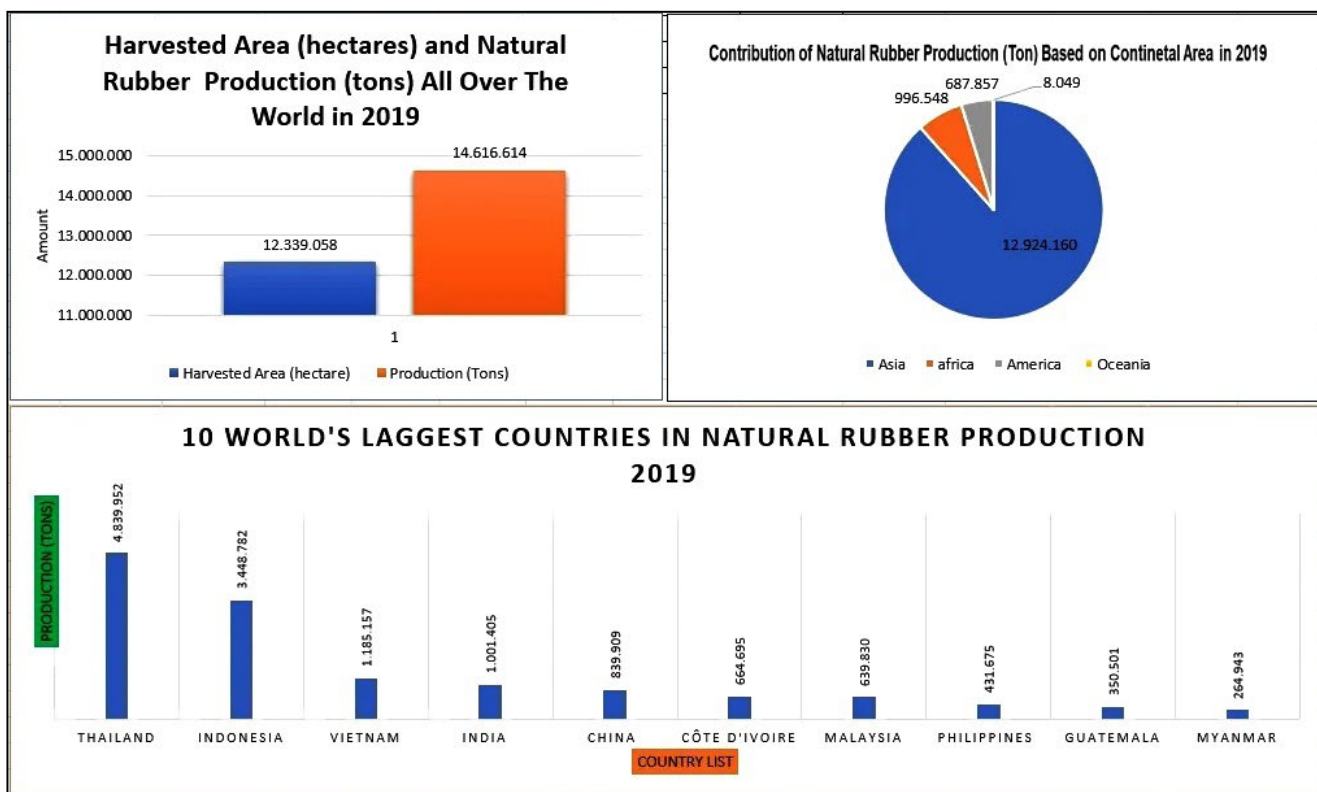
According to the **All India Rubber Industries Association (AIRIA)**, the USD 2-billion non-tyre rubber sector is aiming to double its exports by 2025.

- The global market for rubber products, which is estimated at around \$212 billion is expected to grow by 2025.

- The government should take steps to ensure that the terms of the **Free Trade Agreements (FTAs)** benefit the **MSMEs** to increase rubber exports.
- As MSMEs are so important to India's economy and commerce, India's should include FTAs provisions to address the special concerns, demands and barriers that MSMEs may face while doing business in foreign markets.

What is AIRIA (All India Rubber Industries Association)?

- The All-India Rubber Industries Association (AIRIA) is a not for profit making body serving the rubber industry and trade with the objectives of safeguarding and promoting interests of the industry.



What are Key Features of Rubber?

- **About:**
 - Natural rubber is a polymer of isoprene, an organic compound.
 - Rubber is a coherent elastic solid obtained from the latex of a number of tropical trees of which **Hevea brasiliensis** is the most important.
 - Rubber trees have an economic life period of around 32 years in plantations.
- **Sources:**
 - Natural rubber comes from various sources, the most common being the Pará rubber tree (**Hevea brasiliensis**). It grows well under cultivation and **yields latex** for several years.
 - The vines in the **genus Landolphia** yield the Congo rubber. These vines cannot be grown in cultivation and this led to large-scale exploitation of the wild plants in Congo.

Note:

- Latex is also present in dandelion milk which can be used to produce rubber.
- **Cultivation of Rubber Trees:**
 - **Soil:**
 - The trees demand well-drained and well-weathered soils.
 - **Lateritic type, alluvial, sedimentary types, and non lateritic red soils** are best for the growth of these trees.
 - **Precipitation and Temperature:**
 - An evenly distributed rainfall with **at least 100 rainy days a year** and a temperature range of about **20 to 34°C** are optimum conditions for the growth of the Hevea rubber tree.
 - A **humidity of around 80%, 2000 hours of sunshine, and absence of strong winds** are also necessary for the best results.
- **Uses:**
 - Rubber is used for a variety of purposes from **erasing pencil marks to manufacturing tyres, tubes and a large number of industrial products.**
 - **Natural rubber is preferred over synthetic rubber** due to its high tensile strength and vibration dampening properties, along with tear resistance.
 - This makes it important for the construction and automobile industries.
 - The growth of the automobile market across countries is anticipated to increase the demand for natural rubber production.
 - The rise in demand for latex products, such as catheters, gloves, and belts, is also a factor that is likely to aid in the growth of the rubber market.
- **Production and Distribution:**
 - According to FAOStat (Food and Agricultural Organisation Corporate Statistical Database) of 2019, Thailand is the largest Producer of Rubber in the World followed by Indonesia, Malaysia, India, China etc .

What is the Status of Rubber Production in India?

- According to FAOStat 2019, India is the **fourth largest producer and consumer of Rubber in the World.**
- **Consumption:**
 - Most of the rubber consumption came from the transportation sector, followed by the footwear industry.

- **Exports:**
 - The quantity of natural rubber which was exported from India accounted for over 12 thousand metric tons during fiscal year 2020.
 - The leading countries importing natural rubber from India were **Germany, Brazil, the United States and Italy.**
 - Export products included **automotive tyres and tubes, footwear, pharmaceutical goods and hoses, coats and aprons.**
- **Distribution:**
 - The first rubber plantations in India were set up in 1895 on the hill slopes of Kerala.
 - However, rubber cultivation on a commercial scale was introduced in 1902.
 - **Kerala is the largest producer** of natural rubber in India.
 - **Major areas:** Kottayam, Kollam, Ernakulam, Kozhikode districts produce practically all the rubber of this state.
 - **Tamil Nadu:**
 - Nilgiri, Madurai, Kanniyakumari, Coimbatore and Salem are the chief rubber producing districts of Tamil Nadu.
 - **Karnataka:**
 - Chikmagalur and Kodagu are the main producing districts.
 - **Tripura, Assam, Andaman and Nicobar, Goa** etc are some other rubber producing States.

Single Nodal Agency (SNA) Dashboard of PFMS

Why in News?

Recently, the Union Minister for Finance & Corporate Affairs launched the Single Nodal Agency (SNA) Dashboard of PFMS (Public Financial Management System).

It was launched as a part of the **Azadi ka Amrit Mahotsav (AKAM)** celebrations by the Ministry of Finance.

- The Ministry of Finance is observing the '**Iconic Week**' celebrations from **6th to 12th June 2022** to celebrate AKAM.
- Additionally, the training modules for the Department of Expenditure were launched as part of **Mission Karmayogi**.

Note:

What is Mission Karmayogi?

- It aims to prepare Indian civil servants for the future by making them more creative, constructive, imaginative, proactive, innovative, progressive, professional, energetic, transparent, and technology-enabled.
- Comprehensive reform of the capacity building apparatus at the individual, institutional and process levels for efficient public service delivery.

What is SNA Dashboard?

- **About:**
 - It is a major reform initiated in 2021 with regards to the manner in which funds for Centrally Sponsored Schemes (CSS) are released, disbursed and monitored.
 - This revised procedure, now referred to as the SNA model, requires each State to identify and designate a SNA for every scheme.
 - All funds for that State in a particular scheme are now credited in this bank account, and all expenses by all other Implementing Agencies involved are affected from this account.
- **Significance:**
 - **Ensure Allocation of Funds:**
 - The SNA model ensures that allocation of funds to States for the CSS are made in a timely manner and after meeting various stipulations.
 - **Brought Greater Efficiency:**
 - Effective implementation of this Model has brought about greater efficiency in CSS fund utilization, tracking of funds, pragmatic and just-in-time release of funds to the States; ultimately all contributing to better Cash Management of the Government.
- **Need:**
 - In order to give the stakeholders of the SNA model the necessary feedback and monitoring tools in the operation of the schemes.
 - The Dashboard depicts releases made to different States by Ministries, further releases made by State Treasuries to the SNA accounts, expenditure reported by the agencies, interest paid by banks to SNA accounts etc. in intelligible, informative and visually appealing graphics.

What is PFMS?

- **About:**
 - PFMS, earlier known as Central Plan Schemes Monitoring System (CPSMS), is a web-based online software application developed and implemented by the Office of Controller General of Accounts (CGA), Ministry of Finance.
 - PFMS was initially started during 2009 as a Central Sector Scheme of Planning Commission with the objective of tracking funds released under all Plan schemes of the Government of India, and real time reporting of expenditure at all levels of Programme implementation.
 - Subsequently in the year 2013, the scope was enlarged to cover direct payment to beneficiaries under both Plan and non-Plan Schemes.
 - In 2017, the Government scrapped the distinction between plan and non-plan expenditure.
- **Objective:**
 - To facilitate a sound Public Financial Management System for the Government of India (GoI) by establishing an efficient fund flow system as well as a payment cum accounting network.
- **Coverage:**
 - At present, the ambit of PFMS coverage includes Central Sector and Centrally Sponsored Schemes as well as other expenditures including the Finance Commission Grants.
 - PFMS provides various stakeholders with a real time, reliable and meaningful management information system and an effective decision support system, as part of the Digital India initiative of GoI.
 - PFMS is integrated with the core banking system in the country

Minimum Support Price**Why in News?**

Recently, the Centre has approved the Minimum Support Prices (MSP) for the Kharif season 2022-23, stating that the rates are at least 1.5 times of the weighed average cost of production.

The rates for 14 Kharif crops have been increased, the hikes ranging from 4% to 8%.

Note:

What is Kharif Season?

- Crops are **sown from June to July** and **Harvesting is done in between September-October**.
- **Crops are:** Rice, maize, jowar, bajra, tur, moong, urad, cotton, jute, groundnut, soyabean etc.
- **States are:** Assam, West Bengal, coastal regions of Odisha, Andhra Pradesh, Telangana, Tamil Nadu, Kerala and Maharashtra.

What is MSP?

- **About:**
 - The MSP is the rate **at which the government purchases crops from farmers**, and is based on a calculation of at least one-and-a-half times the cost of production incurred by the farmers.
 - MSP is a **“minimum price” for any crop that the government considers as remunerative for farmers** and hence deserving of “support”.
- **Crops under MSP:**
 - The Commission for Agricultural Costs & Prices (CACP) recommends MSPs for **22 mandated crops and fair and remunerative price (FRP)** for sugarcane.
 - CACP is an attached office of the Ministry of Agriculture and Farmers Welfare.
 - The mandated crops include 14 crops of the kharif season, 6 **rabi crops** and 2 other commercial crops.
 - In addition, the MSPs of toria and de-husked coconut are fixed on the basis of the MSPs of rapeseed/mustard and copra, respectively.
- **Factors for Recommending the MSP:**
 - The CACP considers various factors while recommending the MSP for a commodity, including cost of cultivation.
 - It takes into account the supply and demand situation for the commodity, market price trends (domestic and global) and parity vis-à-vis other crops, and implications for consumers (inflation), environment (soil and water use) and terms of trade between agriculture and non-agriculture sectors.
- **Three Kinds of Production Cost:**
 - The CACP projects three kinds of production cost for every crop, both at state and all-India average levels.
 - **‘A2’:** Covers all paid-out costs directly incurred by the farmer in cash and kind on seeds, fertilisers,

pesticides, hired labour, leased-in land, fuel, irrigation, etc.

- **‘A2+FL’:** Includes A2 plus an imputed value of unpaid family labour.
- **‘C2’:** It is a more comprehensive cost that factors in rentals and interest forgone on owned land and fixed capital assets, on top of A2+FL.
- CACP considers **both A2+FL and C2 costs** while recommending MSP.
 - CACP reckons only A2+FL cost for return.
 - However, C2 costs are used by CACP primarily as benchmark reference costs (opportunity costs) to see if the MSPs recommended by them at least cover these costs in some of the major producing States.
- The Cabinet Committee on Economic Affairs (CCEA) of the Union government takes a final decision on the level of MSPs and other recommendations made by CACP.

What is the Need of MSP?

- The twin droughts of 2014 and 2015 forced the farmers to suffer from declining commodity prices since 2014.
- The twin shocks of **demonetisation and the rollout of GST**, crippled the rural economy, primarily the non-farm sector, but also agriculture.
- The slowdown in the economy after 2016-17 followed by the pandemic further ensured that the situation remains precarious for the majority of the farmers.
- Higher input prices for diesel, electricity and fertilisers have only contributed to the misery.

What are the Issues Associated with India's MSP Regime?

- **Limited Extent:** As against the official announcement of MSP for 23 crops, only two, rice and wheat, are procured as these are distributed in NFSA (National Food Security Act). For the rest, it is mostly ad-hoc and insignificant.
- **Ineffectively Implemented:** The Shanta Kumar Committee, in its report in 2015, stated that only 6% of the MSP could be received by the farmers, which directly means that 94% of the farmers in the country are deprived from the benefit of the MSP.
- **More of a Procurement Price:** The current MSP regime has no relation to prices in the domestic market. Its

Note:

sole raison d'être is to fulfil the requirements of NFSA making it effectively a procurement price rather than an MSP.

- **Makes Agriculture Wheat and Paddy Dominated:** Skewed MSP dominated system of rice and wheat leads to overproduction of these crops and discourages farmers to grow other crops and horticulture products, which has higher demand and subsequently could lead to increase in farmers income.
- **Middlemen-Dependent:** The MSP-based procurement system is also dependent on middlemen, commission agents and APMC officials, which smaller farmers find difficult to get access to.

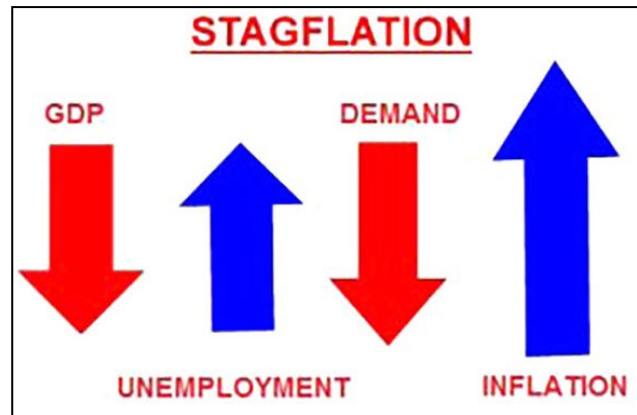
Stagflation

Why in News?

Central banks across the World are trying to formulate policies to ensure that **Inflation**, in some advanced economies including the U.S., is cooled without triggering a **Recession**, since some of the experts are seeing **Stagflation** in the near future.

What is Stagflation?

- **About:**
 - Stagflation means a **situation characterized by simultaneous increase in prices and stagnation of economic growth.**
 - The term Stagflation was coined by **Iain Macleod, a Conservative Party MP in the United Kingdom**, in November 1965.
 - It is described as a **situation in the economy where the growth rate slows down, the level of unemployment remains steadily high and yet the inflation or price level remains high** at the same time.
 - It is Dangerous for the economy.
 - In a usually low growth situation, central banks and governments try to **stimulate the economy through higher public spending and low interest rates** to create demand.
 - These measures **also tend to elevate prices and cause inflation.** So, these tools cannot be adopted **when inflation is already running high**, which makes it difficult to break out of the low growth-high inflation trap.



➤ Case of Stagflation:

- In the early and mid-1970s when **OPEC (The Organisation of Petroleum Exporting Countries)**, which works like a cartel, decided to cut supply and sent oil prices soaring across the world.
- On the one hand, the rise in oil prices constrained the productive capacity of most western economies that heavily depended on oil, thus hampering economic growth. On the other hand, the oil price spike also led to inflation and commodities became more costly.
- For instance, in 1974, the oil prices went up by almost 70% and it leads to a consequent rise in inflation.

What has sparked the latest concerns about stagflation?

➤ Covid-19 and Subsequent Fiscal and Monetary Measures:

- While the outbreak of the Covid-19 pandemic and the curbs imposed to contain the spread of the virus caused the first major recent economic slowdown worldwide, the subsequent fiscal and **Monetary Measures** taken to address the downturn, including substantial increases in liquidity in most of the advanced economies, fuelled a sharp upsurge in inflation.

➤ Russia- Ukraine Situation and Sanctions on Moscow:

- While the Fed and the Bank of England are among central banks that have started raising interest rates to cool soaring prices, the ongoing war in **Ukraine following Russia's invasion** of its southern neighbour and the consequent Western sanctions on Moscow have caused a fresh and as yet hard-to-quantify 'supply shock'.

Note:



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➤ Supply Factors:

- With the prices of commodities ranging from oil and gas to foodgrains, edible oils and fertilizers all surging sharply in the wake of the conflict, authorities face an uphill battle to contain inflation that is now less a function of demand (and so can be controlled by regulating credit) and almost entirely caused by supply factors that are far harder to manage.

Core Sector Output

Why in News?

India's eight core sector industries **showed a robust growth of 8.4% in April** compared to 4.9% in March 2022.

- The eight core sector industries comprise 40.27% of the weight of items included in the Index of Industrial Production (IIP).
- The eight core sector industries in decreasing order of their weightage are: Refinery Products> Electricity> Steel> Coal> Crude Oil> Natural Gas> Cement> Fertilizers.

What is the Index of Eight Core Industries?

➤ About:

- Index of Eight Core Industries (ICI) refers to the production volume index.
- It evaluates the combined as well as individual performance of production in selected eight core industries.
- The current weightage (April 2021), of eight core industries is given below:
 - Petroleum Refinery production (28.04%), Electricity (19.85%), Steel (17.92%), Coal production (10.33%), Crude Oil (8.98%), Natural Gas production (6.88%), Cement production (5.37%), Fertilizer production (2.63%).
- ICI is compiled and released by the Office of Economic Adviser (OEA), Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry.

➤ Significance:

- ICI provides advance indication on production performance of industries of 'core' nature prior to the IIP release by the National Statistical Office, NSO.

- General economic activities and industrial activities are likely to get impacted by the eight core industries.

What is the Index of Industrial Production?

➤ About:

- Index of Industrial Production (IIP) is an indicator that measures the changes in the volume of production of industrial products during a given period.
- It is compiled and published monthly by the National Statistical Office (NSO), Ministry of Statistics and Programme Implementation.
- It is a composite indicator that measures the growth rate of industry groups classified under:
 - Broad sectors, namely, Mining, Manufacturing, and Electricity.
 - Use-based sectors, namely Basic Goods, Capital Goods, and Intermediate Goods.
- Base Year for IIP is 2011-2012.

➤ Significance of IIP:

- It is used by government agencies including the Ministry of Finance, the Reserve Bank of India, etc, for policy-making purposes.
- IIP remains extremely relevant for the calculation of the quarterly and advance Gross Domestic Product, (GDP) estimates.

Bad Bank

Why in News?

Recently, the Ministry of Finance has announced that the National Asset Reconstruction Company (NARCL) along with the India Debt Resolution Company (IDRCL) will take over the first set of bad loans from banks and try to resolve them.

- The health of the balance sheets of Indian banks has improved significantly over the last few years with their Gross Non-Performing Assets (GNPA) ratio declining from a peak of 11.2% in FY18 to 6.9% in Q2FY22.
- NARCL has been set up by banks to aggregate and consolidate stressed assets for their subsequent resolution. PSBs will maintain 51% ownership in NARCL.
- IDRCL is a service company/operational entity which will manage the asset and engage market professionals and turnaround experts. Public Sector Banks (PSBs) and Public FIs will hold a maximum of 49% stake and the rest will be with private sector lenders.

Note:

- The government had already announced sovereign guarantees of Rs 30,600 crore for Security Receipts (SRs) to be issued by NARCL, which will be buying Rs 2 lakh crore non-performing loans from banks.

What is a Non-Performing Asset?

- NPA refers to a classification for loans or advances that are in default or are in arrears on scheduled payments of principal or interest.
- In most cases, debt is classified as non-performing, when the loan payments have not been made for a minimum period of 90 days.
- Gross non-performing assets are the sum of all the loans that have been defaulted by the individuals who have acquired loans from the financial institution.
- Net non-performing assets are the amount that is realised after provision amount has been deducted from the gross non-performing assets.

What is a Bad Bank?

- A bad bank is a financial entity set up to buy **Non-Performing Assets (NPAs)**, or Bad Loans, from banks.
- The aim of setting up a bad bank is **to help ease the burden on banks by taking bad loans off their balance sheets** and get them to lend again to customers without constraints.
- After the purchase of a bad loan from a bank, the **bad bank may later try to restructure and sell the NPA to investors who might be interested in purchasing it.**
- A bad bank **makes a profit in its operations if it manages to sell the loan at a price higher than what it paid to acquire the loan** from a commercial bank.
- However, **generating profits is usually not the primary purpose of a bad bank** — the objective is **to ease the burden on banks, of holding a large pile of stressed assets**, and to get them to lend more actively.

What are the Pros and Cons of a Bad bank?

- **Pros:**
 - **Single Exclusive Entity:**
 - It can help consolidate all bad loans of banks under a single exclusive entity.
 - The idea of a bad bank has been tried out in countries such as the U.S., Germany, Japan and others in the past.
 - The troubled asset relief program, also known as TARP, implemented by the U.S. Treasury in

the aftermath of the 2008 financial crisis, was modelled around the idea of a bad bank.

- **Freedom to Use Freed-up Capital:**

- By taking bad loans **off the books of troubled banks, a bad bank can help free capital of over Rs 5 lakh crore** that is locked in by banks as provisions against these bad loans.
- This will give **banks the freedom to use the freed-up capital to extend more loans** to their customers.

- **Improving Capital Buffer:**

- It can help improve bank lending not by shoring up bank reserves but **by improving banks' capital buffers.**
- To the extent that a new bad bank set up by the government can improve banks' capital buffers by freeing up capital, it could **help banks feel more confident to start lending again.**

- **Cons:**

- **Merely Shifts one Pocket of Government to another:**

- Bad bank backed by the government will merely shift bad assets from the hands of public sector banks, which are owned by the government, to the hands of a bad bank, which is again owned by the government.
- There is little reason to believe that **a mere transfer of assets from one pocket of the government to another will lead to a successful resolution of these bad debts** when the set of incentives facing these entities is essentially the same.

- **Nature of Ownership:**

- Unlike private banks, which are owned by individuals who have strong financial incentives to manage them well, **public sector banks are managed by bureaucrats who may often not have the same commitment to ensuring these lenders' profitability.**
- To that extent, bailing out banks through a bad bank **does not really address the root problem** of the bad loan crisis.

- **Risk of Moral Hazard:**

- Commercial banks that are bailed out by a bad bank are likely to have little reason to mend their ways.

Note:



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- After all, the safety net provided by a bad bank gives these banks more reason to lend recklessly and thus further exacerbate the bad loan crisis.

Neobanks

Why in News?

The **RBI** (Reserve Bank of India) is taking a hard look at the neobank business model where **fintechs** plug into a conventional bank's network and become **customer-facing banking service providers**.

- The concern is that the digital model business can scale up very fast and could grow to be bigger than the underlying bank in terms of customers. Although neobank customers continue to be accountholders of the underlying bank, the only channel available to these users is the fintech-owned digital platform.

What are Neobanks?

- A neobank is a kind of **digital bank without any branches**. Rather than being physically present at a specific location, neobanking is entirely online.
- Neobanks are **financial institutions** that give customers a cheaper alternative to traditional banks.
- They **leverage technology and artificial intelligence** to offer personalised services to customers while minimising operating costs.
- Neobanks entered the financial system with the tag of '**challenger banks**' because they challenged the complex infrastructure and client onboarding process of traditional banks.
- In India, these firms **don't have a bank licence of their own but rely on bank partners to offer licensed services**.
- That's because the **RBI doesn't allow banks to be 100% digital yet**.
- The RBI remains resolute in prioritising banks' physical presence, and has spoken about the need for digital banking service providers to have some physical presence as well.
- **RazorpayX, Jupiter, Niyo, Open**, etc are the examples of top Neobanks of India.

What are the Different Operating Models of Neobanks?

- **Non-licensed** FinTech (Financial Technology) firms that collaborate with conventional banks to have a

mobile/Web platform and a wrapper around their partner banks' products.

- **Traditional banks** that are undertaking their digital initiatives.
- **Licensed neobanks** (usually with digital banking licences in those countries that allow it).

What are the Differences Between Traditional Banks and Neobanks?

- **Funding and customers' trust:** Traditional banks have many advantages over neobanks, such as funding and most importantly customers' trust.
 - However, legacy systems are weighing them down and they find it difficult to adapt to the growing needs of a tech-savvy generation.
- **Innovation:** While neobanks don't have the funds or customer base to overthrow traditional banks, they have something special in their arsenal - innovation.
 - They can launch features and develop partnerships to serve their customers much more quickly than traditional banks.
- **Underserved by traditional banks:** Neobanks cater to retail customers, and small and medium businesses, which are generally underserved by traditional banks.
 - They leverage the mobile-first model to differentiate themselves by introducing innovative products and providing superior customer service.
- **Venture capital and private equity investors:** They have been keeping a keen eye on the market opportunities for such banks and are taking an increasing interest in them.
- **Smartphone penetration:** As of 2020, India had a Smartphone penetration rate of 54%, which is estimated to increase to 96% by 2040.
 - Even though 80% of the population has access to at least one bank account, financial inclusion levels are yet to improve.

What are the Advantages of Neobanks?

- **Low costs:** Fewer regulations and the absence of credit risk allow neobanks to keep their costs low. Products are typically inexpensive, with no monthly maintenance fees.
- **Convenience:** These banks offer customers the majority (if not all) of banking services through an app.

Note:

- **Speed:** Neobanks allow customers to set up accounts quickly and process requests speedily. Those that offer loans may skip the usual time-consuming application processes in favour of innovative strategies for evaluating credit.
- **Transparency:** Neobanks are transparent and strive to provide real-time notifications and explanations of any charges and penalties incurred by the customer.
- **Deep insights:** Most neobanks provide dashboard solutions with highly enhanced interfaces and easy to understand and valuable insights for services such as payments, payables and receivables, and bank statements.

Liquid Nano Urea

Why in News?

Recently, the Prime Minister inaugurated the first Liquid Nano Urea (LNU) plant at Kalol, Gujarat.

- It is **Indigenous Urea**, introduced firstly by the **Indian Farmers Fertiliser Cooperative Limited (IFFCO)** for farmers across the world.

What is Indian Farmers Fertilizer Cooperative Limited?

- **About:**
 - It is one of India's biggest cooperative societies which is wholly owned by **Indian Cooperatives**.
 - Founded in 1967 with just 57 cooperatives, today it is an amalgamation of over 36,000 Indian Cooperatives with diversified business interests ranging from General Insurance to Rural Telecom apart from its core business of manufacturing and selling fertilizers.
- **Objective:**
 - To enable Indian farmers to prosper through timely supply of reliable, high quality agricultural inputs and services in an environmentally sustainable manner and to undertake other activities to improve their welfare.

What is Liquid Nano Urea?

- **About:**
 - It is urea in the form of a nanoparticle. It is a nutrient (liquid) to **provide nitrogen to plants as an alternative to the conventional urea**.

- Urea is a **chemical nitrogen fertiliser, white in colour, which artificially provides nitrogen**, a major nutrient required by plants.
- It is developed to replace conventional urea and it can curtail the requirement of the same by at least 50%.
- It contains 40,000 mg/L of nitrogen in a 500 ml bottle which is equivalent to the impact of nitrogen nutrient provided by one bag of conventional urea.
- **Developed At:**
 - It has been indigenously developed at **Nano Biotechnology Research Centre, Kalol, Gujarat** in line with **Atmanirbhar Bharat** and Atmanirbhar Krishi.
 - India is dependent on imports to meet its **urea requirements**.
- **Objective:**
 - It is aimed at reducing the unbalanced and indiscriminate use of conventional urea, increase crop productivity, and reduce soil, water, and air pollution.
- **Significance:**
 - **Improves Plant Nutrition:**
 - It has been **found effective and efficient for plant nutrition** which increases production with improved nutritional quality.
 - It will boost a balanced nutrition program by reducing the excess use of Urea application in the soil and will make the crops stronger, healthier and protect them from the lodging effect.
 - Lodging is the bending over of the stems near ground level of grain crops, which makes them very difficult to harvest, and can dramatically reduce yield.
 - **Improves Environment:**
 - It will also have a huge positive impact on the quality of underground water, a very significant reduction in global warming with an impact on **climate change and sustainable development**.
 - **Increase Farmers' Income:**
 - It is easy on the pocket of farmers and will be effective in increasing farmers' income. It will also significantly bring down the cost of logistics and warehousing.

Note:



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Maharashtra Re-emerges as Top Sugar Producer

Why in News?

Maharashtra has once again the top sugar producer state in India after five years. It has overtaken Uttar Pradesh in sugar production.

- The overall production of sugar by Maharashtra accounts for **138 lakh tonnes** for the year **2021-22**.
- The total sugar produced by the **Uttar Pradesh** in the year **2021-22** accounts for **105 lakh tonnes**.

What are the Reasons for the Huge Production of Sugar in Maharashtra?

- **Abundant Supply of Water:**
 - **Sugarcane** is a **water intensive crop** which needs a huge water supply which farmers from Maharashtra were getting properly through **rainfall, water reservoirs, network of canals** and from **groundwater**.
 - Maharashtra has been receiving more than sufficient **rainwater** since **2019** during the **south-west monsoon season**.
 - **Groundwater aquifers** and other reservoirs were filled by water due to sufficient rainfall. These sources of water play a key role in **agricultural production**.
- **Underreporting of Cane Production:**
 - Data regarding actual production of the sugarcane in the state of Maharashtra was not quite accurate.
 - Keeping this in mind the concerned administration tried to make corrections in the recorded data of the sugarcane production.
 - This ultimately resulted in increased acreage under the sugarcane production from **11.42 lakh hectare to 12.4 lakh hectares**.
 - Thus, Maharashtra harnessed the benefits from increased acreage under sugarcane in 2021-22.

Informal Economy in India

Why in News?

According to the latest data, as many as **27.69 crore informal sector workers** are registered on the e-shram portal.

What is an e-Shram Portal?

- **About:**
 - Launched in 2021, e-Shram portal is aimed at building a comprehensive **National Database of Unorganized Workers (NDUW)** in the country.
- **Aim:**
 - To **register unorganised workers** such as construction labourers, migrant workforce, street vendors, and domestic workers, among others.
 - The workers will be **issued an e-Shram card containing a 12-digit unique number**.
 - If a worker is registered on the **eSHRAM portal** and meets with an accident, he will be eligible for **Rs 2.0 Lakh** on death or permanent disability and **Rs 1.0 lakh** on partial disability.
 - The aim of the **portal is to boost the last-mile delivery of the welfare schemes** for over unorganised workers in the country.
- **Background:**
 - The formation of e-Shram portal came after the **Supreme Court directed the Government to complete the registration process of unorganized workers** so that they can avail the welfare benefits given under various government schemes.
- **Implementation:**
 - Government in States/UTs will conduct registration of unorganised workers across the country.

What is the Scenario of Informal Sector Workers in India?

- **Social Category Analysis:**
 - **Over 94% of 27.69 crore informal sector workers registered on the e-Shram portal** have a monthly income of **Rs 10,000 or below** and over 74% of the enrolled workforce belongs to **Scheduled Castes (SC)**, **Scheduled Tribes (ST)** and **Other Backward Classes (OBC)**.
 - The proportion of the General Category workers is 25.56%.
 - The data showed that **94.11% of the registered informal workers have a monthly income of Rs 10,000 or below**, while 4.36% have a monthly income between **Rs 10,001 and Rs 15,000**.
- **Age-wise Analysis:**
 - **61.72% of the registered workers** on the portal are of the age from **18 years to 40 years**, while **22.12%** are of the age from **40 years to 50 years**.

Note:



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- The proportion of the **registered workers aged above 50 years is 13.23%** while 2.93% of workers are aged between 16 and 18 years.
- **Gender Wise Analysis:**
 - 52.81% of registered workers are female and 47.19 % are male.
- **Top-5 States in Terms of Registration:**
 - **Uttar Pradesh, Bihar, West Bengal, Madhya Pradesh and Odisha.**
- **Occupation Wise:**
 - **Agriculture is at the top with 52.11% of enrolments** done by those related to the farm sector followed by domestic and household workers at 9.93% and construction workers at 9.13%.

India's Startup Ecosystem

Why in News?

Recently, the number of unicorns in India reached the 100-mark.

- One unicorn means a startup of at least Rs 7,500 crore turnover. The total valuation of these unicorns is USD 330 billion, that is over Rs 25 lakh crore.
- The average annual growth rate of Indian unicorns is more than that of the U.S., the U.K. and many other countries.

What is a Unicorn?

- **About:**
 - A unicorn is **any privately owned firm with a market capitalization of more than USD 1 billion.**
 - It denotes **new entities dedicated to offering creative solutions** and new business models, among other things.
 - There are several categories like **fintech, Edtechs, B2B** (Business-to-Business) companies, etc.
- **Features:**
 - **Disruptive innovation:** Mostly, all the unicorns have brought a disruption in the field they belong to, for example, Uber transformed commuting.
 - **Technology-driven:** The business model is driven by the latest technological innovations and trends.
 - **Consumer-focused:** Their goal is to simplify things for consumers and be a part of their day-to-day life.

- **Affordability:** Keeping things affordable is another key highlight of these startups.
- **Privately owned:** Most of the unicorns are privately owned which gets their valuation bigger when an established company invests in it.
- **Software-based:** A recent report suggests that 87% of the unicorns' products are software, 7% are hardware and the rest 6% are other products & services.

What is the State of Startups and Unicorns in India?

- **Status:**
 - India has become the **3rd largest start-up ecosystem in the world** after the US and China.
 - **44 Indian start-ups have achieved unicorn status in 2021** taking the overall tally of unicorns to 83, most of which are in the services sector.
 - India has seen such rapid growth in unicorns due to several strategic as well as conditional reasons.
- **Growth Drivers:**
 - **Government Support:**
 - Government of India is understanding the value of working with disruptive innovators across the value chain and using their innovations to improve public service delivery.
 - Department of Animal Husbandry and Dairying has conducted a grand challenge in association with Startup India to award top startups in 5 categories 10 lakhs INR.
 - **Adoption of Digital Services:**
 - The pandemic accelerated the adoption of digital services by consumers helping start-ups and new-age ventures build tech-focused businesses for customers.
 - **Online Services and Work from Home Culture:**
 - Many Indians moved to online services exploring a host of services ranging from food delivery and Edu-tech to e-grocery.
 - The Work-from-home culture helped increase the number of start-ups' user base and expedited their business expansion plans and attract investors.
 - **Digital Payments:**
 - The growth of **Digital Payments** is another aspect that aided the unicorn the most.

Note:

- **Buyouts from Major Public Corporations:**
 - Many startups become unicorns as a result of buyouts from major public corporations that prefer to focus on acquisitions to grow their business rather than investing in internal growth.

➤ **Challenges:**

- **Increasing Investments Do Not Ensure Success of a Startup:** Amid the Covid-19 crisis, when the central banks have released a global glut of liquidity, money is no longer a difficult task to raise.
 - The billions of dollars being invested in startups represent the large bets on distant outcomes, and not value generation by way of revenues.
 - Plus, one cannot assume the high rate of survival of these startups with such investments, as it can be assured by profits.
- **India, still a Marginal Player in the Space Sector:** While India's startups in the fintech and e-commerce sector are doing exceptionally well, the space startup sector remains an outlier
 - Currently, the global space economy is worth USD 440 billion, with India having less than 2% share in the sector.
 - This is despite the fact that India is a leading space-faring country with end-to-end capabilities to make satellites, develop augmented launch vehicles and deploy interplanetary missions.
 - The reason for the lack of independent private participation in space includes the absence of a framework to provide transparency and clarity in laws.
- **Indian Investors Unwilling to Take Risks:** The big investors in India's startup sector are from overseas; Japan's SoftBank, China's Alibaba, and Sequoia from the US.
 - That's because India does not have a serious venture capital industry with an appetite for risk.
 - The country's established conglomerates have mostly stuck to traditional businesses.

What are the Related Government Initiatives?

- **Startup Innovation Challenges:** It is a fantastic opportunity for any startup to leverage their networking and fund-raising efforts.
- **National Startup Awards:** It seeks to recognize and reward outstanding startups and ecosystem enablers

that are contributing to economic dynamism by spurring innovation and injecting competition.

- **Ranking of States on Support to Startup Ecosystems:** It is an evolved evaluation tool aimed to strengthen the support of States and UTs to holistically build their startup ecosystems.
- **SCO Startup Forum:** The first-ever **Shanghai Cooperation Organisation (SCO)** Startup Forum was launched in October 2020 to develop and improve startup ecosystems collectively.
- **Prarambh:** The 'Prarambh' Summit aims to provide a platform to the startups and young minds from around the world to come up with new ideas, innovation and invention.

World of Work Report: ILO

Why in News?

Recently, the **International Labour Organization (ILO)** has released the Ninth Edition of ILO Monitor on the World of Work Report, which says that after significant gains during the last quarter of 2021, the number of hours worked globally dropped in the first quarter of 2022, to 3.8% below the employment situation before the **Covid-19**.

- The fresh lockdowns in China, the **conflict between Ukraine and Russia**, and the global rise in the **prices of food and fuel** are cited as the main reasons for the findings.
- The report gives a **global overview of how countries are tackling an uneven labour market recovery** that has been further undermined by developments such as the Russian aggression against Ukraine, increases in inflation, and continuing strict Covid-19 containment measures.

What are the other Findings of the Report?

- **Global:**
 - **Reduction in Working Hour:**
 - Both India and **Lower-Middle-Income countries** experienced a deterioration of the gender gap in work hours in the second quarter of 2020.
 - However, because the initial level of **hours worked by women in India was very low, the reduction in hours worked by women in India has only a weak influence** on the overall performance of the lower-middle-income countries.

Note:

- In contrast, the **reduction in hours worked by men in India has a large impact** on the overall performance.
- **Divergence Between Richer and Poorer Economies:**
 - A great and growing divergence between richer and poorer economies continues to characterise the recovery.
 - While **high-income countries experienced a recovery in hours worked, low- and lower-middle-income economies suffered setbacks** in the first quarter of the year with a 3.6 and 5.7% gap respectively when compared to the pre-crisis benchmark.
- **Workplace Closures Continue to Trend Downwards:**
 - After a brief spike at the end of 2021 and early 2022, workplace closures are currently on a downward trend.
 - While most workers still live in countries with some form of workplace restrictions, the strictest form of closure (economy-wide required closures for all but essential workplaces) has nearly disappeared.
 - These recent reductions in strict workplace closures were particularly pronounced in Europe and Central Asia, where currently 70% of workers face either only recommended closures or none at all.
- **Divergence in Employment Recovery Trends:**
 - In line with the overall divergence in hours worked, **employment levels had recovered in most high-income countries by the end of 2021, while deficits remained significant in most middle-income economies.**
 - The divergence in the **employment-to-population ratio from the last quarter of 2019 had been mostly eliminated by the end of 2021.**
- **Labour Incomes have not yet Recovered:**
 - In 2021, three out of five workers lived in countries where average annual labour incomes had not yet recovered to their level of the fourth quarter of 2019.
 - Workers in low-, lower-middle and upper-middle-income countries (excluding China) **still faced reduced labour incomes in 2021**, at rates of -1.6 %, -2.7 % and -3.7% respectively.

- **Informal employment was impacted more, especially for women, but has rebounded faster than formal employment:**
 - Displaced workers **from the formal economy, for instance, resort to informal employment to earn a living**, while those already in informal employment remain at work.
 - For this reason, changes in informal employment during economic downturns tend to be smaller than those in formal employment.

➤ **India:**

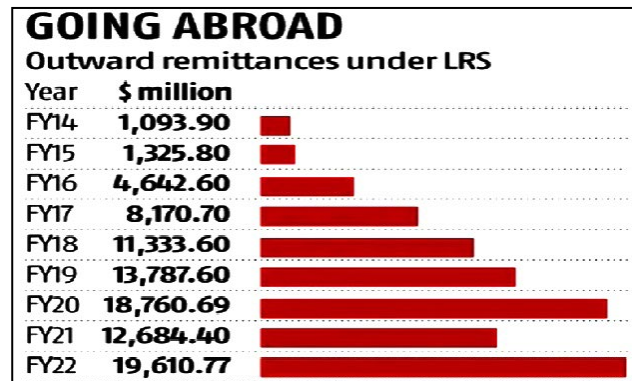
- For every 100 women at work prior to the pandemic, **12.3 women would have lost their job as an average through** the entire period considered by the report.
- In contrast, for every 100 men, the equivalent figure would have been 7.5.
- Hence, the pandemic seems to have exacerbated the already substantial gender imbalances in employment participation in the country.
- Women employment in India has come down, particularly in sectors such as healthcare as a result of the Covid-19 pandemic.

Outward Remittance Trend

Why in News?

Total **outward Remittances**, under the **RBI's Liberalised Remittance Scheme**, shot up to an all-time high of USD 19.61 billion in the year ended March 2022 as against USD 12.684 billion in March 2021.

- Foreign exchange, including the US dollar and euro, taken out of the country by resident Indians **has shot up by 54.60 %** during the fiscal year ending March 2022.



Note:

What are Remittances?

- Remittances are usually understood as **financial or in-kind transfers made by migrants to friends and relatives back** in their communities of origin.
- These are basically **sum of two main components** - **Personal Transfers in cash** or in kind between resident and non-resident households and **Compensation of Employees**, which refers to the income of workers who work in another country for a limited period of time.
- Remittances **help in stimulating economic development in recipient countries**, but this can also make such countries over-reliant on them.

What is Outward Remittance?

- Outward remittance is a **transfer of funds in the form of foreign exchange by a person from India, to a beneficiary outside India** (except for Nepal and Bhutan) for any bonafide purposes as permissible under **Foreign Exchange Management Act (FEMA), 1999**.

What is the Outward Remittance Trend?

- **Total Outward Remittances:**
 - The total outward remittances **were at an all-time high in FY22 as it made a strong comeback from the previous year's tepid show** because of the Disruptions led by Covid-19.
 - The comeback has been supported by **Indian's spending more on international travel and overseas education**.
- **Segments of Outward Remittances:**
 - **International Travel:** In FY22, **international travel picked up**, resulting in India's spending USD 6.91 billion on travel, which is more than double that was spent on travel in FY21.
 - In FY20, however, spends on travel by Indians was also almost \$6.95 billion.
- **Overseas education:** Overseas education is important segment that has seen healthy growth in FY22 as Indians remitted over USD 5.17 billion in the year.
 - This showed an increase of 35% from FY21, where Indians had remitted USD 3.83 billion.
 - In FY20, remittances for overseas education were nearly USD 5 billion.
- **Gifts:** Indians **remitted USD 2.34 billion as gifts in FY22**, up 47.28% over FY21.

- In FY20, Indians remitted about USD 1.91 billion as gifts under the LRS scheme.
- **Investments in overseas Equity and Debt:**
 - Investments in overseas equity and debt by Indians also shot up to USD 746.5 million in FY22 as against USD 471.80 million in the previous year.

What is the Liberalised Remittance Scheme?

- This is the scheme of the **Reserve Bank of India**, introduced in the year 2004.
- Under the scheme, **all resident individuals, including minors, are allowed to freely remit up to USD 2,50,000 per financial year (April – March)** for any permissible **current or capital account transaction** or a combination of both.
- The Scheme is **not available to corporations, partnership firms, Hindu Undivided Family (HUF), Trusts** etc.
- Though there are **no restrictions on the frequency of remittances under LRS**, once a remittance is made for an amount up to USD 2,50,000 during the financial year, a resident individual would not be eligible to make any further remittances under this scheme.

What are Current and Capital Account Transactions?

- **Current Account Transactions:** All transactions undertaken by a resident that do not alter his / her assets or liabilities, including contingent liabilities, outside India are current account transactions.
 - **Example:** payment in connection with foreign trade, expenses in connection with foreign travel, education etc.
- **Capital Account Transactions:** It includes those transactions which are undertaken by a resident of India such that his/her assets or liabilities outside India are altered (either increased or decreased).
 - **Example:** investment in foreign securities, acquisition of immovable property outside India etc.

7th Annual Meeting of NDB**Why in News?**

Recently, the Union Minister of Finance & Corporate Affairs and India's Governor for the **New Development Bank (NDB)** chaired the 7th Annual Meeting of Board of Governors of NDB (New Development Bank).

Note:

- The meeting was also attended by Governors/Alternate Governors of Brazil, China, Russia, South Africa and the newly joined members Bangladesh and United Arab Emirates (UAE).
- **Theme** for the Annual Meeting was “**NDB: Optimising Development Impact**”.

What are the Highlights of the Meeting?

- The Finance Minister (FM) underscored the **importance of multilateralism and the spirit of global cooperation for economic recovery**.
- In this regard FM acknowledged that the **NDB has successfully established itself as a reliable development partner for Emerging Market Economies**.
- Highlighting that India is celebrating 75 years of Independence this year, the Union Finance Minister mentioned that **India's economic growth in the current financial year has been robust and is estimated to be 8.9 %** which is the highest among all large economies.
- This reflects **India's strong resilience and speedy recovery**.
- The FM expressed **confidence that India will continue to achieve a high growth rate** in the current and next financial year.

What is the New Development Bank?

- **About:**
 - It is a **multilateral development bank jointly founded by the BRICS countries** (Brazil, Russia, India, China and South Africa) at the 6th BRICS Summit in Fortaleza, Brazil in 2014.
 - It was formed to support infrastructure and sustainable development efforts in BRICS and other underserved, emerging economies for faster development through innovation and cutting-edge technology.
 - It is **headquartered at Shanghai, China**.
 - In 2018, the NDB received observer status in the **United Nations General Assembly**, establishing a firm basis for active and fruitful cooperation with the UN.
- **Objectives:**
 - Fostering the development of member countries.
 - Supporting economic growth.
 - Promoting competitiveness and facilitating job creation.
 - Building a knowledge sharing platform among developing countries.

Dollarisation Due to Cryptocurrencies

Why in News?

Recently, **Reserve Bank of India (RBI)** told a parliamentary panel that **cryptocurrencies** can lead to “dollarisation” of a part of the economy which would be against India’s sovereign interest.

What is Dollarisation?

- Dollarisation is a **form of currency substitution**, where dollars are used in addition to or instead of the local currency of a country.
 - Though only tax havens like Liberia and Panama can be defined as ‘dollarized’ in a true sense, there are many economies dollarised to a large extent.
- In fact, **two-thirds of dollars are held outside the United States** which issues it.
 - Countries which have been victims of hyperinflation like Bolivia have become dollarised too, with over 80% of the currency in use being dollars.

What is De-dollarisation?

- It refers to **reducing the dollar’s dominance of global markets**. It is a process of substituting US dollar as the currency used for:
 - Trading oil and/ or other commodities
 - Buying US dollars for the **forex reserves**
 - Bilateral trade agreements
 - Dollar-denominated assets
- The dominant role of the dollar in the global economy **provides the US a disproportionate amount of influence over other economies**. The US has for long used imposition of sanctions as a tool to achieve foreign policy goals.
 - The de-dollarisation is **driven by the desire to insulate the Central Banks of the Countries from geopolitical risks**, where the status of the US dollar as a reserve currency can be used as an offensive weapon.

How Dollarisation Affects an Economy?

- In spite of its current inflation troubles, **India is far away from dollarisation to this extent**.

Note:



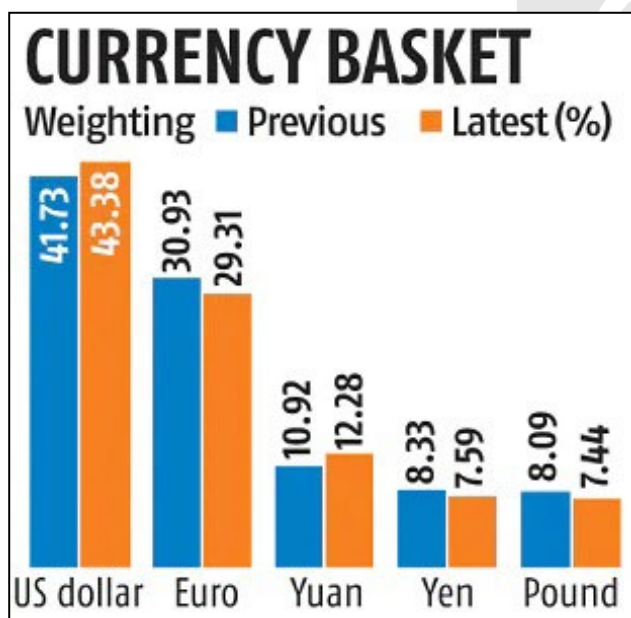
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- However, according to some research papers, **Indian EXIM transactions are dominated by dollars.**
- **86% of both Indian imports and exports** are invoiced in dollars.
- **Only 5% of India's imports and 15% of exports** are from and to the US.
- It shows that **few countries use their own currencies for international transactions** due to the popularity of the dollar abroad.

Special Drawing Rights

Why in News?

Recently, the International Monetary Fund lifted the yuan's weighting in the **Special Drawing Rights** currency basket, prompting the Chinese central bank to pledge to push for a further opening of its financial markets.



What are the Key Points?

- The IMF raised the **yuan's weighting to 12.28% from 10.92 %** in its first regular review of the SDR evaluation since the Chinese currency was included in the basket in 2016.
- The **weighting of the US dollar rose to 43.38 % from 41.73 %**, while those of **euro, Japanese yen and British pound declined.**

- The ranking of the currencies' weighting remains the same after the review, with the yuan continuing to be in third place.
- The change came amid a sharp depreciation of the yuan since late April, as it **faces a double whammy of slowing domestic growth because of Covid-induced lockdowns and capital outflows due to its widening monetary policy divergence** with the US.

What is Special Drawing Right?

- **About:**
 - The SDR is **neither a currency nor a claim on the IMF**. Rather, it is a **potential claim on the freely usable currencies** of IMF members. SDRs can be **exchanged for these currencies**.
 - The SDR **serves as the unit of account of the IMF** and some other international organizations.
 - The currency value of the SDR is determined by **summing the values in US dollars, based on market exchange rates**, of a SDR basket of currencies.
 - The SDR basket of currencies includes the **US dollar, Euro, Japanese yen, pound sterling and the Chinese renminbi (included in 2016)**.
 - The SDR currency value is **calculated daily (except on IMF holidays or whenever the IMF is closed for business)** and the valuation basket is reviewed and adjusted every five years.
- **Quota (the amount contributed to the IMF) of a country is denominated in SDRs.**
 - Members' voting power is related directly to their quotas.
 - IMF makes the general SDR allocation to its members in proportion to their existing quotas in the IMF.
- **India's quota in IMF:**
 - In 2016, **IMF's quota and governance reforms took place.**
 - According to which, **India's voting rights increased by 0.3% from then 2.3% to 2.6%** and China's voting rights increased by 2.2% from then 3.8% to 6%.
 - Presently, **India holds 2.75% of SDR quota**, and 2.63% of votes in the IMF.
 - **India's foreign exchange reserves** also incorporate SDR other than gold reserves, foreign currency assets and Reserve Tranche in the IMF.

Note:

What is the International Monetary Fund?**➤ About:**

- The IMF was set up along with the **World Bank after the Second World War** to assist in the reconstruction of war-ravaged countries.
 - The two organizations were agreed to be set up at a conference in Bretton Woods in the US. Hence, they are known as the Bretton Woods twins.
- Created in 1945, the IMF is governed by and accountable to the 190 countries that make up its near-global membership. India joined in December 1945.
- The IMF's primary purpose is to ensure the stability of the international monetary system — the system of exchange rates and international payments that enable countries (and their citizens) to transact with each other.
 - Its mandate was updated in 2012 to include all macroeconomic and financial sector issues that bear on global stability.

➤ Reports by IMF:

- **Global Financial Stability Report**
- **World Economic Outlook.**

Competition Commission of India (CCI)

Why in News?

Recently, Finance Minister participated in the 13th Annual Day commemoration of the Competition Commission of India (CCI).

- Finance Minister also inaugurated the regional office at Kolkata and launched an upgraded website of CCI.

What is Competition Commission of India (CCI)?**➤ About:**

- Competition Commission of India (CCI) is a **statutory body** of the **Government of India** responsible for enforcing **the Competition Act, 2002**, it was duly constituted in March 2009.
- The **Monopolies and Restrictive Trade Practices Act, 1969 (MRTP Act)** was repealed and replaced by the **Competition Act, 2002**, on the recommendations of the **Raghavan committee**.

➤ Composition:

- The Commission consists of **one Chairperson and six Members** who shall be appointed by the Central Government.
- The commission is a **quasi-judicial body** which gives opinions to statutory authorities and also deals with other cases. The Chairperson and other Members shall be whole-time Members.

➤ Eligibility criteria of members of CCI:

- The Chairperson and every other Member shall be a person of ability, integrity and standing and who, has been, or is qualified to be a judge of a High Court, or, has special knowledge of, and professional experience of not less than fifteen years in international trade, economics, business, commerce, law, finance, accountancy, management, industry, public affairs, administration or in any other matter which, in the opinion of the Central Government, may be useful to the Commission.

What is the Competition Act, 2002?

- The Competition Act was passed in 2002 and has been amended by the **Competition (Amendment) Act, 2007**. It follows the philosophy of modern competition laws.
 - The Act **prohibits anti-competitive agreements**, abuse of dominant position by enterprises and regulates combinations, which causes an appreciable adverse effect on competition within India.
 - In accordance with the provisions of the Amendment Act, **the Competition Commission of India** and the **Competition Appellate Tribunal** have been established.
 - The government replaced the Competition Appellate Tribunal (COMPAT) with the **National Company Law Appellate Tribunal (NCLAT)** in 2017.

What are the Functions and Role of CCI?

- To eliminate practices having adverse effects on competition, protect the interests of consumers and ensure freedom of trade in the markets of India.
- To give opinion on competition issues on a reference received from a statutory authority
- To undertake competition advocacy, create public awareness and impart training on competition issues.
- Consumer Welfare: To make the markets work for the benefit and welfare of consumers.

Note:



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- Ensure fair and healthy competition in economic activities in the country for faster and inclusive growth and development of the economy.
- Implement competition policies with an aim to effectuate the most efficient utilization of economic resources.
- Effectively carry out competition advocacy and spread the information on benefits of competition among all stakeholders to establish and nurture competition culture in the Indian economy.

Prime Minister's Employment Generation Programme

Why in News?

The Ministry of Micro, Small and Medium Enterprises has approved the extension of the **Prime Minister's Employment Generation Programme (PMEGP)** for five years till FY26.

- The PMEGP has now been approved for continuation over the **15th Finance Commission** Cycle for five years from 2021-22 to 2025-26 with an outlay of Rs 13,554.42 crore.

What is the PMEGP Scheme?

- **Launch:**
 - The Government of India approved the **introduction of a credit linked subsidy programme** called Prime Minister's Employment Generation Programme (PMEGP) in **2008** for generation of employment opportunities **through establishment of micro enterprises in rural as well as urban areas.**
 - It allows entrepreneurs **to set up factories or units.**
- **Administration:**
 - It is a **central sector scheme** being **administered by the Ministry of Micro, Small and Medium Enterprises (MoMSME).**
 - **Implementing Agency at the National Level: Khadi and Village Industries Commission (KVIC)** - a statutory organization under the administrative control of the Ministry of MSME.
- **Features:**
 - **Eligibility:**

- Any individual, above 18 years of age.
- Only new projects/units are considered for sanction of loans.
- Self-help groups that have not availed benefits under any other public scheme, societies, production co-operative societies, and charitable trusts.

- **Maximum Cost of Project/Unit Admissible:**

- Manufacturing Sector: Rs. 50 lakh
- Service Sector: Rs.20 lakh

- **Government Subsidy:**

- Rural Areas: 25% for general category and 35% for special category, which includes SC/ST/OBC/Minorities, NER, Hill and Border Areas, transgender, physically disabled, north eastern region, aspirational and border district applicants.
- Urban Areas: 15% for general category and 25% for special category.

- **Role of Banks:**

- Loans are provided by Public Sector Banks, Regional Rural Banks, Co-operative Banks and Private Scheduled Commercial Banks approved by respective State Task Force Committee.

- **Changes:**

- The **definition of village industry and rural area has been changed for the scheme.**
- Areas falling under **Panchayati Raj institutions** would be accounted under rural areas, whereas areas under **Municipality will be treated as urban areas.**

- **Significance:**

- The scheme will create **sustainable estimated employment opportunities for about 40 lakh persons** in five financial years.
- It facilitates generation of employment opportunities for **unemployed youth across the country by assisting setting up of micro-enterprises** in the non-farm sector.
- Since its inception in 2008-09, about 7.8 lakh micro enterprises have been assisted with a subsidy of RS 19,995 crore generating estimated sustainable employment for 64 lakh persons. About 80% of the units assisted are in rural areas and about 50% units are owned by SC, ST and women categories.

Note:

World Milk Day

Why in News?

June 1 is observed as **World Milk Day every year**.

What are the Key Highlights?

➤ About

- World Milk Day is a day established by the **Food and Agriculture Organization (FAO)** of the **United Nations** in 2001 to recognize the importance of milk as a global food.
 - The day is intended to provide an opportunity to bring attention to activities that are connected with the dairy sector.

➤ Theme:

- This year's theme will highlight the work already being done to **accelerate climate action** and **help reduce the dairy sector's impact** on the planet.
- Using the World Milk Day platform, awareness of the messaging and action will be raised towards **Dairy Net Zero**.

➤ Features:

- It is encouraged to talk about the important contributions of the dairy sector to:
 - Good food, health and nutrition
 - Farmers caring responsible for their communities, the land and their animals
 - Sustainability practices in the dairy sector
 - How dairy contributes to economic development and livelihood

➤ Indian Dairy Sector:

- **India is the world's largest milk producer**, with 22% of global production, followed by the **United States of America, China, Pakistan** and **Brazil**.
- Milk production in the country has grown at a compound annual growth rate of about 6.2% to reach 209.96 mn tonnes in 2020-21 from 146.31 mn tonnes in 2014
- The top 5 milk-producing states are: **Uttar Pradesh (14.9%), Rajasthan (14.6%), Madhya Pradesh (8.6%), Gujarat (7.6%)** and **Andhra Pradesh (7.0%)**.

First Lavender Festival

Why in News?

Recently, India's First Lavendar festival was inaugurated in Jammu's Bhaderwah.

Lavendar cultivation has generated employment for about 5,000 farmers and young entrepreneurs in Jammu & Kashmir remote areas. Over 1,000 farming families cultivating it on 200 acres.

What is the Lavender Revolution?

➤ About:

- The Purple or Lavender Revolution was **launched in 2016 by the Union Ministry of Science & Technology** through the **Council of Scientific & Industrial Research (CSIR) Aroma Mission**.
- Lavender cultivation is practised in almost all the 20 districts of Jammu & Kashmir.
- Under the mission, **first-time farmers were given free lavender saplings**, while those who had cultivated lavender before were **charged Rs. 5-6 per sapling**.

➤ Aim:

- To support domestic aromatic crop based agro economy by moving from imported aromatic oils to homegrown varieties.

➤ Products:

- Main product is Lavender oil which sells for at least Rs. 10,000 per litre.
- Lavender water, which separates from lavender oil, is used to make incense sticks.
- **Hydrosol**, which is formed after distillation from the flowers, is used to make soaps and room fresheners.

➤ Significance:

- It is in sync with the government policy of **doubling farm incomes** by 2022.
- It will help in providing means of livelihood to budding farmers and agri-entrepreneurs and give a boost to **Start-Up India campaign** and promote a spirit of entrepreneurship in the region.
 - Over 500 youth had taken benefit from the purple revolution and augmented their income many-fold.

Note:

What is an Aroma Mission?

➤ About:

- The CSIR Aroma Mission is **envisaged to bring transformative change in the aroma sector** through desired interventions in the areas of agriculture, processing and product development for fuelling the growth of aroma industry and rural employment.
- The mission will **promote the cultivation of aromatic crops for essential oils** that are in great demand by the aroma industry.
- It is expected to enable Indian farmers and the aroma industry to become global leaders in the production and export of some other essential oils in the pattern of menthol mint.
- It aims to provide substantial benefits to the farmers in achieving higher profits, utilisation of waste lands and protection of their crops from wild and grazing animals.

➤ Aroma Mission Phase-I and II:

- During Phase-I, CSIR helped cultivate 6000 hectares of land and covered 46 Aspirational districts across the country. Further, more than 44,000 people were trained.
- In February 2021, CSIR launched Phase-II of Aroma Mission in which it is proposed to engage over 45,000 skilled human resources and will benefit more than 75,000 farming families across the country.

➤ Nodal Agencies:

- The nodal laboratory is CSIR-Central Institute of Medicinal and Aromatic Plants (CSIR-CIMAP), Lucknow.

➤ Intended Outcomes:

- Bring about 5500 ha of additional area under captive cultivation of aromatic cash crops particularly targeting rain-fed /degraded land across the country.
- Provide technical and infrastructural support for distillation and value-addition to farmers/growers all over the country.
- Enabling effective buy-back mechanisms to assure remunerative prices to the farmers/growers.
- Value-addition to essential oils and aroma ingredients for their integration in global trade and economy.

World Bee Day

Why in News?

World Bee Day is celebrated annually on 20th May.

Earlier, the **Khadi and Village Industries Commission (KVIC)** had launched the **country's first Mobile Honey Processing Van** at Village in Uttar Pradesh.

What do we Know about World Bee Day?

➤ About:

- The day marks the **birth anniversary of Anton Janša**, a pioneer of modern apiculture.
- Anton Janša hailed from a **family of beekeepers in Slovenia**, where beekeeping is an important agricultural activity with a long-standing tradition.
 - Anton enrolled in the **first bee-keeping school in Europe** and worked full-time as a beekeeper.

➤ His book 'Discussion on Bee-keeping' was also published in German.

➤ Theme for 2022:

- Bee Engaged: Celebrating the diversity of bees and beekeeping systems.

What is the Significance of Beekeeping?

➤ Most Important Pollinators:

- Bees are **some of the most important pollinators, ensuring food and food security**, sustainable agriculture, and biodiversity.

➤ Contribute to the Mitigation of Climate Change:

- Bees **significantly contribute to the mitigation of climate change** and the conservation of the environment.
- In the long-term, the protection of bees and the beekeeping sector can help reduce poverty and hunger, as well as preserve a healthy environment and biodiversity.

➤ Sustainable Agriculture and Creating Rural Jobs:

- Beekeeping is **also important in terms of sustainable agriculture and creating rural jobs**.
- By pollinating, they **increase agricultural production, thus maintaining diversity and variety in the fields**.
- In addition, **they provide millions of people with jobs** and are an important source of farmers' income.

Note:

- **Achieving India's Target of Doubling Farmers Income:**
 - As per **Food and Agricultural Organization** database, in 2017-18, **India ranked eighth in the world in terms of honey production** (64.9 thousand tonnes) while China stood first with a production level of 551 thousand tonnes.
 - Further, **beekeeping can be an important contributor in achieving the 2022 target** of doubling farmer incomes.

Ethanol Blending

Why in News?

The level of ethanol blending in petrol in India has reached 9.99%.

What is Ethanol Blending?

- **Ethanol:** It is one of the principal **biofuels**, which is **naturally produced by the fermentation of sugars by yeasts** or via petrochemical processes such as ethylene hydration.
- **Ethanol Blending Programme (EBP):** It is aimed at **reducing the country's dependence on crude oil imports**, cutting **carbon emissions** and **boosting farmers' incomes**.
- **Blending Target:** The Government of India has **advanced the target for 20% ethanol blending in petrol** (also called E20) to 2025 from 2030.

What is the Significance of Ethanol Blending?

- **Reduce dependency on Petroleum:**
 - By blending ethanol into gasoline, it can reduce the amount of petrol required to run a car, thereby **reducing dependence on imported, expensive, and polluting petroleum**.
 - Today, **India imports 85%** of its oil requirements.
- **Save Money:**
 - India's net import of petroleum was **185 million tonnes in 2020-21** at a cost of USD551 billion.
 - Most of the petroleum products are **used in transportation and therefore, the E20 programme can save the country USD4 billion annually**.
- **Less Polluting:**
 - Ethanol is a **less polluting fuel and offers equivalent efficiency at a lower cost** than petrol.

- Availability of large arable land, rising production of foodgrains and sugarcane leading to surpluses, availability of technology to produce ethanol from plant-based sources, and the feasibility of making vehicles compliant to ethanol blended petrol (EBP) are some of the supporting arguments used in the roadmap for E20, which refers to the target as "not only a national imperative, but also an important strategic requirement".

Depreciation of Indian Rupee

Why in News?

The Indian rupee fell to an all-time low of **77.44** against the U.S. Dollar.

What is Depreciation?

- **About:**
 - Currency depreciation is a **fall in the value of a currency in a floating exchange rate system**.
 - Rupee depreciation means that the **rupee has become less valuable with respect to the dollar**.
 - It means that the rupee is now weaker than what it used to be earlier.
 - **For example: USD 1 used to equal to Rs. 70, now USD 1 is equal to Rs. 77**, implying that the rupee has depreciated relative to the dollar i.e. it takes more rupees to purchase a dollar.
- **Impact of Depreciation of Indian Rupee:**
 - Depreciation in rupee is a **double-edged sword for the Reserve Bank of India**.
 - **Positive:**
 - Weaker rupee **should theoretically give a boost to India's exports**, but in an environment of uncertainty and weak global demand, a fall in the external value of rupee may not translate into higher exports.
 - **Negative:**
 - It **poses risk of imported inflation**, and may make it difficult for the central bank to maintain interest rates at a record low for longer.
 - India meets **more than two-thirds of its domestic oil requirements through imports**.

Note:

- India is also one of the top importers of **edible oils**. A weaker currency will further **escalate imported edible oil prices** and lead to a higher food inflation.

Appreciation Vs Depreciation:

- In a floating exchange rate system, **market forces (based on demand and supply of a currency)** determine the value of a currency.
- **Currency Appreciation:** It is an increase in the value of one currency in relation to another currency.
 - Currencies appreciate against each other for a variety of reasons, including government policy, interest rates, trade balances and business cycles.
 - **Currency appreciation discourages a country's export activity** as its products and services become costlier to buy.

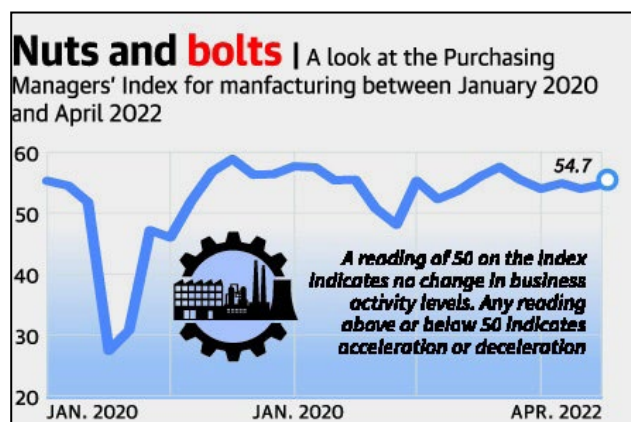
Depreciation Vs Devaluation:

- If the value of the **Indian Rupee is weakened through administrative action**, it is devaluation.
 - While the **process is different for depreciation and devaluation**, there is no difference in terms of impact.
- India used to **follow the administered or fixed rate of exchange until 1993**, when it moved to a **market-determined process or floating exchange rate**. China still adheres to the former.

Purchasing Managers Index

Why in News?

According to the S&P Global India Manufacturing **Purchasing Managers' Index (PMI)**, **India's manufacturing sector recorded a slight acceleration in new orders** and output which rose to 54.7 in April 2022 from 54 in March 2022.



What are the Key Highlights of the Index?

- April data showed a rebound in new export orders, following the first contraction for nine months in March.
 - **Contraction**, in economics, refers to a **phase of the business cycle in which the economy is in decline**.
 - A contraction generally occurs after the business cycle peaks, but before it becomes a trough.
- **Inflationary pressures meanwhile intensified**, owing to rising commodity prices, the **Russia-Ukraine war** and greater transportation costs.
- **Input prices increased at the fastest pace in five months**, while output charge **inflation** hit a 12-month high.
- A major insight from the latest results was an **intensification of inflationary pressures**, as energy price volatility, global shortages of inputs and the war in Ukraine pushed up purchasing costs.
- On the job front, there was **only a mild increase in employment during April 2022**.

What is the PMI?

- It is a **survey-based measure that asks the respondents about changes in their perception of key business variables** as compared with the previous month. It is an **index of the prevailing direction of economic trends in the manufacturing and service sectors**.
- The purpose of the PMI is to **provide information about current and future business conditions** to company decision makers, analysts, and investors.
- It is **calculated separately for the manufacturing and services sectors** and then a composite index is also constructed.
- The PMI is a **number from 0 to 100**.
 - **A print above 50 means expansion**, while a score below that denotes contraction.
 - A reading at 50 indicates no change.
- If the **PMI of the previous month is higher than the PMI of the current month**, it represents that the economy is contracting.
- It is **usually released at the start of every month**. It is, therefore, considered a good leading indicator of economic activity.
- PMI is compiled by IHS Markit for more than 40 economies worldwide.
 - IHS Markit is a global leader in information, analytics and solutions for the major industries and markets that drive economies worldwide.

Note:

- IHS Markit is **part of S&P Global**.
- As the official data on industrial output, **manufacturing and Gross Domestic Product (GDP) growth comes much later**; PMI helps to make informed decisions at an earlier stage.
- It is different from the Index of **Industrial Production (IIP)**, which also gauges the level of activity in the economy.
 - **IIP covers the broader industrial sector** compared to PMI.
 - However, **PMI is more dynamic** compared to a standard industrial production index.

MoU for Strategic Partnership on Agriculture, Crop Insurance and Credit

Why in News?

Recently, the Ministry of Agriculture & Farmers Welfare (MoA&FW) and the **United Nations Development Programme (UNDP)** have signed a Memorandum of Understanding (MoU).

What is the Purpose of the MoU?

- UNDP will **provide technical support towards Centre's aspirational Pradhan Mantri Fasal Bima Yojana (PMFBY) scheme & Kisan Credit Card Scheme**.
- Under the MoU, **UNDP will leverage its expertise in systems** and global know-how for supporting the Ministry of Agriculture for the implementation of combined agriculture credit and crop insurance.

What is the PMFBY scheme?

- **Pradhan Mantri Fasal Bima Yojana (PMFBY):**
 - **About:**
 - It provides a **comprehensive insurance cover against failure of the crop** thus helping in stabilising the income of the farmers.
 - The scheme was **compulsory for loanee farmers availing Crop Loan/Kisan Credit Card (KCC)** account for notified crops and voluntary for others.
 - **Scope:** **All food & oilseed crops** and annual commercial/horticultural crops for which past yield data is available.

- **Premium:** The **prescribed premium is 2%** to be paid by farmers for all Kharif crops and 1.5% for all rabi crops. In the case of annual commercial and horticultural crops, the premium is 5%.
 - **Premium cost over** and above the farmer share was equally subsidized by States and GoI.
 - However, **GoI shared 90% of the premium subsidy** for North Eastern States to promote the uptake in the region.
- **Coverage:**
 - The **Scheme covers over 5.5 crore farmer applications** on average per year.
 - **Aadhar seeding** (linking Aadhaar through Internet banking portals) has helped in speedy claim settlement directly into the farmer accounts.
 - One notable example is **mid-season adversity claims** of nearly Rs. 30 crore in Rajasthan during Rabi 2019-20 **Locust attack**.
- **PMFBY 2.0:**
 - In order to **ensure more efficient and effective implementation of the scheme**, the central government had revamped PMFBY in the 2020 Kharif season.
 - This overhauled PMFBY is often called **PMFBY 2.0**, it has the following features:
 - **Completely Voluntary:** Enrolment 100% voluntary for all farmers from 2020 Kharif.
 - **Limit to Central Subsidy:** The Cabinet has **decided to cap the Centre's premium subsidy** under the scheme for premium rates up to 30% for unirrigated areas/crops and 25% for irrigated areas/crops.
 - **More Flexibility to States:** The government has **given the flexibility to states/UTs to implement PMFBY** and given them the option to select any number of additional risk covers/features.
 - **Investing in ICE Activities:** Insurance companies have to **now spend 0.5% of the total premium collected** on information, education and communication (IEC) activities.
- **Use of Technology under PMFBY:**
 - **Crop Insurance App:**
 - Provides for easy enrollment of farmers.
 - Facilitate easier reporting of crop loss within 72 hours of occurrence of any event.

Note:

○ Latest Technological Tools:

- To assess crop losses, satellite imagery, remote-sensing technology, **drones**, **artificial intelligence** and machine learning are used.

○ PMFBY Portal:

- For integration of land records.

What is a

Kisan Credit Card Scheme?

➤ About:

- It was introduced in 1998 for **providing adequate and timely credit support** from the banking system under a single window with flexible and simplified procedures to the farmers for their cultivation and other needs like purchase of agriculture inputs such as seeds, fertilizers, pesticides etc. and draw cash for their production needs.
- The scheme was further extended in the year 2004 for the investment credit requirement of farmers viz allied and non-farm activities.

➤ Objectives:

- Kisan Credit Card is provided with the following objectives:
 - The short term credit requirements for cultivation of crops;
 - Post harvest expenses
 - Produce marketing loan; Consumption requirements of farmer household
 - Working capital for maintenance of farm assets and activities allied to agriculture, like dairy animals, inland fishery, etc.
 - Investment credit requirement for agriculture and allied activities like pumpsets, sprayers, dairy animals, etc.
 - However, this segment forms the long term credit limit portion.

➤ Implementing Agency:

- The Kisan Credit Card Scheme is implemented by **Commercial Banks, RRBs, Small Finance Banks and Cooperatives**.
- The short term credit support is **not given to farmers for Purchase of combine harvesters, tractors and mini trucks and Construction of family house and setting up of village cold storage facility**.

UPI123Pay and Digisaathi

Why in News?

The Reserve Bank of India (RBI) has launched new UPI services for feature phones called UPI123Pay for non internet users to make digital payments, also launched a 24x7 helpline for digital payments called 'Digisaathi'.

- 'Digisaathi' has also been set up by the **National Payments Corporation of India (NPCI)** to provide users with automated responses on information related to digital payment products and services. Presently it is available in English and Hindi language.

What is UPI 123 Pay?

➤ About:

- It will work on simple phones that do not have an internet connection.
 - As of now, the UPI features are mostly available only on smartphones.
- The UPI service for feature phones will leverage the **RBI's regulatory Sandbox** on Retail Payments.
 - A regulatory sandbox usually refers to live testing of new products or services in a controlled/test regulatory environment for which regulators may permit certain regulatory relaxations for the limited purpose of the testing.
- The UPI service will enable digital transactions through a mechanism of 'on-device' wallet in UPI applications."
- The users will be able to undertake a host of transactions based on four technology alternatives including- IVR (interactive voice response) number, missed call-based approach, app functionality in feature phones and proximity sound-based payments..

➤ Benefits:

- The new service for feature phones will enable individuals to make direct payments to others without smartphones and internet.
- Users can initiate payments to friends and family, pay utility bills, recharge the FAST Tags of their vehicles, pay mobile bills and also allow users to check account balances.
- It will allow customers to use feature phones for almost all transactions except scan and pay.

Note:

- UPI123Pay will benefit an estimated 40 crore feature phone users and enable them to undertake digital payments in a secure manner. This will bring non-smartphone users under the digital payment system.

Market Infrastructure Institution

Why in News?

Recently, **Securities and Exchange Board of India (SEBI)** noted that the **National Stock Exchange (NSE)**, the country's largest equities and derivatives exchange is a systemically important **market infrastructure institution (MII)**.

What is SEBI?

- The Securities and Exchange Board of India was established on 12th April, 1992 in accordance with the provisions of the Securities and Exchange Board of India Act, 1992.
- **Major Function:**
 - To protect the interests of investors in securities.
 - To regulate the securities market.

What are MIIs?

- Stock exchanges, depositories and clearing houses are all Market Infrastructure Institutions and constitute a key part of the nation's vital economic infrastructure.
- According to a panel set up (in 2010) under the chairmanship of former **Reserve Bank of India** Governor Bimal Jalan, the term 'market infrastructure' denotes such fundamental facilities and systems serving this capital market.
 - The primary purpose of the securities /capital market is to enable allocation/reallocation of capital/financial resources.
- MIIs helps in optimal use of money in the economy and fostered economic development.
- They constitute the nucleus of the capital allocation system and are indispensable for economic growth and have a net positive effect on society like any other infrastructure institution.

What is the National Stock Exchange?

- The **National Stock Exchange** of India Limited (NSE) is India's largest financial market.
- Incorporated in 1992, the NSE has developed into a sophisticated, electronic market, which ranked fourth in the world by **equity** trading volume.
- NSE was the first exchange in India to provide modern, fully automated electronic trading.
 - The NSE is the largest private wide-area network in India.
- The NIFTY 50 is the flagship index on the National Stock Exchange of India Ltd. (NSE).
- The Index tracks the behaviour of a portfolio of blue chip companies, the largest and most liquid Indian securities. It includes 50 of the approximately 1600 companies listed on the NSE.

Why are they considered to be systemically important?

- MIIs are systemically important in India is clear from the phenomenal growth of these institutions in terms of market capitalization of listed companies, capital raised and the number of investor accounts and the value of assets held in the depositories' account.
- Any failure of such an MII could lead to even bigger cataclysmic collapses that may result in an overall economic downfall that could potentially extend beyond the boundaries of the securities market and the country.
- Given the potential for a domino effect that a failure of an MII could have on the wider market and economy, governance and oversight are absolutely critical and need to be of the highest standards.

What are the specific institutions in India that qualify as MIIs?

- Among stock exchanges, the SEBI lists seven, including the BSE, the NSE, the Multi Commodity Exchange of India and the Metropolitan Stock Exchange of India.
- There are two depositories — charged with the safekeeping of securities and enabling their trading and transfer — that are tagged MIIs: the Central Depository Services Ltd. and the National Securities Depository Ltd.
- The regulator also lists seven clearing houses including the Multi Commodity Exchange Clearing Corporation.

Note:

- Clearing houses, for their part, help validate and finalise securities trades and ensure that both buyers and sellers honour their obligations.

Reserve Bank Innovation Hub

Why in News?

Recently, the **Reserve Bank of India (RBI)** governor inaugurated the Reserve Bank Innovation Hub (RBIH) in Bengaluru.

What is the RBIH?

- **About:**
 - It has been set up as a Section 8 company under the **Companies Act, 2013** with an initial capital contribution of Rs. 100 crore.
 - It is a wholly owned subsidiary of the RBI.
- **Objective:**
 - RBIH aims to create an ecosystem that focuses on promoting access to financial services and products for the low-income population in the country.
 - This is in line with the objective behind establishment of RBIH i.e., to bring world-class innovation to the financial sector in India, coupled with the underlying theme of financial inclusion.
 - The Hub is expected to build an ecosystem for development of prototypes, patents and proofs of concept and promote cross-thinking, spanning regulatory domains and national boundaries.
 - It had plans to identify and mentor **start-ups** having maximum potential.
 - It is also expected to collaborate with various government Ministries, Departments and academia to identify problem statements in different domains and explore potential solutions.
 - RBI Innovation hub hosted Swanari TechSprint to create sustainable solutions for women-owned enterprises.
 - TechSprint is aimed at advancing digital financial inclusion for women in India.

What are the other Initiatives for Financial Inclusion?

- **Pradhan Mantri Jan Dhan Yojana (PMJDY)**
- **Atal Pension Yojana (APY)**

- **Pradhan Mantri Vaya Vandana Yojana (PMVVY)**
- **Stand Up India Scheme**
- **Pradhan Mantri Mudra Yojana (PMMY)**

RAMP Scheme for MSMEs

Recently, the Union Cabinet approved the “Raising and Accelerating MSME Performance” (RAMP) scheme which would commence in FY 2022-23.

- It is in line with the recommendations made by U K Sinha Committee, **KV Kamath Committee and Economic Advisory Council to the Prime Minister (PMEAC)**.
 - The **Reserve Bank of India** had constituted an ‘Expert Committee on Micro, Small and Medium Enterprises’ under the Chairmanship of Shri U K Sinha in 2019 to suggest long-term measures for the economic and financial sustainability of the MSME sector.
- The scheme was announced by the finance minister in the **Union Budget 2022-23**.

What is the RAMP Scheme?

- **About:**
 - It is a **World Bank** assisted Central Sector Scheme, supporting various **CoronaVirus Disease 2019 (Covid)** Resilience and Recovery Interventions of the **Ministry of Micro, Small and Medium Enterprises (MoMSME)**.
- **Aimed at:**
 - Improving access to market and credit
 - Strengthening institutions and governance at the Centre and State
 - Improving Centre-State linkages and partnerships
 - Addressing issues of delayed payments and greening of MSMEs
- **Components:**
 - Important component of RAMP is preparation of Strategic Investment Plans (SIPs), in which all states/UTs will be invited.
 - The SIPs would include an outreach plan for identification and mobilisation of MSMEs under RAMP, identify key constraints and gaps, set milestones and project the required budgets for interventions in priority sectors including **renewable energy**, rural & non-farm business, wholesale and retail trade, village and cottage industries, women enterprises etc.

Note:

- The overall monitoring and policy overview of RAMP would be done by an apex National MSME Council.
 - The council will be headed by the Minister for MSME, including representation from various Ministries and supported by a secretariat.
- **Funding:**
 - The total outlay for the scheme is Rs. 6,062.45 crore out of which Rs. 3750 crore would be a loan from the World Bank and the remaining Rs. 2312.45 crore would be funded by India.
- **Implementation Strategy:**
 - Funds would flow through RAMP into the Ministry's budget against Disbursement Linked Indicators (DLIs) to support ongoing MoMSME programmes, focusing on improving market access and competitiveness.
 - The disbursement of funds from World Bank towards RAMP would be made on fulfilling the following Disbursement Linked Indicators:
 - Implementing the National MSME Reform Agenda
 - Accelerating MSME Sector Centre-State collaboration
 - Enhancing effectiveness of Technology Upgradation Scheme (CLCS-TUS)
 - Strengthening Receivable Financing Market for MSMEs
 - Enhancing Effectiveness of Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) and "Greening and Gender" delivery
 - Reducing the incidence of delayed payments

Fincluvation

Why in News?

Recently, the **India Post Payments Bank (IPPB)** launched the Fincluvation Platform to promote innovative solutions in collaboration with **fintech startups** to accelerate **financial inclusion** among the underserved and unserved population.

- The term Fintech (Financial Technology) refers to software and other modern technologies used by businesses that provide automated and improved financial services.

What is Fincluvation?

- Fincluvation will be a permanent platform of IPPB to co-create inclusive financial solutions with participating start-ups.

- IPPB and Department of Post (DoP) collectively serve close to 430 million customers through post offices and at their doorsteps via more than 4,00,000 Post Office employees and Gramin Dak Sevaks - making it one of the largest and most trusted postal networks in the world.
- It is an Industry first initiative to create a powerful platform to mobilize the start-up community towards building meaningful financial products aimed at financial inclusion.
- Startups are encouraged to develop solutions aligned with any of the following tracks:
 - Creditization - Develop Innovative & Inclusive credit products aligned with the use cases of target customers and take them to their doorsteps through Postal network.
 - Digitization - Bring convenience through convergence of traditional services with Digital Payment Technologies such as making the traditional Money Order service as Interoperable Banking service.
 - Market Led Solution - Any Market-led solutions that can help solve any other problem relevant to IPPB and/or DoP in serving the target customers.
- Fincluvation mentors will work closely with the startups to tweak products to the customer needs and align the go-to-market strategies with operating models of IPPB and DoP.

What is the Need of Fincluvation in India?

- To Grab New Opportunities: Intersection of technology with financial services coupled with traditional distribution networks is opening up a new set of business opportunities.
- To Increase User Experience: Conventional model of technology procurement led product creation by banks often lacks value in user experience leaving a huge gap between customer expectations and service delivery.
- Failure of Traditional Technologies: Traditional technology firms fail to meet the service expectations of customers with a deficit of ownership in product creation. Indian citizens have varied and complex needs that need careful thought, empathetic product design, and rapid prototyping among users.

Note:

Seaweed Farming

Why in News?

The Ministry of Fisheries, Animal Husbandry and Dairying will set up a **seaweed** park in Tamil Nadu to improve the livelihood of **fishermen**.

- Tamil Nadu has been requested to set aside space for a **Special Economic Zone** for seaweed farming.
- In 2021, the Technology Information, Forecasting and Assessment Council (TIFAC) had launched a **Seaweed Mission**.

What is Seaweed?

- **About:**
 - They are the primitive, marine non-flowering marine algae without root, stem and leaves, play a major role in marine ecosystems.
 - Large seaweeds form dense underwater forests known as kelp forests, which act as underwater nurseries for fish, snails and sea urchins.
 - Some species of seaweeds viz. Gelidiella acerosa, Gracilaria edulis, Gracilaria crassa, Gracilaria verrucosa, Sargassum spp. and Turbinaria spp.
- **Benefits:**
 - For Nutrition:
 - Seaweed is a source of vitamins, minerals, and fiber, and can be tasty.
 - For Medicinal Purpose:
 - Many seaweeds contain anti-inflammatory and anti-microbial agents. Their known medicinal effects have been legion for thousands of years.
 - Certain seaweeds possess powerful cancer-fighting agents that researchers hope will eventually prove effective in the treatment of malignant tumors and leukemia in people.
 - For Economic Growth:
 - Seaweed has also contributed to economic growth. Among their many uses in manufacturing, they are effective binding agents (emulsifiers) in such commercial goods as toothpaste and fruit jelly, and popular softeners (emollients) in organic cosmetics and skin-care products.
 - Bioindicator:

- When waste from agriculture, industries, aquaculture and households are let into the ocean, it causes nutrient imbalance leading to **algal blooming**, the sign of marine chemical damage. Seaweeds absorb the excess nutrients and balance out the ecosystem.

○ Iron Sequestrator:

- These aquatic organisms heavily rely on iron for photosynthesis. When the quantity of this mineral exceeds healthy levels and becomes dangerous to marine life, seaweeds trap it and prevent damage. Similarly, most heavy metals found in marine ecosystems are trapped and removed by seaweeds.

○ Oxygen and Nutrient Supplier:

- On their part, the seaweeds derive nutrition through photosynthesis of sunlight and nutrients present in seawater. They release oxygen through every part of their bodies. They also supply organic nutrients to other marine life forms.

Parboiled Rice

Why in News?

Recently, the Centre announced to stop the purchase of excess parboiled rice after which Telangana Chief Minister and members of his Cabinet staged a dharna demanding a uniform paddy procurement policy.

What is Parboiled Rice?

➤ About:

- The dictionary meaning of 'parboil' is 'partly cooked by boiling'.
- Thus, the expression parboiled rice refers to rice that has been partially boiled at the paddy stage, before milling.
- Parboiling of rice is not a new practice, and has been followed in India since ancient times.
- However, there is no specific definition of parboiled rice of the **Food Corporation of India** or the Ministry of Consumer Affairs, Food and Public Distribution.

➤ Processes for Parboiling Rice (Examples):

Note:

- The Central Food Technological Research Institute (CFTRI), Mysuru, uses a method in which the paddy is soaked in hot water for three hours, in contrast to the more common method in which paddy is soaked for 8 hours.
 - The water is then drained and the paddy steamed for 20 minutes. Also, the paddy is dried in the shade in the method used by the CFTRI, but is sun-dried in the common method.
- The Paddy Processing Research Centre (PPRC), Thanjavur follows a method known as the chromate soaking process.

- It uses chromate, a family of salt in which the anion contains both chromium and oxygen, which removes the odour from the wet rice.

➤ **Rice Varieties Suitable for Parboiling:**

- Generally, all varieties can be processed into parboiled rice, but it is ideal to use long slender varieties to prevent breakage during milling.
- However, aromatic varieties should not be parboiled because the process can make it lose its aroma.



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Summary

Key Points

Details

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Summary

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