



SUMMARY NOTES OF ECONOMIC SURVEY VOLUME-II WITH RELEVANT TERMS EXPLAINED

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“HELLO” to ECONOMIC SURVEY

- **India's external sector** gained further stability in First half (H1) of 2019-20, with a narrowing of **Current Account Deficit (CAD)** as percentage of GDP from 2.1 in 2018-19 to 1.5 in H1 of 2019-20, impressive Foreign Direct Investment (FDI), rebounding of portfolio flows and accretion of foreign exchange reserves.

Current Account Deficit (CAD)- Please refer chapter 04 of Economic survey part 01.

- Rise in **CPI-core** and **WPI** inflation in December 2019 suggests building of demand pressure.

CPI-core

- ❖ The **Consumer Price Index (CPI)** is a measure that examines the **weighted average of prices of a basket of consumer goods and services**, such as transportation, food, and medical care.
- ❖ A method for measuring core inflation. It is the consumer price index (CPI) **excluding energy and food prices**.
- ❖ CPI- core **represents the underlying trend inflation**. The trend inflation drives the future path of overall inflation. Hence, even when food and fuel inflation moderates over time, persistently high inflation in non-food, non-fuel components poses an upward risk to overall future inflation, creating challenges to monetary policy.
- ❖ High core inflation today carries the seeds of high future inflation.
- ❖ In India, the Consumer Price Index (CPI) is **calculated on a monthly basis by Ministry of Statistics and Programme Implementation (MOSPI)**.
- ❖ **Core CPI = CPI – energy and food prices**

SOURCE: Economic Times and MOSPI

WPI (Wholesale Price Index)

- ❖ **WPI measures the changes in the prices of goods sold and traded in bulk** by wholesale businesses to other businesses.
- ❖ WPI is unlike the Consumer Price Index (CPI), which tracks the prices of goods and services purchased by consumers.
- ❖ To put it simply, the **WPI tracks prices at the factory gate before the retail level**.
- ❖ Analysts use the numbers to track the supply and demand dynamics in industry, manufacturing and construction. **The numbers are released by the Economic Advisor in**

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the Ministry of Commerce and Industry. An upward surge in the WPI print indicates inflationary pressure in the economy and vice versa.

- ❖ Even as the WPI is used as a key measure of inflation in some economies, **the RBI no longer uses it for policy purposes, including setting repo rates.**
- ❖ The central bank **currently uses CPI or retail inflation as a key measure of inflation** to set the monetary and credit policy.
- ❖ The **base year was updated to 2011-12 from 2004-05** for the new series of Wholesale Price Index (WPI), effective from April 2017.
- ❖ **WPI has a sub-index called WPI Food Index**, which is a combination of the Food Articles from the Primary Articles basket, and the food products from the Manufactured Products basket.
- ❖ Provisional monthly WPI for All Commodities is **released on 14th of every month** (next working day, if 14th is holiday).

SOURCE: Financial Express, MoSPI

- *Having duly recognized the financial stresses built up in the economy, the government has taken significant steps this year towards speeding up the insolvency resolution process under **Insolvency and Bankruptcy Code (IBC)** and easing of credit, particularly for the stressed real estate and Non-Banking Financial Companies (NBFCs) sectors.*

Insolvency and Bankruptcy Code (IBC)

- ❖ The Code creates **time-bound processes for insolvency resolution** of companies and individuals.
- ❖ These processes will be **completed within 180 days**. If insolvency cannot be resolved, the assets of the borrowers may be sold to repay creditors.
- ❖ The Resolution processes will be conducted by licensed **insolvency professionals (IPs)**. These IPs will be members of **insolvency professional agencies (IPAs)**. IPAs will also furnish performance bonds equal to the assets of a company under insolvency resolution.
- ❖ The **National Company Law Tribunal (NCLT) will adjudicate** insolvency resolution **for companies**. The **Debt Recovery Tribunal (DRT) will adjudicate** insolvency resolution **for individuals**.
- ❖ **Information utilities (IUs) will be established** to collect, collate and disseminate financial information to facilitate insolvency resolution
- ❖ **The Insolvency and Bankruptcy Board of India (apex body** for promoting transparency & governance in the administration of the IBC) will be set up to **regulate functioning of IPs, IPAs and IUs**.
- ❖ The Code creates an Insolvency and Bankruptcy Fund. However, **it does not specify the manner in which the Fund will be used**.

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SOURCE: PRS, Min. of Corporate Affairs website


- At the same time, impact of critical measures taken to boost investment, particularly under the **National Infrastructure Pipeline**, present green shoots for growth in H2 of 2019-20 and 2020-21.

National Infrastructure Pipeline

- ❖ To achieve the objective of investment of Rs.100 lakh crore on infrastructure over the next five years including social and economic infrastructure projects, a Task Force was constituted to draw up the National Infrastructure Pipeline (NIP) for each of the years from FY 2019-20 to FY 2024-25 with the approval of the Finance Minister.
- ❖ The Task Force is **chaired by Secretary, DEA**.
- ❖ The task force will also enable robust marketing of the pipeline of projects **requiring private investment through the India Investment Grid (IIG) and National Investment and Infrastructure Fund (NIIF), among others.**
- ❖ NIP will enable a forward outlook on infrastructure projects which will create jobs, improve ease of living, and provide equitable access to infrastructure for all, thereby making growth more inclusive.
- ❖ NIP includes economic and social infrastructure projects.
- ❖ During the fiscals 2020 to 2025, sectors such as **Energy (24%), Roads (19%), Urban (16%), and Railways (13%) amount to around 70%** of the projected capital expenditure in infrastructure in India.
- ❖ Out of the total expected capital expenditure of Rs. 102 lakh crore, projects worth **Rs 42.7 lakh crore (42%) are under implementation.**
- ❖ The funding of the National Infrastructure Pipeline will be **jointly made by the Centre, states and the private sector in the proportion of 39:39:22 (39 % each by the centre and states and 22% by the private sector).**
- ❖ It is estimated that India should invest **\$4.5 trillion in infrastructure by 2030** to support faster growth. The National infrastructure Pipeline is a part of that attempt to invest \$4.5 trillion.
- ❖ **Each Ministry/ Department would be responsible for the monitoring** of projects so as to ensure their timely and within-cost implementation.

SOURCE: PIB and newspaper

Chapter-01- State of the Economy

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GLOBAL ECONOMY IN 2019-20

- **The World Economic Outlook (WEO) published by IMF** has estimated the global output to grow at 2.9 per cent in 2019, declining from 3.6 per cent in 2018 and 3.8 per cent in 2017.
- The global output growth in 2019 is estimated to be the **slowest since the global financial crisis** of 2009, arising from a geographically **broad-based decline in manufacturing activity and trade**.

INDIAN ECONOMY IN 2019-20

- The WEO of October 2019 has estimated **India's economy to become the fifth largest** in the world, as measured using GDP at current US\$ prices, **moving past United Kingdom and France**.
- The National Statistical Office (NSO) has estimated India's GDP to have grown at 4.8 per cent in the first half (H1) (April- September) of 2019-20, lower than 6.2 per cent recorded in the second half (H2) (October-March) of 2018-19.
- **On the supply side, the deceleration in GDP growth** has been contributed generally by all sectors save 'Agriculture and allied activities' and 'Public administration, defence, and other services', whose growth in H1 of 2019-20 was higher than in H2 of 2018-19.
- **On the demand side, the deceleration in GDP growth was caused** by a decline in the growth of real fixed investment in H1 of 2019-20 when compared to 2018-19 induced in part by a sluggish growth of real consumption.
- The net FDI and net **Foreign Portfolio Investment (FPI)** in first eight months of 2019-20 stood at US\$ 24.4 billion and US\$ 12.6 billion respectively, more than the inflows received in the corresponding period of 2018-19.

Foreign Portfolio Investment (FPI)

- ❖ The term FPI was defined to align the nomenclature of categorizing investments of foreign investors in line with international practice.
- ❖ **FPI stands for those investors who hold a short term view on the company**, in contrast to Foreign Direct Investors (FDI).
- ❖ **FPIs generally participate through the stock markets** and gets in and out of a particular stock at much faster frequencies. Short term view is associated often with lower stake in companies.
- ❖ **It does not provide the investor with direct ownership** of a company's assets and is relatively liquid depending on the volatility of the market.
- ❖ Earlier NRIs were not allowed to invest through FPI route but now they can.
- ❖ In 2019, August The FPI regulations have been revised based on the recommendation of a **committee headed by former RBI Deputy Governor HR Khan**.

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Inflation

- In H1 of 2019-20, **CPI (Headline) inflation** was estimated at 3.3 per cent, slightly higher than that in H2 of the previous year.
- There has been a further uptick in headline inflation in the month of December 2019 to 7.35 per cent contributed mainly by supply-side factors.
- The *Wholesale Price Index (WPI) inflation*, on the other hand, declined sharply from 3.2 per cent in April 2019 to 2.6 per cent in December 2019, **reflecting weakening of demand pressure in the economy**.
- **Core inflation (headline less food and fuel inflation)** further reflects the state of demand in the economy.
- The core-CPI and WPI inflation together moderated inflation, as captured by the GDP deflator, which fell from 3.7 per cent in H2 of 2018-19 to 2.1 per cent in H1 of 2019-20.

CPI (Headline) inflation

- ❖ In general, **reflects the rate of change in prices of all goods and services in an economy over a period of time**.
- ❖ Headline inflation is the raw inflation **figure reported through the Consumer Price Index (CPI) that is released monthly by the Bureau of Labor Statistics**.
- ❖ As it includes all aspects within an economy that experience inflation, headline inflation is not adjusted to remove highly volatile figures, including those that can shift regardless of economic conditions.
- ❖ The headline figure is not adjusted for seasonality or for the often-volatile elements of food and energy prices, which are **removed in the core Consumer Price Index (CPI)**.

SOURCE: Arthapedia and Newspaper

Employment: Formal vs. Informal

- As per the latest available data on employment, there has been **an increase in the share of formal employment**, as captured by 'Regular wage/salaried', from 17.9 per cent in 2011-12 to 22.8 per cent in 2017-18.
- The **proportion of women workers** in 'Regular wage/salaried' employees category **has increased by 8 percentage points** (from 13 percent in 2011- 12 to 21 per cent in 2017-18).

Monetary policy

- Durable liquidity injection was undertaken through four **open market operation (OMO)** purchase auctions and a US\$ 5 billion buy/sell swap auction.

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Open market operation (OMO)

- ❖ Open market operations is the ***sale and purchase of government securities and treasury bills by RBI***.
- ❖ The objective of OMO is to ***regulate the money supply in the economy***.
- ❖ When the RBI wants to ***increase the money supply*** in the economy, it ***purchases the government securities*** from the market and ***it sells government securities to suck out liquidity from the system***.
- ❖ RBI carries out the OMO through commercial banks and ***does not directly deal with the public***.
- ❖ OMO is one of the tools that RBI ***uses to smoothen the liquidity conditions through the year*** and minimise its impact on the interest rate and inflation rate levels.

SOURCE: Economic Times and Arthapedia

- Abundant liquidity in the banking system is also reflected in the ***weighted call money rate***, which has mostly traded within the *Liquidity Adjustment Facility (LAF) corridor (LAF corridor is the spread between the repo and the reverse repo rate)*

weighted call money rate

- ❖ *Call money rate is the rate at which short term funds are borrowed and lent in the money market.*
 - ❖ The duration of the call money loan is ***1 day***.
 - ❖ Banks resort to these types of loans to fill the asset liability mismatch, comply with the statutory CRR and SLR requirements and to meet the sudden demand of funds. RBI, banks, primary dealers etc are the participants of the call money market.
 - ❖ Demand and supply of liquidity affect the call money rate.
 - ❖ ***A tight liquidity condition*** leads to a rise in call money rate and vice versa.
- The median of 1-year ***Marginal Cost of Funds based Lending Rate (MCLR)*** reduced.

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External sector performance

- **Lower Current Account Deficit (CAD)** reflects reduced external indebtedness of the country making domestic economic policy increasingly independent of external influence.
- **Foreign Direct Investment (FDI)** provides a more stable source of financing the CAD as compared to external borrowings.

Current Account Deficit (CAD)- Please refer chapter 05 of Economic survey part 01.

Sectoral developments

- **Share of agriculture and allied sectors** in the total GVA of the country has declined from 2009-14 to 2014-19 mainly on account of relatively higher growth performance of tertiary sectors.

FIRST ADVANCE ESTIMATES: 2019-20

- **NIFTY India Consumption Index** picked up for the first time this year.
- Reinstating the positive confidence in Indian economy the **secondary market** continues to be upbeat.


NIFTY India Consumption Index

- ❖ The NIFTY India Consumption Index is designed to **reflect the behavior and performance of a diversified portfolio of companies** representing the domestic consumption sector which includes Consumer Non-durables, Healthcare, Auto, Telecom Services, Pharmaceuticals, Hotels, Media & Entertainment, etc. and **where more than 50% of company's revenue comes from domestic markets (other than export income).**

SOURCE: NIFTY

Secondary Market

- ❖ This is the market wherein the **trading of securities is done**. Secondary market consists of **both equity as well as debt markets**.
- ❖ Securities issued by a company for the first time are offered to the public in the primary market.

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- ❖ Once the IPO is done and the stock is listed, they are traded in the secondary market.
- ❖ The **main difference between** the two is that in the primary market, an investor gets securities directly from the company through IPOs, while in the secondary market, one purchases securities from other investors willing to sell the same.
- ❖ Equity shares, bonds, preference shares, treasury bills, debentures, etc. are some of the key products available in a secondary market. **SEBI is the regulator of the same.**

SOURCE: Financial Express

Decline in household investment

- The household sector includes family households as well as '*quasi-corporates*'.
- **Unincorporated enterprises belonging to households**, which have complete sets of accounts, are called '*quasi-corporates*'.
- Investment in the public sector may increase, as is expected after the announcement of the National Infrastructure Pipeline (NIP) of projects worth ` 102 lakh crore.
- The announcement of NIP may further increase FDI inflows into the country in both ***brown-field and green-field infrastructure projects***.

Brown-field and Green-field infrastructure projects.

- ❖ In a greenfield investment, parent company opens a subsidiary in another country.
- ❖ Instead of buying an existing facility in that country, the company ***begins a new venture by constructing new facilities in that country.***
- ❖ Construction projects may include more than just a production facility.
- ❖ They sometimes also entail the completion of offices, accommodations for the company's staff and management, as well as distribution centers.
- ❖ ***Brownfield investments***, on the other hand, occur ***when an entity purchases or leases an existing facility to begin new production.***
- ❖ Companies may consider this approach a great time and money saver since there is no need to go through the motions of building a brand new building.
- ❖ In Simple, The Greenfield project means that a work which is not following a prior work. In infrastructure the projects on the unused

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lands where there is no need to remodel or demolish an existing structure are called Green Field Projects. The projects which are modified or upgraded are called brownfield projects.

SOURCE: Investopedia and Financial Express

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“HELLO” to ECONOMIC SURVEY

- *The year 2019-20 has been challenging for the Indian economy owing to the **decelerating growth rate experienced in the first half of the year.***
- *Amongst the various reforms introduced during the year to promote growth and investment, **reduction in corporate income tax rate was a major structural reform.***
- *The fiscal policy 2019-20 was characterized by sluggish growth in **Tax revenue** relative to the budget estimates.*

Tax revenue

- ❖ The **tax system in India is a three-tier structure**, which includes the State Government, Central Government, and the local authorities such as municipal corporations.
- ❖ It is important to note that taxes in the country cannot be levied unless it is passed as a law.
- ❖ A **direct tax** is imposed on individuals and corporate entities. Such a type of tax is **borne solely by the taxpayer** and is dependent on the income group, which the taxpayer falls in. The lower income group assumes a lower tax liability and vice versa.
- ❖ Some common types of direct taxes include **income tax, wealth tax, gift tax, and capital gains tax.**
- ❖ **Indirect taxes**, on the other hand, are those, which are **levied through goods and services.**
- ❖ The **GST regime** eliminated around 17 taxes and **imposed just three taxes** – namely Central GST (CGST), State GST (SGST), and Integrated GST (IGST).
 - **Central GST** – This tax is levied on intra-state sale and is collected by the Central Government.
 - **State GST** – This tax is imposed on intra-state sale and is collected by the State Government.

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- **Integrated GST** – This tax is applicable to an inter-state sale, for instance, a sale transaction between Tamil Nadu to Maharashtra. It is collected by the Central Government.

SOURCE: Taxation in India (myGov.in)

- The **Non-Tax revenue** registered a considerably higher growth in the first eight months of this financial year compared to the same period last year.

Non-Tax revenue

- ❖ While taxation is a primary source of income for the government, it also earns some **recurring income other than tax, which is called non-tax revenue**.
- ❖ While sources of tax revenue consist of few but bulk direct and indirect taxes, the number of **sources of non-tax revenue are very large** with wide variance in the quantum of collections per source.
- ❖ Although there are large sources of non-tax revenue, the quantum of collection per source is much less than that of tax collections.
- ❖ For instance, **when people avail services offered by the government**, like electricity, telecommunication, DTH, broadband etc, they pay bills, which include the share of non-tax revenue as the government provides infrastructure support to facilitate the services.
- ❖ The government also collects interest as non-tax revenue on the loans and funds advanced to states for various purposes. **So, the government collects non-tax revenue in return for providing/facilitating any goods or services.**
- ❖ **Tax revenue is charged** on income earned by an individual or an entity (direct tax) and on the value of transaction of goods and services (indirect tax).
- ❖ On the other hand, **non-tax revenue is charged** against services provided by the government. It also includes interest charged on loans advanced by the government for various purposes.
- ❖ Note that *it is compulsory to pay a part of the income earned/generated and amount of goods and services consumed as tax*. However, **non-tax revenue becomes payable only when services offered by the government are availed**.

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SOURCE: Financial Express

- The **fiscal deficit** as a per cent of Budget Estimate during the first eight months of this financial year was at a similar level as that in the corresponding period last year.

Fiscal deficit

- ❖ **The difference between total revenue and total expenditure** of the government is termed as fiscal deficit.
- ❖ It is an **indication of the total borrowings needed by the government**. While calculating the total revenue, borrowings are not included.
- ❖ Fiscal Deficit is the **difference between the Revenue Receipts plus Non-debt Capital Receipts (NDCR) and the total expenditure**.
- ❖ The **gross fiscal deficit (GFD)** is the excess of total expenditure including loans net of recovery over revenue receipts (including external grants) and non-debt capital receipts.
- ❖ The **net fiscal deficit** is the gross fiscal deficit less net lending of the Central government.
- ❖ **Generally fiscal deficit takes place either** due to revenue deficit or a major hike in capital expenditure. Capital expenditure is incurred to create long-term assets such as factories, buildings and other development.
- ❖ **A deficit is usually financed through borrowing** from either the central bank of the country or raising money from capital markets by issuing different instruments like treasury bills and bonds.
- ❖ **A higher fiscal deficit means higher borrowing** by the government, which, in turn, mean **higher interest rates in the economy**.

SOURCE: Indian Express and The Union Budget's "Budget at a Glance" document.

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Chapter 02- Fiscal Developments

- The Medium Term Fiscal Policy (MTFP) Statement presented with the Budget 2019-20, pegged the **fiscal deficit target for 2019-20 at 3.3 per cent of GDP**, which was further expected to follow a gradual path of reduction and attain the targeted level of 3 per cent of GDP in 2020-21, and continue at the same level in 2021-22.

CENTRAL GOVERNMENT FINANCES

- Union Budget 2019-20 sought to contain the **fiscal deficit, which is reflective of the total borrowing requirements of Government**, at 3.3 per cent of the GDP.
- The **ratio of revenue deficit to fiscal deficit broadly measures the extent of borrowings used for financing current expenditure of the Government**.

Revenue deficit

- ❖ **A mismatch in the expected revenue and expenditure** can result in revenue deficit.
- ❖ Revenue deficit arises when the government's actual net receipts is lower than the projected receipts.
- ❖ **On the contrary**, if the actual receipts are higher than expected one, it is termed as revenue surplus. **A revenue deficit does not mean actual loss of revenue.**

SOURCE: Economic Times

- Central **government receipts** can broadly be **divided into Non-debt and debt receipts**.

Non-debt and debt receipts

- ❖ Non-debt receipts are the **receipts which doesn't incur any future repayment burden for the government**.
- ❖ **On the other hand**, the debt receipts are those which are to be repaid by the government. Borrowings is the debt receipts.
- ❖ The non-debt receipts have tremendous importance for the central government in terms of their desirability.
- ❖ **Most important feature is that** they don't have any debt or repayment impact. So, from the fiscal sustainability angle, high and increasing share of the non-debt receipts is highly desirable.

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SOURCE: Economic Times and Indian Economy.Net

- The **Non-debt receipts** comprise of **Tax revenue, Non-Tax revenue and Non-debt Capital receipts** like recovery of loans and disinvestment receipts.

Non-debt Capital receipts

- ❖ **Taxes and duties** levied by the government **form the biggest source of its income** or receipts.
- ❖ The government spends this money on both operational and developmental needs. Usually, there are **two main sources of the government's income – revenue receipts and capital receipts**.
- ❖ Note that non debt capital receipts (**NDCR**) of the union government include:
 - **Recoveries of loans and advances** given to state governments, Union territories and foreign governments.
 - **Disinvestment proceeds**- Money accrued to the Union government from listing of central government companies and issue of bonus shares
- ❖ In the budget documents, the Union government usually lists non-debt capital receipts in two broad categories – recovery of loans and other receipts.
- ❖ **Other receipts basically mean disinvestment proceeds** from the sale of the government's share in public sector companies. Over the years, this has become a major source of the Union government's non-debt capital receipts.

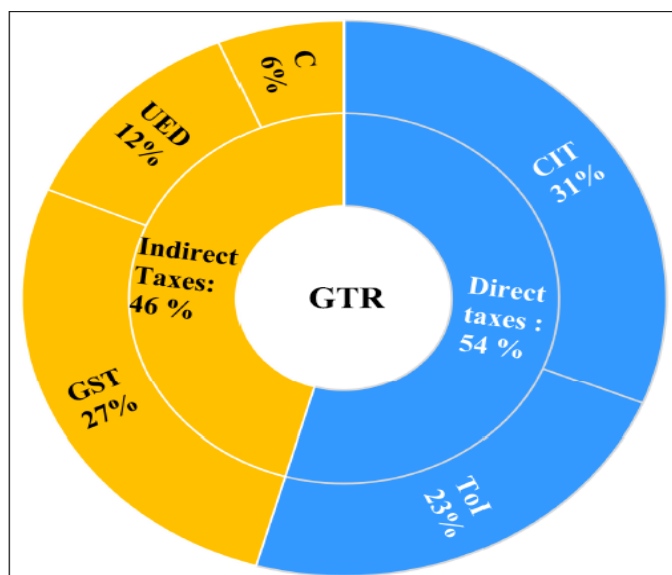
SOURCE: Financial Express

- **Debt receipts mostly comprise of market borrowings and other liabilities**, which the government is **obliged to repay in the future**.
- **The direct taxes, comprising mainly of corporate and personal income tax, constitute around 54 per cent of Gross Tax Revenue (GTR)**.
- **Structural reforms undertaken** in taxation during the current financial year **include change in corporate tax rate and measures to ease the implementation of GST**.

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Composition of taxes in Gross Tax Revenue in 2019-20 BE
GTR- Gross Tax Revenue; CIT- Corporation Tax; Tol- Tax on income other than corporation tax; C- Customs; UED- Union Excise Duty; GST- Goods and Services Tax.

- The direct taxes were estimated at 6.3 per cent of GDP in 2019-20 BE.
- Better tax administration, widening of TDS (Tax Deductible at Source) carried over the years, anti-tax evasion measures and increase in effective tax payers base **have contributed to direct tax buoyancy.**
- **Widening of tax base due to increase in the number of indirect tax filers** in the GST regime has also led to improved tax buoyancy.
- **Non-Tax revenue comprises mainly of interest receipts on loans** to States and Union Territories, **dividends and profits** from Public Sector Enterprises including **surplus of Reserve Bank of India** (RBI) transferred to Government of India, **receipts from services provided** by the Central Government and **external grants.**
- The **Budget 2019-20 aimed to raise** ` 3.13 lakh crore of Non-Tax revenue, **1.5 per cent of the GDP.**
- **Non-debt Capital receipts mainly consist of recovery of loans and advances, and disinvestment receipts.** Over the last few years, the **contribution of Non-debt Capital receipts have improved** in the total pool of Non-debt receipts.
- The **major component of Non-debt Capital receipts is disinvestment receipts that accrue to the government on sale of public sector enterprises owned by the government (including sale of strategic assets).**
- As **India's tax to GDP ratio is low**, Government faces the challenge of providing sufficient funds for investment and infrastructure expansion while staying within the bounds of fiscal prudence.

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Tax to GDP ratio

- ❖ Tax-to-GDP ratio represents the size of a **country's tax kitty relative to its GDP**.
- ❖ It is a representation of the size of the government's tax revenue **expressed as a percentage of the GDP**.
- ❖ **Higher the tax to GDP ratio the better financial position** the country will be in. The ratio represents that the government is able to finance its expenditure.
- ❖ **A higher tax to GDP ratio** means that the government is able to cast its fiscal net wide. It reduces a government's dependence on borrowings.
- ❖ **A higher tax to GDP ratio** means that an economy's tax buoyancy is strong as the share of tax revenue rises in sync with the rise in the country's GDP.
- ❖ **Lower tax-to-GDP ratio constrains** the government to spend on infrastructure and puts pressure on the government to meet its fiscal deficit targets.
- ❖ **Developed countries tend to have higher tax-to-GDP ratio.**
- ❖ The most important measure for improving tax to GDP ratio is ensuring the citizens pay their taxes.

SOURCE: Economic Times

- The composition of **government expenditure** in the last few years reveals that **expenditure on defence services, salaries, pensions, interest payments and major subsidies account for more than sixty per cent of total expenditure**.
- Budget 2019-20 estimated **total expenditure** at 27.86 lakh crore, **comprising revenue expenditure of `24.48 lakh crore and capital expenditure of `3.39 lakh crore**, which work out to be **11.6 per cent and 1.6 per cent of GDP**, respectively.
- **Within revenue expenditure, more than forty per cent of the increase is explained by increase in interest payments and major subsidies.**

Revenue expenditure

- ❖ Revenue Expenditure is that part of government expenditure that **does not result in the creation of assets**.
- ❖ Payment of salaries, wages, pensions, subsidies and interest fall in this category as revenue expenditure examples.

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- ❖ Also, note that revenue expenses are ***incurred by the government for its operational needs.***
- ❖ The Union government's revenue expenditure comprises money spent on revenue account — the ***amount spent on running its elaborate machinery.***
- ❖ ***All grants given to state governments and Union territories*** are also treated as revenue expenditure, even if some of these grants may be used for the creation of capital assets.
- ❖ In India, the payment of subsidies is also included in revenue expenditure. The central government pays subsidy under three major heads – food subsidy, fertiliser subsidy and fuel subsidy.
- ❖ ***High revenue expenditure means*** that the government machinery is spending too much money on sustaining itself, rather than creating assets required to achieve high economic growth.

SOURCE: Financial Express and NCERT

- The ***quality of expenditure*** is captured by the ***share of capital expenditure in total expenditure.***

Capital expenditure

- ❖ The Union government defines capital expenditure as the ***money spent on the acquisition of assets like land, buildings, machinery, equipment, as well as investment in shares.***
- ❖ Capital expenditure also ***covers the acquisition of equipment and machinery*** by the government, including those for defence purposes.
- ❖ Capital expenditure also ***includes investment by the government*** that yields profits or dividend in future.
- ❖ ***High capital expenditure usually means*** more investment by the government towards the creation of infrastructure and other assets that are crucial for rapid economic growth.
- ❖ Purchase of new weapons and weapon systems such as missiles, tanks, fighter jets and submarines requires extensive capital investment.
- ❖ ***Nearly a third of the central government's capital expenditure goes into the defence sector,*** mostly for weapon purchases.
- ❖ Though defence spending is ***counted as capital expenditure, it does not result in the creation of infrastructure that can facilitate economic growth.***

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SOURCE: Economic Times and Financial Express

- Major sectors ***apart from defence services***, that account for ***bulk of capital expenditure*** allocation in 2019-20 BE ***include internal security, investments in Financial Institutions, pass through assistance for metro projects, space technology and construction of Roads and Railways.***
- ***Extra Budgetary Resources (EBR)*** are those ***financial liabilities that are raised by public sector undertakings*** for which repayment of entire principal and interest is done from the Central Government Budget.

Extra Budgetary Resources (EBR)

- ❖ In addition to the capital spending made from the Union Budget (Gross Budgetary Support), Central Public Sector Undertakings (CPSUs) and ***commercial departmental undertakings incur a significant amount of capital expenditure from their own sources, known as internal and extra budgetary resources (IEBR).***
- ❖ IEBR is an ***important part of the Central plan of the Government of India*** and constitutes the resources raised by the PSUs through profits, loans and equity
- ❖ ***Some of the government schemes for which proceeds from EBRs*** have been utilised so far are Pradhan Mantri Krishi Sinchayee Yojana (PMKSY), Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY), Swachh Bharat Mission (SBM), Pradhan Mantri Awas Yojana (PMAY), among others.

SOURCE: RBI and Arthapedia

- These ***EBRs are not taken into account while calculating the Fiscal Deficit.*** However, they are ***considered in the calculations of Government Debt.***

Transfer to States

- ***Transfer of funds to States*** comprises essentially of ***three components: share of States in Central taxes devolved to the States, Finance Commission Grants, and Centrally Sponsored Schemes (CSS), and other transfers.***
- ***Till 2013-14, funds for CSS*** were routed through two channels, the ***Consolidated Funds of the States and directly to the State implementing agencies.*** In 2014- 15, ***direct transfers to State implementing agencies were discontinued*** and all transfers to States including for the CSS were ***routed through the Consolidated Funds of the States.***

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Fiscal outcome in 2019-20

- **(Goods and Services Tax) GST rationalisation is the number of goods in the 28% category**, as this is the **only category** which has witnessed drastic changes in the past GST Council meetings. The **GST collection includes** revenue from CGST, SGST, and IGST.
- The data for **GST collections is from GSTN, GST rationalisation from CBIC, and GDP data from CSO, MOSPI.**
- The data for **GST rationalisation and GST collection are available on a monthly basis**, whereas the **GDP data is available at quarterly interval.**
- The **Non-debt Capital receipts** includes recovery of loans and disinvestment receipts.
- The Union Cabinet in February 2019 approved the procedure and mechanism for **Asset Monetization of CPSEs/PSUs/other Government organizations and Immovable Enemy Properties.** This will enable monetization of identified non-core assets of CPSEs under strategic disinvestment and Immovable Enemy Property under the **custody of Custodian of Enemy Property (CEPI)**, Ministry of Home Affairs.
- Cabinet Committee on Economic Affairs (CCEA) has approved the creation and launch of **India's first corporate Debt Exchange Traded Fund (Debt ETF)** which would create an additional source of funding for Central Public Sector Enterprises (CPSEs), Central Public Financial Institutions (CPFIs), and other Government organizations and would **increase the retail participation in the Indian corporate bond market.**
- **Bharat Bond ETF** was launched on 12th December, 2019 It has provided a new window of access to retail investors in bond market. With regular issuances, the Bharat bond ETF will **help in deepening the bond market in India** and develop a yield curve for CPSEs over a period of time.

Central Government Debt

- **Total liabilities** of the Central Government include debt contracted against the **Consolidated Fund of India, technically defined as Public Debt**, as well as liabilities in the Public Account.

Consolidated Fund of India

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- ❖ Consolidated Fund of India is ***the most important of all government accounts.***
- ❖ ***Revenues received by the government and expenses made by it, excluding the exceptional items, are part of the Consolidated Fund.***
- ❖ This fund was ***constituted under Article 266 (1) of the Constitution*** of India.
- ❖ ***All revenues*** received by the government by way of direct taxes and indirect taxes, money borrowed and receipts from loans given by the government flow into the Consolidated Fund of India.
- ❖ ***All government expenditure is made from this fund, except*** exceptional items which are met from the Contingency Fund or the Public Account.
- ❖ Importantly, ***no money can be withdrawn from this fund without the Parliament's approval.***
- ❖ It is also considered as the most important part of the financial statement. Similar to the Centre, ***every state has its own Consolidated Fund as well.***

SOURCE: Economic Times and Financial Express

- These liabilities ***include external debt*** (end-of-the financial year) at current exchange rate but ***exclude part of NSSF liabilities*** to the extent of States' borrowings from the NSSF and investments in public agencies out of the NSSF, which do not finance Central Government deficit.
- ***In order to boost the sluggish demand*** and consumer sentiments, ***counter-cyclical fiscal policy may have to be adopted*** to create additional fiscal headroom.

Counter-cyclical fiscal policy

- ❖ A counter-cyclical fiscal policy ***refers to strategy by the government to counter boom or recession*** through fiscal measures.
- ❖ It works against the ongoing boom or recession trend; thus, trying ***to stabilize the economy.***
- ❖ Cyclicity of fiscal policy refers to the direction of change in government expenditure and taxes relative to economic/output conditions.

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- ❖ *The fiscal policy is considered pro-cyclical, if it is expansionary during economic booms and contractionary during recessions.*
- ❖ *On the other hand, if fiscal policy is expansionary during recessions and contractionary during booms, it is considered to be counter-cyclical.*
- ❖ *Keynes advocated a counter-cyclical fiscal policy – running a budgetary deficit during slowdown. In contrast, balanced budget rules generally produce a pro-cyclical fiscal policy.*
- ❖ *Decline in revenues during an economic slowdown enforces reduction in expenditure, while buoyant revenues during a high economic growth phase allow for increase in expenditure leading to a pro-cyclical fiscal policy.*

SOURCE: RBI

Major measures taken for Indirect taxes during 2019-20

- Custom duty was increased on goods like *uncoated paper used for printing of newspapers and lightweight coated paper used for printing of magazines.*
- *The New Return System (in GST)*, which is proposed to be introduced w.e.f. 01.04.2020 aims to reduce manual efforts and uses technology extensively.
- *The scheme (Sabka Vishwas (Legacy Dispute Settlement) Scheme 2019)* is a one-time measure for liquidation of past disputes of Central Excise, Service Tax and 26 other indirect tax enactments. It provides an opportunity of voluntary disclosure to non-compliant taxpayers.

Sabka Vishwas (Legacy Dispute Settlement) Scheme 2019

- ❖ In the Union Budget 2019-20, the Hon'ble Finance Minister announced the Sabka Vishwas-Legacy Dispute Resolution Scheme, 2019.
- ❖ The Scheme has now been notified and will be *operationalized from 1st September 2019*. The Scheme *would continue till 31st December 2019*.
- ❖ Government expects the Scheme to be availed by large number of taxpayers for *closing their pending disputes relating to legacy Service Tax and Central Excise cases that are now subsumed under GST so they can focus on GST.*
- ❖ *The two main components* of the Scheme are dispute resolution and amnesty.

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- ❖ The **dispute resolution component** is aimed at liquidating the legacy cases of Central Excise and Service Tax that are subsumed in GST and are pending in litigation at various forums.
- ❖ **The amnesty component** of the Scheme offers an opportunity to the taxpayers to pay the outstanding tax and be free of any other consequence under the law.
- ❖ The most attractive aspect of the Scheme is that **it provides substantial relief in the tax dues for all categories of cases** as well as full waiver of interest, fine, penalty. In all these cases, there would be no other liability of interest, fine or penalty. There is also a complete amnesty from prosecution.
- ❖ The Scheme is especially tailored **to free the large number of small taxpayers of their pending disputes with the tax administration.**


SOURCE: PIB

- **Inclusion of *Diamond India Limited (DIL)*** in the list of nominated agencies eligible for IGST exemption on imports of Gold/ Silver/Platinum so as to supply at Nil GST to Jewellery exporters.

Diamond India Limited (DIL)

- ❖ Diamond India Ltd (DIL) is **a Trade Body, formed to serve the interests of the stakeholders in Gem and Jewellery sector.**
- ❖ **Incorporated as a Public Limited Company in 2002**, it has a widely dispersed shareholding from the trade.
- ❖ It was **initially formed to import Rough Diamonds** for supply to the diamond jewellery manufacturers and **later it was given permission as a Nominated Agency to import precious metals for supply to jewellers.**
- ❖ As a trade body, it **works in close coordination with** other trade promotion bodies and various ministries of the Central Government for the overall interest of the trade.

SOURCE: Diamond India Limited Website

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“HELLO” to ECONOMIC SURVEY

- *India's external sector gained further stability in the first half of 2019-20, witnessing improvement in **Balance of Payments (BoP)** position.*

Balance of Payments

- ❖ According to the RBI, balance of payment is a statistical statement that shows:
 - **The transaction in goods, services and income** between an economy and the rest of the world;
 - **Changes of ownership and other changes in that economy's monetary gold, special drawing rights (SDRs), and financial claims on and liabilities to the rest of the world, and**
 - **Unrequited transfers.**
- ❖ The transactions in BOP are categorised in
 - **Current account** showing export and import of visibles (also called merchandise) and invisibles (also called non-merchandise). Invisibles take into account services, transfers and income.
 - **Capital account** showing a capital expenditure and income for a country. It gives a summary of the net flow of both private and public investment into an economy. External commercial borrowing (ECB), foreign direct investment, foreign portfolio investment, etc form a part of capital account.
 - **Errors and omissions:** Sometimes the balance of payment does not balance. This imbalance is shown in the BOP as errors and omissions. BOP is compiled using the double entry book keeping system consisting assets and liabilities.
- ❖ Simply, The BoP is a statistical statement that **comprises transactions between residents and non-residents during a period**. It consists of the **goods and services account, the primary income account, the secondary income account, the capital account, and the financial account**.

SOURCE: RBI and Economic Times

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- The improvement in BoP was **anchored by narrowing of current account deficit (CAD)**. The contraction of CAD has emanated from easing of crude prices.

current account deficit (CAD)- Please refer chapter 05 of Economic Survey part 01

- Petroleum products, precious stones, drug formulations & biologicals, gold and other precious metals continue to be **top exported commodities, with fastest growth seen in drug formulations & biologicals in 2019-20**.
- Crude petroleum, gold, petroleum products, coal, coke & briquettes constitute top import items, with **fastest growth seen in electronics in 2019-20**.
- India's **top five trading partners continue to be USA, China, UAE, Saudi Arabia and Hong Kong**.
- India's **external liabilities (debt and equity) to GDP has increased at the end of June, 2019 primarily driven by increase in FDI, portfolio flows and external commercial borrowings (ECBs)**.

External commercial borrowings (ECBs)

- ❖ **ECB refer to commercial loans** in the form of bank loans, buyers' credit, suppliers' credit, securitised instruments (e.g., floating rate notes and fixed rate bonds, non-convertible, optionally convertible or partially convertible preference shares) **availed of from non-resident lenders with a minimum average maturity of 3 years (i.e., 3 years and above)**.
- ❖ **ECB can be raised only for specific purposes**, such as investment [such as the import of capital goods (*as classified by DGFT in the Foreign Trade Policy*), new projects, modernisation/expansion of existing production units] in the real sector — the industrial sector including small and medium enterprises (SME), the infrastructure sector and specific service sectors, namely hotels, hospitals and software — in India.
- ❖ **At present, Indian companies are permitted to access funds from abroad through four routes, viz., ECB, Foreign Currency Convertible Bonds (FCCB), preference shares and foreign currency exchangeable bonds (FCEB)**.
- ❖ Data on ECBs are **collected by the RBI**.
- ❖ ECBs are **being permitted by the Government** as a source of finance for Indian Corporate for expansion of existing capacity as well as for fresh investment.

SOURCE: RBI and Newspaper

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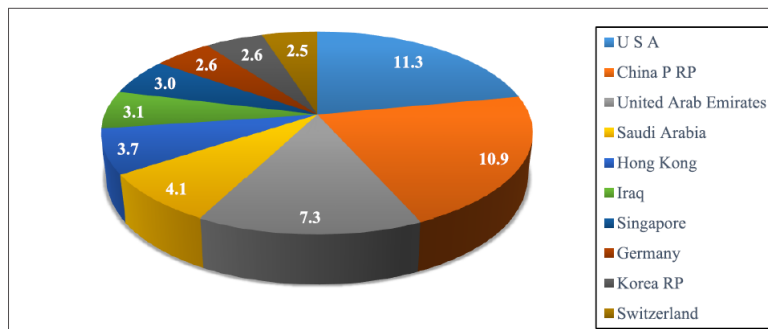
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Chapter 03- External Sector

- For an open emerging market economy like India, **improvement in BoP position is critical. It ensures financing of essential imports** like crude oil and other such inputs that drive the manufacturing sector which provides livelihood to crores of people in the country.
- For a country that has mostly remained in **current account deficit**, injecting into its income stream not as much earnings from abroad as permitting leakage from it through payments overseas, a continuous improvement in its BoP position is a reflection of a global sentiment that increasingly believes in India's growth story.
- An **increase in CAD as a ratio to GDP worsens the BoP** by drawing down on forex reserves or building the potential to worsen it by increasing the external debt burden.
- **Merchandise trade deficit is the largest component of India's current account deficit** significantly impacting the BoP position.

Top 10 Trading Partners of India in 2019-20



- **With two top trading countries i.e. USA and United Arab Emirates, India has consistently run trade surplus since 2014-15.** On the other hand, India has trade deficit continuously since 2014-15 with respect to other major trading partners.
- **India had trade surplus with Hong Kong and Singapore till 2017-18**, before it changed to trade deficit in 2018-19.
- **Petroleum, Oil and Lubricants (POL) exports have a dominant share in India's export basket.**

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- **An increase in merchandise exports to GDP ratio has a net positive impact on BOP position whereas, an increase in the merchandise imports to GDP ratio has a net negative impact on the BoP position.**
- Although a **fall in merchandise imports to GDP ratio entails a net positive impact** on the BoP position, it may be a reflection of a deceleration in GDP growth.
- In the **import basket** of 2019-20 (April- November), **crude petroleum had the largest share followed by gold and petroleum products.**
- However, **between 2011-12 and 2019-20, imports of Electronics grew the fastest** from a negligible share to 3.6 per cent.
- **China continues to be the largest exporter to India** followed by USA, UAE and Saudi Arabia.
- **In recent times**, Hong Kong, Korea and Singapore have also emerged as significant exporters to India.
- **Net services as a proportion of GDP reflects the net impact of service exports and imports on BoP.** India's net services surplus has been steadily declining in relation to GDP.
- **An increase in service exports to GDP ratio has a net positive impact** on the BoP position.
- **Software services constitute the bulk of it** (service export) at around 40-45 per cent, **followed by business services** at about 18-20 per cent, travel at 11-14 per cent and transportation at 9-11 per cent.
- **An increase in service imports to GDP ratio has a net negative impact on the BoP position.**

India and WTO

- **India hosted a WTO Ministerial Meeting** of Trade Ministers on 13-14 May 2019 in New Delhi.
- **The twelfth Ministerial Conference** of the WTO (MC12) is scheduled to be held in June 2020 in Nur-Sultan, Kazakhstan.
- **India ratified the WTO Agreement on Trade Facilitation (TFA) in April 2016** and subsequently **constituted a National Committee on Trade Facilitation (NCTF)** to commence the implementation.

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National Committee on Trade Facilitation (NCTF)

- ❖ The Centre has constituted a National Committee on Trade Facilitation (NCTF) under the ***Chairmanship of the Cabinet Secretary***.
- ❖ Move ***follows India's ratification of WTO Agreement***
- ❖ The ***Trade Facilitation Agreement (TFA) requires each WTO Member*** to establish and/or maintain a NCTF or designate an existing mechanism to facilitate both domestic coordination and implementation of TFA provisions.
- ❖ The establishment of the committee is part of the ***mandatory, institutional arrangement of the TFA***,
- ❖ ***Its secretariat will be housed within the Central Board of Excise and Customs (CBEC)*** in the Directorate General of Export Promotion, New Delhi.
- ❖ The ***defined objective behind*** setting up the NCTF is ***to have a national-level body that will facilitate domestic co-ordination and implementation of TFA provisions***.
- ❖ It will play the ***lead role in developing a pan-India roadmap for trade facilitation*** and will be instrumental in synergising various trade facilitation perspectives across the country.
- ❖ It will ***also focus on an outreach programme*** for sensitisation of all stakeholders about TFA.
- ❖ ***TFA was outcome of 9th Bali Ministerial package and included provisions for lowering import tariffs and agricultural subsidies; abolish hard import quotas; reduction in red tape at international borders etc.***
- ❖ The ***committee has a three-tier structure*** with the ***main national committee*** as the pivot for monitoring the implementation of the TFA. There will be a ***steering committee below it*** that will be chaired by Member, Customs, CBEC, which will be responsible for identifying the nature of required legislative changes and spearheading the diagnostic tools needed for assessing compliance to TFA.

SOURCE: The Hindu Business Line and WTO

- ***In order to optimize the gains of trade facilitation***, National Trade Facilitation Action Plan (NTFAP 2017-20) containing specific activities ***to further ease out***

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the bottlenecks to trade was released on 20th July, 2017 with an overall vision of the Government to see India as an active facilitator of trade.

- *As a result of consistent trade facilitation efforts, India has improved its ranking from 143 in 2016 to 68 in 2019 under the indicator, “Trading across Borders”, which is monitored by World Bank in determining the overall ranking of around 190 countries in its Ease of Doing Business Report.*
- *Some key initiative* for betterment of overall ranking are:
 - Enablement of Single Window Interface for Facilitating Trade (*SWIFT*) on *Customs Portal*,
 - *Self e-sealing through RFID tag* by trusted exporters,
 - *Introduction of ‘E-Sanchit’* for lodging supporting documents online,
 - Tracking of imported cargo clearance time through *Indian Customs Ease of Doing Business Dashboard (ICEDASH)*,

RFID tag

- ❖ *RFID is an acronym for “radio-frequency identification” and refers to a technology whereby digital data encoded in RFID tags or smart label are captured by a reader via radio waves.*
- ❖ *RFID is similar to barcoding in that data from a tag or label are captured by a device that stores the data in a database.*
- ❖ RFID, however, *has several advantages over systems that use barcode* asset tracking software. The *most notable is that RFID* tag data can be read outside the line-of-sight, whereas barcodes must be aligned with an optical scanner.
- ❖ *RFID belongs to a group of technologies referred to as Automatic Identification and Data Capture (AIDC).*
- ❖ *AIDC methods automatically identify objects, collect data about them, and enter those data directly into computer systems* with little or no human intervention.
- ❖ *RFID methods utilize radio waves* to accomplish this.
- ❖ At a simple level, *RFID systems consist of three components: an RFID tag or smart label, an RFID reader, and an antenna.*

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- ❖ RFID tags contain an integrated circuit and an antenna, which are used to **transmit data** to the RFID reader (also called an interrogator). The reader then **converts the radio waves** to a more usable form of data. Information collected from the tags is **then transferred** through a communications interface to a host computer system, where the data can be stored in a database and analyzed at a later time.
- ❖ It **can perform several tasks like:**
 - Inventory management
 - Asset tracking
 - Personnel tracking
 - Controlling access to restricted areas
 - ID Badging
 - Supply chain management
 - Counterfeit prevention (e.g. in the pharmaceutical industry)
- ❖ **RFID offers many advantages over the barcode**, particularly the fact that an RFID tag can hold much more data about an item than a barcode can. In addition, RFID tags are not susceptible to the damages that may be incurred by barcode labels, like ripping and smearing.
- ❖ **RFID tags are not sensors.** Tags only store information that's been put in them. They don't sense any physical parameters such as temperature or moisture.
- ❖ **The FASTag is an electronic toll collection system that employs Radio-frequency Identification (RFID) technology.**

SOURCE: Commercial website of USA AB&R, Indian Express and other newspapers.

- **New schemes like Direct Port Delivery (DPD) for imports and Direct Port Entry (DPE) for exports are facilitating faster clearances at the ports.**
- New initiatives like **'Turant'4 customs** will make customs clearance faster and faceless.
- In a recently **released UN global survey on digital and sustainable trade facilitation 2019**, India has not only improved its overall trade facilitation score from 69 per cent to 80 per cent but **also outperformed other countries** in the Asia-Pacific and South and South-west Asia region.
- Indian logistics sector is riding a growth wave and is a **sunshine industry**.

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- According to **World Bank's Logistics Performance Index, India ranks 44th** in 2018 globally, up from 54th rank in 2014.
- **To improve trade logistics**, Government is building infrastructure through **ambitious projects like the *Bharatmala, Sagarmala* and the Dedicated Freight Corridors.**

Bharatmala

- ❖ ***Bharatmala Pariyojana, launched in 2016***, is a new umbrella program for the **highways sector that focuses on optimizing efficiency of freight and passenger movement** across the country by bridging critical infrastructure gaps through effective interventions like **development of Economic Corridors, Inter Corridors and Feeder Routes, National Corridor Efficiency Improvement, Border and International connectivity roads, Coastal and Port connectivity roads and Green-field expressways.**
- ❖ **The project is expected to create nearly 100 million man days of jobs** during the road construction and subsequently 22 million jobs as a result of the increased economic activity across the country.
- ❖ The **construction will be billed via several routes** including debt funds, budgetary allocation, private investment, toll operator transfer model etc.
- ❖ **Bharatmala project will start in Gujarat and Rajasthan**, followed by Punjab and subsequently traversing the Himalayan belt through Jammu and Kashmir, Himachal Pradesh, Uttarakhand, parts of Uttar Pradesh, Bihar, West Bengal, Sikkim, Assam, Arunachal Pradesh, Manipur (next to the Indo-Burmese border) **and then to Mizoram.**
- ❖ **It will also subsume 10,000 km roads under the National Highway Development Project (NHDP) program.**

Sagarmala

- ❖ The concept of Sagarmala was approved by the Union Cabinet on 25th March 2015. As part of the programme, a **National Perspective Plan (NPP) for the comprehensive development of India's 7,500 km coastline, 14,500 km of potentially navigable waterways and maritime sector** has been prepared which was released by the Hon'ble Prime Minister, on 14th April, **2016 at the Maritime India Summit 2016.**
- ❖ Vision of the Sagarmala Programme is **to reduce logistics cost for EXIM (Export-Import) and domestic trade with minimal infrastructure investment.**

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- ❖ *National Sagarmala Apex Committee will be headed by Minister of Shipping and Sagarmala Coordination & Steering Committee will be headed by Cabinet Secretary.*
- ❖ *The Centre has decided to initiate a “challenge method” to foster competition among states for expeditious implementation of such projects. To start with, the challenge method will be initiated in Bharatmala and Sagarmala.*

Anti-dumping and Safeguard Measures


- *India conducts **anti-dumping investigations** on the basis of applications filed by the domestic industry with prima facie evidence of dumping of goods in the country, injury to the domestic industry and causal link between dumping and injury to the domestic industry.*

Anti-dumping

- ❖ *If a company exports a product at a price lower than the price it normally charges on its own home market, it is said to be “dumping” the product.*
- ❖ *The WTO Agreement does not regulate the actions of companies engaged in “dumping”. Its focus is on how governments can or cannot react to dumping — it disciplines anti-dumping actions, and it is often called the “Anti-dumping Agreement”.*
- ❖ *WTO Members agreed at the Doha Ministerial Conference to launch negotiations in the area of “WTO Rules”.*
- ❖ *These negotiations relate to the following subject matter: the **Agreement on Implementation of Article VI of GATT 1994 (better known as the Anti-dumping Agreement)**; the Agreement on Subsidies and Countervailing.*

SOURCE: WTO and Newspaper

- *Directorate General of Trade Remedies (DGTR) has introduced online portal to submit online petitions for different trade remedies like anti-dumping duty, safeguard duty and **countervailing duty**. The portal is named **ARTIS (Application for Remedies in Trade for Indian industry and other Stakeholders)**.*

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Countervailing duty

- ❖ The WTO Agreement on Subsidies and Countervailing Measures ***disciplines the use of subsidies, and it regulates the actions countries can take to counter the effects of subsidies.***
- ❖ ***Under the agreement, a country can use the WTO's dispute-settlement*** procedure to seek the withdrawal of the subsidy or the removal of its adverse effects. Or the country can launch its own investigation and ***ultimately charge extra duty ("countervailing duty")*** on subsidized imports that are found to be hurting domestic producers.
- ❖ ***Simply,*** Duties that are imposed in order to counter the negative impact of import subsidies to protect domestic producers are called countervailing duties.
- ❖ ***In cases foreign producers attempt to subsidize the goods*** being exported by them so that it causes domestic production to suffer because of a shift in domestic demand towards cheaper imported goods, the government makes mandatory the payment of a countervailing duty on the import of such goods to the domestic economy.
- ❖ ***This raises the price of these goods leading to domestic goods again being equally competitive and attractive.*** Thus, domestic businesses are cushioned.
- ❖ ***These duties can be imposed under the specifications given by the WTO (World Trade Organization)*** after the investigation finds that exporters are engaged in dumping. These are also known as anti-dumping duties.
- ❖ ***The duty raises the price of the imported product, bringing it closer to its true market price.*** In this way, the government is able to provide a level playing field for domestic products.
- ❖ In India, the ***CVD is imposed as an additional duty besides customs on imported products*** when such products are given tax concession in the country of their origin.
- ❖ The countervailing measures in India are ***administered by the Directorate General of Anti-dumping and Allied Duties (DGAD), in the commerce and industry ministry's department of commerce.***
- ❖ ***While the department of commerce recommends anti-dumping duty, provisional or final, it is the department of revenue in the finance***

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ministry that ***acts upon the recommendation*** within three months and imposes such duties.

SOURCE: WTO, Economic Times and Business Standard

Net Remittances

- ***The Migration Report 2019 released by the United Nations*** has placed India as the leading country of origin of international migrants in 2019.
- ***As per the October 2019 report of World Bank, India remained the top remittance recipient country*** in 2018, followed by China, Mexico, the Philippines and Egypt.

Foreign Direct Investment (FDI)

- ***An increase in net FDI also provides a more stable source of funding the CAD*** and in that sense provides greater stability to the improvement in BoP position as compared to other capital inflows.

Foreign Portfolio Investment (FPI)

- ***FPI is often referred to as “hot money”*** because of its tendency to flee at the first signs of trouble in an economy or improvement in investment attractiveness elsewhere in the world, particularly in the US at the hands of the Federal Reserve.
- In relation to net FDI, dependence on net FPI to finance the CAD was less in 2014-19 at 17.1 per cent as compared to 45.6 per cent in 2009- 14.

Hot money

- ❖ Hot money ***signifies currency that quickly and regularly moves between financial markets***, that ensures investors lock in the highest available short-term interest rates.
- ❖ ***Hot money continuously shifts from countries*** with low-interest rates to those with higher rates. These financial transfers affect the exchange rate and potentially impact a country's balance of payments.
- ❖ ***Hot money can also refer to stolen money*** that has been especially marked, so that it may be traced and identified.
- ❖ ***Hot money not only relates to currencies of different countries, but it may also refer to capital invested in competing businesses.***

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- ❖ **Banks seek to bring in hot money by offering short-term certificates of deposit (CDs) with higher-than-average interest rates.** If the bank lowers its interest rates, or if a rival financial institution offers higher rates, investors are apt to move hot money funds to the bank offering the better deal.

SOURCE: Investopedia

External Commercial Borrowings (ECBs)

- **An increase in net ECBs improves the BoP position.**
- **In an open economy foreign savings are always available** and India has benefited from that by attracting FDI and ECBs.

External Debt

- **An increase in external debt to GDP ratio increases debt servicing** and draws down on forex reserves worsening BoP position.
- **India's external debt remains low** as compared to the average external debt to GDP ratio of all developing countries (25.6 per cent) **according to World Bank's International Debt Statistics, 2020.**

External liabilities (Debt + Equity)

- **External liabilities (Debt + Equity)/ GDP ratio is a more comprehensive measure of external liabilities** as it adds dividend payout to debt servicing.
- **A rise in this ratio** draws down to a greater extent the forex reserves and worsens the BoP position

Net International Investment Position (NIIP)

- **NIIP measures the gap between a nation's stock of foreign assets and foreigner's stock of that nation's assets at a specific point in time.**
- As on 10th January, 2020, **India's foreign exchange reserves stood at US\$ 461.2 billion.**

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- **Monetary policy remained accommodative** in 2019-20. **The repo rate** was cut by 110 basis points in four consecutive **Monetary Policy Committee** meetings in the financial year due to slower growth and lower inflation.


Accommodative Monetary Policy

- ❖ Accommodative monetary policy, **also known as loose credit or easy monetary policy**, occurs when a **central bank attempts to expand the overall money supply** to boost the economy when growth is slowing (as measured by GDP).
- ❖ The policy is implemented to **allow the money supply to rise in line with national income and the demand for money**.
- ❖ In general, monetary policy is considered to be **"accommodative" when it aims to make interest rates sufficiently low to spur strong enough economic growth to reduce unemployment or to prevent unemployment from rising**.

SOURCE: US Federal Reserve and Investopedia

Repo rate

- ❖ Repo Rate, or repurchase rate, is the **key monetary policy rate of interest at which the central bank or the Reserve Bank of India (RBI) lends short term money to banks, essentially to control credit availability, inflation, and the economic growth**.
- ❖ **Repo Rate in India is the primary tool in the RBI's Monetary and Credit Policy**. Other policy rates, such as Reverse Repo Rate and Marginal Standing Facility Rate, are **often directly linked** with the Repo Rate of RBI.
- ❖ **Reverse Repo Rate is, on the other hand, an exact opposite of the Repo Rate**. Banks park money with the RBI for short term at the prevailing Reverse Repo Rate.
- ❖ Repo Rate is the most **significant rate for the common man too**. Everything from interest rates on loans to returns on deposits is influenced by this crucial rate set by the RBI, which is why interest rates on home loans, car loans and other kinds of borrowings go up and down based on the direction of Repo Rate change. **Similarly, banks adjust savings account, fixed deposit returns based on this benchmark**.

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- ❖ In other words, the banks ***park their excess funds with the central bank at this rate (Reverse Repo Rate), often, for one day.*** The banks earn an interest rate on government securities purchased from the RBI for the given period.
- ❖ ***The Repo Rate always stands higher than the Reverse Repo Rate, and the spread between the two is RBI's income.***

SOURCE: Economic Times and Financial Express

Monetary Policy Committee

- ❖ The Monetary Policy Committee (MPC) is a committee of the Central Bank of India (Reserve Bank of India), ***headed by its Governor***, which is ***entrusted with the task of fixing the benchmark policy interest rate (repo rate) to contain inflation*** within the specified target level.
- ❖ ***The MPC replaces the current system*** where the RBI governor, with the aid and advice of his internal team and a technical advisory committee, has complete control over monetary policy decisions.
- ❖ MPC was set up consequent to the ***agreement reached between Government and RBI*** to task RBI with the responsibility for price stability and inflation targeting.
- ❖ The ***primary objective of the monetary policy is to maintain price stability***, while keeping in mind the objective of growth, and to meet the challenge of an increasingly complex economy.
- ❖ The ***history of suggestions for setting up a MPC*** is not new and traces back to 2002 when the ***Y. V. Reddy Committee recommended for a MPC to decide policy actions. Subsequently, suggestions were made to set up a MPC in 2006 by the Tarapore Committee, in 2007 by the Percy Mistry Committee, in 2009 by the Raghuram Rajan Committee and then in 2013, both in the report of the Financial Sector Legislative Reforms Commission (FSLRC) and the Dr. Urjit R. Patel (URP) Committee.***
- ❖ Under the Monetary Policy Framework Agreement, ***the RBI will be responsible for containing inflation targets at 4%*** (with a standard deviation of 2%) in the medium term.
- ❖ The Central Government determines the ***inflation target in terms of the Consumer Price Index***, once in every five years in consultation with the RBI.

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- ❖ **RBI would have to give an explanation** in the form of a report to the Central Government, **if it failed to reach** the specified inflation targets.
- ❖ Altogether, the **MPC will have six members**, - the **RBI Governor (Chairperson)**, the RBI Deputy Governor in charge of monetary policy, one official nominated by the RBI Board and the remaining three members would represent the Government of India.
- ❖ The MPC takes decisions based on majority vote (by those who are present and voting). **In case of a tie, the RBI governor will have the second or casting vote.** The decision of the Committee would be **binding on the RBI**.
- ❖ As per the Act, **RBI has to organise at least four meetings of the MPC in a year.** (More meetings can be held if the RBI Governor is of that opinion).

SOURCE: Arthapedia and RBI

- In the first four meetings, the MPC decided to cut the policy repo rate changing the stance of monetary policy from **neutral** to accommodative.

Neutral Monetary Policy

- ❖ The policy rates **neither stimulates (speed up) nor restrains (slowdown) the economic growth** by taxation and government spending. Economic conditions are just right. The Key Policy Rates are **neither increased nor decreased**.
- ❖ The range for the federal funds rate can go from low enough to stimulate economic growth to high enough to slow economic activity. Somewhere **between the lows and the highs** -- and economists do not all agree just where -- is a rate or range of rates that **neither stimulates nor contracts the economy**. Identifying that interest rate level and taking action to achieve it is **neutral monetary policy**.

SOURCE: US Federal Reserve and Newspaper

- The financial flows to the **economy however, remained constrained** as credit growth declined for both banks and **Non-Banking Financial Corporations**

Non-Banking Financial Corporations- Please refer chapter 08 of Economic Survey part 01

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“HELLO” to ECONOMIC SURVEY

- **India's benchmark indices**, namely, **Nifty50 and S&P BSE Sensex** indices, **reached record high** closing of 12,355 and 41,952 respectively during 2019-20 (upto January 16, 2020).

Nifty50

- ❖ The NIFTY 50 is a **diversified 50 stock index accounting for 13 sectors of the economy**. It is used for a variety of purposes such as benchmarking fund portfolios, index based derivatives and index funds.
- ❖ Whereas, The **NIFTY Next 50 Index represents 50 companies from NIFTY 100 after excluding the NIFTY 50 companies**.
- ❖ NIFTY 50 is **owned and managed by NSE Indices Limited** (formerly known as India Index Services & Products Limited) (NSE Indices).
- ❖ **NSE Indices is India's specialised company** focused upon the index as a core product.
- ❖ Just like the **Sensex which was introduced by the Bombay stock exchange, Nifty is a major stock index in India introduced by the National stock exchange**.
- ❖ NIFTY was **coined from the two words** 'National' and 'FIFTY'. The word fifty is used because; the index consists of 50 actively traded stocks from various sectors.
- ❖ Nifty index is a **bit broader than the Sensex** which is constructed using 30 actively traded stocks in the BSE.

BSE Sensex- Please refer chapter 01 of Economic Survey part 01

Chapter- 04 Monetary Management and Financial Intermediation

- As on end January 2020, **five meetings of the Monetary Policy Committee (MPC)** have been held in financial year 2019-20.

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- The growth of **reserve money** as on December 2019 was 13.2 per cent.

Reserve money

- ❖ There are different forms of money supply – reserve money, narrow money, broad money etc. But **the most important indicator of all these is reserve money.**
- ❖ It is **also called as high-powered money, base money and central bank money.** All these names suggest that reserve money represents the base level for money supply, or **it is the high powered component of money supply.**
- ❖ **Reserve money = Currency in Circulation + Bankers' Deposits with RBI + 'Other' Deposits with RBI**
- ❖ Reserve money **holds the topmost position in the RBI's monetary policy.**
- ❖ Since it is mostly currency in circulation with the people, reserve money **decides the level of liquidity and price level in the economy.** Management of reserve money is thus very **important to manage liquidity and price level (inflation).**
- ❖ **Money multiplier shows the mechanism by which reserve money creates money supply in the economy.** It is again dependent on two variables, namely currency deposit ratio and reserve deposit ratio.
- ❖ The Reserve Money factor shows the reserve money and **includes required reserve and the excess reserves of the banking system.**
- ❖ If the reserve requirement as stipulated by the RBI increases, the Reserve Money value will increase, and the multiplier will fall. Similarly, **if banks keep more money as excess reserves, it will have an adverse effect on the money multiplier.**

SOURCE: Economic Times and RBI

- From the **sources side, expansion in (Reserve Money) M0** during 2019-20 so far (as on December 27, 2019) was **contributed mainly by RBI's Net Foreign Assets (NFA) as against Net Domestic Assets (NDA)** during the previous year.
- **Broad money (M3)** growth has been on **declining trend** since 2009.

Broad money (M3)

- ❖ M3 is a measure of broad money and includes currency with the public and deposits.
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- ❖ RBI publishes figures for four alternative measures of money supply, viz. M1, M2, M3 and M4. They are defined as follows:
 - $M1 = CU + DD$
 - $M2 = M1 + \text{Savings deposits with Post Office savings banks}$
 - $M3 = M1 + \text{Net time deposits of commercial banks}$
 - $M4 = M3 + \text{Total deposits with Post Office savings organisations (excluding National Savings Certificates)}$
- ❖ Where, CU is currency (notes plus coins) held by the public and DD is net demand deposits held by commercial banks. 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 used measure of money supply. It is also known as aggregate monetary resources.
- ❖ ***Broad money does not include the interbank deposits*** such as deposits of banks with RBI or other banks. At the same time, time deposits of public with all banks including the cooperative banks are included in the Broad Money.

SOURCE: NCERT Macro Economics class XII, Chapter- Money and Banking

- Between mid- 1990's to 2016-17, the ***money multiplier*** (measured as a ratio of M3/M0) ***was mostly increasing; however, it has been declining since 2017-18.***
- Durable liquidity injection was undertaken through four ***Open Market Operations (OMOs)*** purchase auctions.

Open Market Operations (OMOs)- Please refer chapter 01 of Economic Survey part 02

- ***Statutory Liquidity Ratio (SLR)*** has been reduced by 25 bps each in four steps effective April 13, 2019.

Statutory Liquidity Ratio (SLR)

- ❖ The ***ratio of liquid assets to net demand and time liabilities (NDTL)*** is called statutory liquidity ratio (SLR).

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- ❖ Apart from Cash Reserve Ratio (CRR), ***banks have to maintain a stipulated proportion of their net demand and time liabilities in the form of liquid assets*** like cash, gold and unencumbered securities.
 - ❖ Treasury bills dated securities issued under market borrowing programme and market stabilisation schemes (MSS), etc also ***form part of the SLR***.
 - ❖ Banks have to report to ***the RBI every alternate Friday their SLR maintenance*** and pay penalties for failing to maintain SLR as mandated.
 - ❖ SLR has to be maintained ***in the form of gold, cash or approved securities notified by RBI*** such as central and state government bonds.
 - ❖ SLR is held in approved assets and is ***not available to the bank for making loans or investing in securities markets or other bonds***.
- Comfortable liquidity situation is also evident in the ***Weighted Average Call Money Rate (WACR)*** being mostly been close to the repo rate within the ***Liquidity Adjustment Facility (LAF)*** corridor.
- Call Money Rate- Please refer chapter 01 of Economic Survey part 02***
- ***“Special Open Market Operation”*** by Reserve Bank of India, which ***means purchase of long-term securities and simultaneous sale of short term securities*** helped bring down the yield slightly on 10 year ***G-Secs***.

BANKING SECTOR

- ***Gross Non-Performing Advances (GNPA) ratio*** (i.e. GNPA as a percentage of Gross Advances) of Scheduled Commercial Banks remained flat at 9.3 per cent at end September 2019, as was at end March 2019.
- The ***credit spread (difference between repo rate and Weighted Average Lending Rate) (WALR)*** is at the highest level in this decade.
- Since the beginning of the year, the yields on ***short term government securities (364 days T-bill)*** have declined much faster than that of long-term Government securities (10-year G-sec).

DEVELOPMENTS IN CAPITAL MARKET

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- The **Primary market** resource mobilisation through public and rights issues had declined as compared to 2017-18.

Primary market

- ❖ A primary market **issues new security on an exchange** for companies, governments, and other groups to obtain financing through debt-based or equity-based securities.
- ❖ Primary markets are **facilitated by underwriting groups** consisting of investment banks that set a beginning price range for a given security and oversee its sale to investors.
- ❖ **Once the initial sale is complete, further trading is conducted on the secondary market**, where the bulk of exchange trading occurs each day.
- ❖ An initial public offering, or **IPO, is an example of a primary market**.
- ❖ An IPO occurs when a private company issues stock to the public **for the first time**.
- ❖ The important thing to understand about the primary market is that **securities are purchased directly from an issuer**.

SOURCE: Investopedia

- During 2019-20 (up to December 31, 2019), Indian **corporates preferred private placement route** to gear up the capital in the corresponding period in previous year.

Private placement route

- ❖ In the corporate debt market, **corporate sector raises funds through public issues or private placement routes**.
- ❖ **Private placement is defined as 'an issue of securities by a company to a select group of persons (less than 50)'**. A public issue is an offer made to the public in general to subscribe to the bonds. **In debt issues, most of the funds raised are on a private placement basis**,
- ❖ **SEBI is responsible for primary market** (public issues as well as private placement by listed companies) **and secondary market**.
- ❖ **In private placement, cost structure is adjusted to suit both issuer and investors**.

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- ❖ The minimum disclosure, customised structures and the fast speed of raising funds through private placement have made **this route more attractive for the corporates to raise funds from the market.**
- ❖ One advantage of a private placement is **its relatively few regulatory requirements.**

SOURCE: RBI

INSURANCE SECTOR

- Internationally, **the potential and performance of the insurance sector** are generally assessed on **the basis of two parameters**, viz., **insurance penetration and insurance density**. The measure of insurance penetration and density **reflects the level of development of insurance sector in a country.**
- While **insurance penetration is measured** as the percentage of insurance premium to GDP, **insurance density is calculated** as the ratio of premium to population (measured in US\$ for convenience of international comparison).
- **Penetration of Life insurance has declined** from 2011, **whereas for the non-life insurance has increased consistently.**

INSOLVENCY AND BANKRUPTCY CODE

- The Government has been proactively addressing the issues that come up in implementation of the reform. Since its enactment in 2016, **Insolvency and Bankruptcy Code** has been amended three times.
 - **The first amendment introduced section 29A**, which deals with the provision **introduced to bar promoters** from bidding for their own companies.
 - **The second amendment introduced section 12A to provide creditors** option to withdraw insolvency application **within 30 days** of filing the petition.
 - **The third amendment primarily focused upon the revival of a Corporate Debtors (CD)** by ensuring timely admission and completion of the resolution process.
 - **The third amendment ensures that 14 days period deadline** given to the NCLT for admitting or rejecting a resolution application shall be strictly adhered to. The amendment further specifying the

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mandatory time frame of 330 days to complete the Corporate Insolvency Resolution Process (CIRP) without exception.

Insolvency and Bankruptcy Code- Please refer chapter 01 of Economic Survey part 02

- **IBBI (Insolvency and Bankruptcy Board of India) has conceptualized a 24-month Graduate Insolvency Programme.**

Some Important Points mentioned in survey as a Box Matter:

- The regulation **of Housing Finance Companies (HFCs) has been transferred by Government of India from National Housing Bank (NHB) to the RBI with effect from August 9, 2019.**
- **A bilateral netting agreement** enables two counterparties in a financial contract to offset claims against each other to determine a single net payment obligation due from one counterparty to the other.
- Similarly, **a multilateral netting agreement** allows counterparties to offset claims against each other through a Central Counterparty (CCP) in a clearing house.
- Under instances of default, including insolvency, dissolution or winding-up of counterparty, **close-out netting** enables the non-defaulting counterparty to prematurely terminate the financial contract and sum the mutual claims to determine a single net amount due from one counterparty to the other.
- **At present, there are legal provisions for multilateral close-out netting for financial transactions intermediated through a CCP**, such as the **Clearing Corporation of India Limited (CCIL)**, under the Payment and Settlement Systems (Amendment) Act (2015).

Clearing Corporation of India Limited (CCIL)

- ❖ The Clearing Corporation of India Ltd. (CCIL) **was set up in April, 2001 to provide guaranteed clearing and settlement functions for transactions in Money, G-Secs, Foreign Exchange and Derivative markets.**
- ❖ **Clearcorp Dealing Systems Limited (CDSL) is fully owned subsidiary of CCIL.**
- ❖ **CCIL is also the Trade Repository for all OTC (Over The Counter) transactions in the Forex, Interest Rate and Credit derivative transactions.**
- ❖ **CCIL is mandated by the Reserve Bank of India (RBI) as the only clearing and settlement agency for all secondary market transactions in G-Secs, and is authorised as a payment system operator under the Payment and Settlement**

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Systems (PSS) Act, 2007, which further underscores its importance as an infrastructure provider.


SOURCE: CCIL Website

- However, ***bilateral netting for financial contracts is not permitted in India***. This negatively impacts banks and other financial market participants via several channels.
- Global regulatory bodies such as the Financial Stability Board (FSB) and the ***Basel Committee on Banking Supervision*** have supported the use of close-out netting due to its positive impact on financial stability.
- ***The New Pension Scheme, now renamed as National Pension System (NPS)*** was introduced by the Government on December 22, 2003 and it was ***made mandatory for Central Government employees (except armed forces)*** who join service w.e.f. January 1, 2004.
- The Scheme was extended to the State Governments and ***as of now 28 State Governments have notified NPS for their employees***.
- The Scheme was extended to ***all citizens of the country on voluntary basis*** from May 2009.
- It was decided to permit banks to lend to ***Infrastructure Investment Trusts (InvITs)*** subject to certain safeguards.

Infrastructure Investment Trusts (InvITs)

- ❖ An Infrastructure Investment Trust (InvITs) is ***like a mutual fund***, which enables direct investment of small amounts of money from possible individual/institutional investors in infrastructure to earn a small portion of the income as return.
- ❖ InvITs work like mutual funds or real estate investment trusts (REITs) in features. ***InvITs can be treated as the modified version of REITs*** designed to suit the specific circumstances of the infrastructure sector.
- ❖ ***It enables direct investment*** of small amounts of money from possible individual/institutional investors in infrastructure to earn a small portion of the income as return.
- ❖ InvITs can be established as a ***trust and registered with SEBI***.

SOURCE: Economic Times and Arthapedia

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“HELLO” to ECONOMIC SURVEY

- **CPI-Urban inflation has been consistently higher than CPI-Rural inflation, which is in contrast to earlier trend where rural inflation was higher than urban inflation.**
- **There is evidence for a strong reversion of *headline inflation* to *core inflation*. Transmission of inflation from non-core components to core components is minimal.**

Headline inflation- Please refer chapter 01 of Economic Survey part 02

Core inflation- Please refer chapter 01 of Economic Survey part 02

Chapter 05- Prices and Inflation

- **Inflation peaked in 1993 at 118.7 percent and then declined to 4.8 per cent in 2018 in emerging market and developing economies (*World Economic Outlook*, October 2019).**
- **There can be many reasons that could have contributed to the steep decline in inflation in the emerging market economies *like the adoption of a more resilient monetary and fiscal policy frameworks, structural reforms of labour and product markets that strengthen competition, and adoption of monetary policy framework for inflation targeting.***

Monetary and Fiscal policy

- ❖ Fiscal policy is the guiding force **that helps the government decide how much money it should spend to support the economic activity**, and how much revenue it must earn from the system, to keep the wheels of the economy running smoothly.
- ❖ Through the fiscal policy, the **government of a country controls the flow of tax revenues and public expenditure to navigate the economy.**
- ❖ If the government receives more revenue than it spends, it **runs a surplus**, while if it spends more than the tax and non-tax receipts, it **runs a deficit**.
- ❖ To meet additional expenditures, the government needs to **borrow domestically or from overseas**. Alternatively, the government may also choose to draw upon its foreign exchange reserves or print additional money.

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- ❖ **Main objectives of Fiscal Policy** in India: Economic Growth, Price Stability, and Full Employment.
- ❖ The government uses both monetary and fiscal policy to meet the country's economic objectives. The central bank of a country mainly administers monetary policy.
- ❖ In India, the Monetary Policy is **under the Reserve Bank of India** or RBI. Monetary policy majorly **deals with money, currency, and interest rates**.
- ❖ On the other hand, under the fiscal policy, **the government deals with taxation and spending by the Centre**.
- ❖ Fiscal policy depicts the picture of how the government spends money and collects revenue and the **whole thing about fiscal policy is to ensure that the spending and revenue collections happen appropriately**.
- ❖ On the other hand, monetary policy talks about **the movement and supply of money**.
- ❖ Fiscal policy works on government's spending and its collection **whereas**, Monetary policy works on the flow of money in the economy and the credit control.

SOURCE: Financial Express and US Federal Reserve

- **Fall in food inflation has been a major contributing factor** in the drastic reductions observed in inflation between 2014-15 and 2018-19.
- Institutions responsible for: Office of the Economic Adviser, Department for Promotion of Industry and Internal Trade (**DPIIT**) for **Wholesale Price Index**, **National Statistical Office (NSO)** for **CPI-C** and **Labour Bureau** for **CPI-IW (Industrial Worker)**, **CPI-AL (Agricultural Labourers)** and **CPI-RL (Rural Labourers)**.
- Since July 2018, **CPI-Urban inflation, has been consistently above CPI-Rural inflation**.
- **Nineteen States/UTs had inflation rate lower than All India average** for FY 2019-20 (April-December) **with Daman & Diu having the lowest inflation followed by Bihar and Chhattisgarh**.
- During 2018-19, the **major driver of CPI-C inflation was the miscellaneous group**.
- Compared to 2017-18, the **contribution of food and beverages to total inflation was lower in 2018-19**. However, during 2019-20 (April- December), **food and beverages emerged as the main contributor to CPI-C inflation, with 54 per cent of the inflation during this period attributable to this group**. Miscellaneous group was **the second largest contributor** to inflation during this period.
- **Trade Margin Rationalisation (TMR)** on Anti-cancer drugs.

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Trade Margin Rationalisation (TMR)

- ❖ Department of Pharmaceuticals' observes that high trade margins enjoyed by distributors-hospitals/ retailers are the **main reason for cost escalation of drugs including medical devices.**
- ❖ It has been notified that margin escalation has **largely happened between the Price to the Hospital & MRP** (the price at which the hospitals buy and then sell the medical device to the patients).
- ❖ **Imposing TMR involves imposing a cap on upstream margins across the entire value chain, rather than imposing caps on prices of products downstream.**
- ❖ Other than being the most nuanced approach for addressing affordability and bringing in more transparency in pricing, the TMR strategy, **based on the point of the sale, would not distort incentives for innovation and serve the purpose of reducing the overall cost burden on the consumer.**

SOURCE: Newspapers

- As reported from **major Kharif growing States (Maharashtra, Karnataka, Madhya Pradesh, Andhra Pradesh, Gujarat and Rajasthan)**, area sown/transplanted (onion) is around 7 per cent less as compared to previous year.
- Government **takes various measures** from time to time to stabilize prices of essential food items which, inter-alia, **include utilizing trade and fiscal policy instruments like import duty, Minimum Export Price, export restrictions, imposition of stock limits and advising States for effective action against hoarders & black marketers etc.** to regulate domestic availability and moderate prices.
- Also, **Government incentivizes farmers by announcing Minimum Support Prices** for increasing production and is implementing Schemes which, inter alia, include **Mission for Integrated Development of Horticulture (MIDH), National Food Security Mission (NFSM), National Mission on Oilseeds and Oil Palm (NMOOP), etc. for increasing production and productivity** through appropriate interventions.
- Besides, **Government is also implementing Price Stabilization Fund (PSF) to help moderate the volatility in prices of agri-horticultural commodities** like pulses, onion, and potato.
- **Government imported onions through MMTC from countries like Egypt and Turkey and directed NAFED to procure surplus** Kharif onion from producing States like Rajasthan, Maharashtra and undertake distribution in deficit States.

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The 'cobweb phenomenon' mentioned as box matter in Economic survey

- ***Cobweb theory is the idea that price fluctuations can lead to fluctuations in supply which cause a cycle of rising and falling prices.***
- The farmers are ***caught in the cobweb phenomenon when*** they base their sowing decisions on prices witnessed in the previous marketing period. So, if the farmer observes a higher price for a specific crop ***in period 't-1'***, he would opt to produce more of it ***in period 't'***.
- However, if the ***production of the crop exceeds market demand***, prices fall in ***period 't'***, signalling farmers to ***produce less of the commodity in period 't+1'***.

❖ **World Economic Situation and Prospects 2020 (WESP) report is published by United Nation**

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“HELLO” to ECONOMIC SURVEY

- India's achievement in the **composite SDG index** is commendable as the **score has improved from 57 in 2018 to 60 in 2019.**
- India is among a few countries in the world where forest and tree cover have increased considerably. The forest and tree cover have reached 80.73 million hectare which is **24.56 per cent of the geographical area of the country.**

Chapter 06- Sustainable Development and Climate Change

- The year 2019 marked the fourth anniversary of adoption of **2030 Agenda for Sustainable Development** and the **Paris Agreement.**

INDIA AND THE SDGs

- The progress towards SDGs has been assessed by **SDG India Index 2019.**

SDG India Index 2019

- ❖ The *SDG India Index*—which has been **developed in collaboration with the Ministry of Statistics and Programme Implementation (MoSPI), United Nations in India, and Global Green Growth Institute**—was launched by NITI Aayog. (To say, developed by NITI Aayog)
- ❖ The Index has been constructed **spanning across 16 out of 17 SDGs with a qualitative assessment on SDG 17.**
- ❖ The *SDG India Index 2019* tracks progress of all States and UTs on **100 indicators drawn from the MoSPI's National Indicator Framework (NIF).** The process of selection of these indicators included multiple consultations with Union ministries/departments and States/UTs.
- ❖ **Classification criteria based on SDG India Index score is as follows:**
 - Aspirant: 0–49
 - Performer: 50–64
 - Front Runner: 65–99
 - Achiever: 100

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- ❖ India is the **only country to publicly rank its sub-national governments on SDGs**.
- ❖ **Kerala tops** the states in progress toward UNSDGs, while **Bihar is at the bottom** of NITI Aayog's SDG index.

SOURCE: NITI Aayog website and The Hindu Business Line

- While the **first edition measured** progress of the States/ Union Territories (UTs) on a **set of 62 indicators across 13 goals**, the **2019 Index is more comprehensive and highlights the progress being made by the States/UTs on a wider set of 100 indicators spread across 16 goals**.
- The Index **also includes a qualitative assessment on SDG goal 17**.
- **The SDG score varies from 0 to 100. A score of 100 implies that the States/UTs have achieved the targets set for 2030; a score of 0 implies that the particular State/UT is at the bottom of the table.**
- It is noteworthy that **none of the States/ UTs fall in the Aspirant category in 2019**.
- This positive stride towards achieving the target is largely driven by **commendable country wide performance in five goals - 6 (Clean Water and Sanitation), 7 (Affordable and Clean Energy), 9 (Industry, Innovation and Infrastructure), 15 (Life on Land) and 16 (Peace, Justice and Social Institutions) - where India has scored between 65 and 99**.
- The **goals that demand special attention are – 2 (Zero Hunger) and 5 (Gender Equality) – where the overall country score is below 50**.

CLIMATE CHANGE

- India submitted its **Nationally Determined Contribution (NDC) under the Paris Agreement** on a “best effort basis” keeping in mind the developmental imperatives of the country.

Nationally Determined Contribution

- ❖ NDCs **embody efforts by each country to reduce national emissions and adapt to the impacts of climate change**.
 - ❖ The Paris Agreement requires each Party to prepare, communicate and maintain successive nationally determined contributions (NDCs) that it intends to achieve.
 - ❖ Parties shall pursue domestic mitigation measures, with the aim of achieving the objectives of such contributions.
 - ❖ Simply, **The Paris Agreement requests each country to outline and communicate their post-2020 climate actions, known as their NDCs**.
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SOURCE: UNFCCC website

- In its NDC, **India promised to reduce its emission intensity of GDP by 33 to 35 per cent below 2005 levels by the year 2030; 40 per cent of cumulative electric power installed capacity would be from non-fossil fuel sources by 2030 and increase its forest cover and additional carbon sink equivalent to 2.5 to 3 billion tons of carbon dioxide by 2030.**

Carbon sink

- ❖ Carbon sinks are **natural systems that suck up and store carbon dioxide from the atmosphere.**
- ❖ The **main natural carbon sinks are plants, the ocean and soil.**
- ❖ **Forests**, by absorbing carbon dioxide from the atmosphere for the process of photosynthesis, **act as a natural sink of carbon.**
- ❖ **Together with oceans, forests absorb nearly half of global annual carbon dioxide emissions.** In fact, the **carbon currently stored in the forests exceeds all the carbon emitted in the atmosphere** since the start of the industrial age.
- ❖ An **increase in the forest area is thus one of the most effective ways of reducing the emissions** that accumulate in the atmosphere every year.
- ❖ **The oceans are a major carbon storage system for carbon dioxide.** Marine animals also take up the gas for photosynthesis, while some carbon dioxide simply dissolves in the seawater.
- ❖ Scientists are looking for ways to help nature along by **devising ways to artificially sequester, or store, carbon dioxide underground.**
- ❖ That is **one (carbon sink of 2.5 to 3 billion tonnes of carbon dioxide equivalent by 2030) of the three targets India has set for itself in its climate action plan**, called Nationally Determined Contributions, or NDCs, that every country has to submit under the 2015 Paris Agreement. The **other two relate to an improvement in emissions intensity, and an increase in renewable energy deployment.**

SOURCE: Indian Express, The Guardian and Live Sciences Website

- The year 2019 has seen a significant leap forward for renewable energy with **India undertaking one of the world's largest renewable energy expansion programmes in the world.**
- India had **announced 175 Gigawatt (GW) targets for renewables by 2022 and has already achieved 83 GW.**

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- India has decided to revise the NAPCC (**Launched in 2008**) in line with the NDCs under the Paris Agreement to make it more comprehensive in terms of priority areas.
- Another major initiative is launching of **Climate Change Action Program (CCAP) in 2014, a central sector scheme**, with a total cost of ₹ 290 crore for five years, **to build and support capacity at central and state levels, strengthening scientific and analytical capacity for climate change assessment, establishing appropriate institutional framework and implementing climate actions.**
- The **Energy Conservation Building Code (ECBC)** sets minimum energy performance standards.

Energy Conservation Building Code (ECBC)

- ❖ The Energy Conservation Building Code (ECBC) **sets minimum energy standards for new commercial buildings.**
- ❖ **Eight states have already adopted and notified the ECBC.**
- ❖ In order to both recognize energy-efficient buildings, as well as to stimulate their large-scale replication, **India has developed its own building- energy rating system GRIHA** (Green Rating for Integrated Habitat Assessment), based on 34 criteria like site planning, conservation and efficient utilization of resources etc.
- ❖ **Bureau of Energy Efficiency had launched Energy Conservation Building Code (ECBC) 2007** to establish minimum energy performance standards for buildings in India.
- ❖ **ECBC 2017 is one of the first building energy codes to recognize beyond code performance.**
- ❖ There are **three levels of energy performance standards in the code.**
- ❖ In ascending order of efficiency, **these are ECBC, ECBCPlus and SuperECBC.** The adherence to the minimum requirements stipulated for ECBC level of efficiency would demonstrate compliance with the code. Other two efficiency levels are of voluntary nature.
- ❖ **ECBC 2017 is technology neutral.**

SOURCE: BEE, UNFCCC

- **ECBC 2017 prescribes energy performance standards for new commercial buildings** to be constructed across India to achieve a **50 per cent reduction in energy use by 2030** translating to

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energy savings of about 300 Billion Units by 2030 and peak demand **reduction of over 15 GW in a year.**

- Schemes like **UJALA for LED bulb distribution** has crossed 360 million whereas under **streetlight national program**, 10 million conventional streetlights have been replaced by LED street lights.

Streetlight national program (SLNP)

- ❖ Street Light National Programme is an initiative of the Government **to promote energy efficiency in the country, launched in 2015.**
- ❖ **Energy Efficiency Services Limited (EESL)**, a Public Energy Services Company under the administration of Ministry of Power, Government of India (GoI) **is the implementing agency for SLNP.**
- ❖ Under the programme, EESL **replaces the conventional streetlights with LEDs** at its own costs, with no upfront investment by the municipalities, thereby making their adoption even more attractive.

SOURCE: EESL Website

- As part of the National Electric Mobility Mission Plan (NEMMP) 2020, Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India (**FAME India**) **scheme was formulated in 2015 to promote manufacturing and sustainable growth of electric and hybrid vehicle technology.**

FAME India

- ❖ FAME was **launched by the Ministry of Heavy Industries and Public Enterprises** in 2015 to incentivize the production and promotion of eco-friendly vehicles including electric vehicles and hybrid vehicles.
- ❖ **In early 2018, the Ministry of Power launched the new National Electric Mobility Programme** with broad objectives. Here, the focus is for establishing the electric charging infrastructure and a policy framework to set realise more than 30% electric vehicles by 2030.

SOURCE: Newspaper

- The **National Bio-fuels Policy 2018 targets 20 per cent blending of ethanol in petrol and 5 per cent blending of biodiesel in diesel by 2030.**

National Bio-fuels Policy 2018

- ❖ In order **to promote biofuels in the country**, a National Policy on Biofuels was made by Ministry of New and Renewable Energy during the year 2009.

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- ❖ Biofuels programme in India has been largely **impacted due to the sustained and quantum non-availability of domestic feedstock for biofuel** production which needs to be addressed.
- ❖ The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved National Policy on Biofuels – 2018.
- ❖ **Salient Features:**
 - The Policy categorises biofuels as **"Basic Biofuels" viz. First Generation (1G) bioethanol & biodiesel and "Advanced Biofuels" - Second Generation (2G) ethanol, Municipal Solid Waste (MSW) to drop-in fuels, Third Generation (3G) biofuels, bio-CNG etc. to enable extension of appropriate financial and fiscal incentives under each category.**
 - The Policy expands the scope of raw material for ethanol production by **allowing use of Sugarcane Juice, Sugar containing materials like Sugar Beet, Sweet Sorghum, Starch containing materials like Corn, Cassava, Damaged food grains like wheat, broken rice, Rotten Potatoes, unfit for human consumption for ethanol production.**
 - The Policy **allows use of surplus food grains for production of ethanol** for blending with petrol with the approval of National Biofuel Coordination Committee.
 - The Policy **encourages setting up of supply chain mechanisms for biodiesel production from** non-edible oilseeds, Used Cooking Oil, short gestation crops.
 - Further, Government has **approved Pradhan Mantri JI-VAN Yojana to provide Viability Gap Funding (VGF) to Second Generation bio-ethanol manufacturing projects** to increase availability of ethanol for EBP (Ethanol Blended Petrol) programme.

SOURCE: PIB

Aligning Financial System with Sustainability

- **National Adaptation Fund on Climate Change (2015)** supports concrete adaptation activities **for the States/UTs that are particularly vulnerable to the adverse effects of climate change and are not covered under on-going schemes.** The Scheme has been taken as **Central Sector Scheme with National Bank for Agriculture and Rural Development (NABARD) as the National Implementing Entity.**

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- ***In 2012, the Securities and Exchange Board of India (SEBI), mandated the Annual Business Responsibility Reporting (ABRR), a reporting framework based on the National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs.*** These guidelines serve as a driver to pursue sustainable management practices.
- ***Indian Institute of Corporate Affairs in 2011 developed a concept of NVG for adoption by the corporate sector. SEBI mandated adoption of NVGs by the listed Indian companies including banks.***
- ***Green bonds are debt securities issued by financial, non-financial or public entities where the proceeds are used to finance 100 per cent green projects and assets.***

Green Bonds

- ❖ Green bonds is ***natural fit with the SDG agenda*** given the majority of green bond proceeds have been focused ***towards financing the clean transportation, efficient buildings, energy efficiency, renewable energies, water management and waste management sectors.***
- ❖ Guidelines and principles for green bond issuance have been developed at a country level for example in China, Brazil, Kenya, Nigeria, India and Japan.
- ❖ From a regulatory perspective, China has led the field. ***In 2014, China established a Green Finance Taskforce and their recommendations were adopted by the Central Council in 2015 which were turned into green financial guidelines, including for green bonds in 2016.***
- ❖ The best thing about green bonds is ***how they simultaneously achieve financial returns and have a positive impact on society.***
- ❖ In fact, ***these environmental bonds are ordinary fixed income instruments whose proceeds are predominantly allocated to financing projects*** such as renewable energy, pollution prevention and conservation, among other things.
- ❖ Green bonds' ***positive impact is generally certificated by NGOs***, such as the Climate Bond Initiative, or second-party verifiers.
- ❖ Dating back to the first decade of the 21st century, ***green bonds are also referred to as climate bonds.***
- ❖ ***The World Bank issued the first official green bond in 2009.***

SOURCE: World Economic Forum, Newspaper and Investopedia

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- *Climate Bonds remains focused on green bonds, which are specifically linked to climate-change mitigation, adaptation and resilience.*
- *India has the second largest Emerging green bond market after China.*
- A number of **Government agencies have contributed to issuance of climate bond**: Indian Renewable Energy Development Agency (**IREDA**) and the Indian Railway Finance Corporation (**IRFC**). In 2018, the **SBI entered** the market with an US\$ 650 million Certified Climate Bond.
- In order to scale up the environmentally sustainable investments, **India joined the International Platform on Sustainable Finance (IPSF) in October 2019.**

International Platform on Sustainable Finance

- ❖ On 18 October 2019, on the margins of the International Monetary Fund (IMF)/World Bank annual meetings in Washington DC, the European Union, together with **relevant authorities from Argentina, Canada, Chile, China, India, Kenya and Morocco**, launched the International platform on sustainable finance (IPSF).
- ❖ The ultimate objective of the IPSF is **to scale up the mobilisation of private capital towards environmentally sustainable investments.**
- ❖ The IPSF is part **of the European Commission's ongoing work to support** a global transition to a low-carbon, more resource-efficient and sustainable economy.

SOURCE: European Commission website and Newspaper

- The Platform acknowledges the global nature of financial markets **which has the potential to help finance** the transition to a green, low carbon and climate resilient economy **by linking financing needs to the global sources of funding.**

Green Climate Fund

- In 2009, developed countries committed to a goal of **mobilizing jointly US\$ 100 billion a year by 2020** to address the needs of developing countries and **decided that a significant portion of such funding should flow through the GCF.**

INDIA'S INITIATIVES AT THE INTERNATIONAL STAGE

- **ISA (International Solar Alliance) is the first treaty based inter-governmental organization headquartered in India**
- The ISA aims to pave the way for future **solar generation, storage and technologies for Member countries' (83 countries are signatories) needs.**

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- In the field of innovative financing instruments, ***the Solar Risk Mitigation Initiative, launched by World Bank and AfD (Agence Francaise de Development , France) in support of the ISA, aims at supporting the development of bankable solar programs in developing countries leveraging private sector investments.***
- ***ISA has also signed MoU with UNESCAP in May 2019 and with Sustainable Energy (SE4) All in June 2019, institutionalized solar awards in collaboration with Government of Haryana (Kalpana Chawla Solar Award), Government of Madhya Pradesh (Acharya Vinoba Bhave international award) and Government of Karnataka (Sri Visveswaraya Award) to strengthen the institution.***
- ***India launched the Coalition for Disaster Resilient Infrastructure (CDRI) on the sidelines of UN Secretary General's Climate Action Summit in September, 2019.***
- CDRI envisions ***enabling measurable reduction in infrastructure losses from disasters, including extreme climate events.*** It also working at the ***intersection of the Sendai Framework*** for Disaster Risk Reduction ***and the Paris Climate Agreement.***

Sendai Framework

- ❖ The Sendai Framework for Disaster Risk Reduction 2015-2030 (Sendai Framework) was the first major agreement of the post-2015 development agenda and ***provides Member States with concrete actions to protect development gains from the risk of disaster.***
- ❖ It ***works hand in hand with the other 2030 Agenda agreements, including The Paris Agreement on Climate Change, The Addis Ababa Action Agenda on Financing for Development, the New Urban Agenda, and ultimately the Sustainable Development Goals.***
- ❖ It was ***endorsed by the UN General Assembly*** following the 2015 Third UN World Conference on Disaster Risk Reduction (WCDRR).
- ❖ The Sendai Framework is the successor ***instrument to the Hyogo Framework for Action (HFA) 2005-2015: Building the Resilience of Nations and Communities to Disasters.***

SOURCE: United Nations Office for Disaster Risk Reduction (Organization) website

- CDRI (***Coalition for Disaster Resilient Infrastructure***) will focus on developing ***resilience in ecological infrastructure, social infrastructure*** with a concerted emphasis on health and education, and ***economic infrastructure*** with ***special attention to transportation, telecommunications, energy, and water.***

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- **India hosted 14th session** of the Conference of Parties (COP 14) to the United Nations **Convention to Combat Desertification (UNCCD)** from 2-13 September 2019. The commemoration of World Day to Combat Desertification 2019 envisaged the release of COP 14 Logo with the Slogan **"Restore Land, Sustain Future"**.
- As a party to the UNCCD, **India has voluntarily committed to raise its ambition of the total area that would be restored from its land degradation status, from 21 million to 26 million hectares between now and 2030.**
- It includes, to **set up a centre for excellence in India at the Indian Council of Forestry Research and Education**; and has **offered its resources in space and remote sensing technology** to member countries who wish to manage their land degradation programmes through cutting-edge technology.

Remote sensing technology

- ❖ Remote sensors **collect data by detecting the energy that is reflected from Earth.**
- ❖ These sensors can be on satellites or mounted on aircraft.
- ❖ Remote sensors **can be either passive or active.** Passive sensors **respond to external stimuli.** They record natural energy that is reflected or emitted from the Earth's surface. **The most common source of radiation detected by passive sensors is reflected sunlight.**
- ❖ In contrast, **active sensors use internal stimuli to collect data about Earth.** For example, a laser-beam remote sensing system projects a laser onto the surface of Earth and measures the time that it takes for the laser to reflect back to its sensor.
- ❖ Remote sensing has a **wide range of applications** in many different fields:
 - **Coastal applications:** Monitor shoreline changes, track sediment transport, and map coastal features. Data can be used for coastal mapping and erosion prevention.
 - **Ocean applications:** Monitor ocean circulation and current systems, measure ocean temperature and wave heights, and track sea ice. Data can be used to better understand the oceans and how to best manage ocean resources.
 - **Hazard assessment:** Track hurricanes, earthquakes, erosion, and flooding. Data can be used to assess the impacts of a natural disaster and create preparedness strategies to be used before and after a hazardous event.

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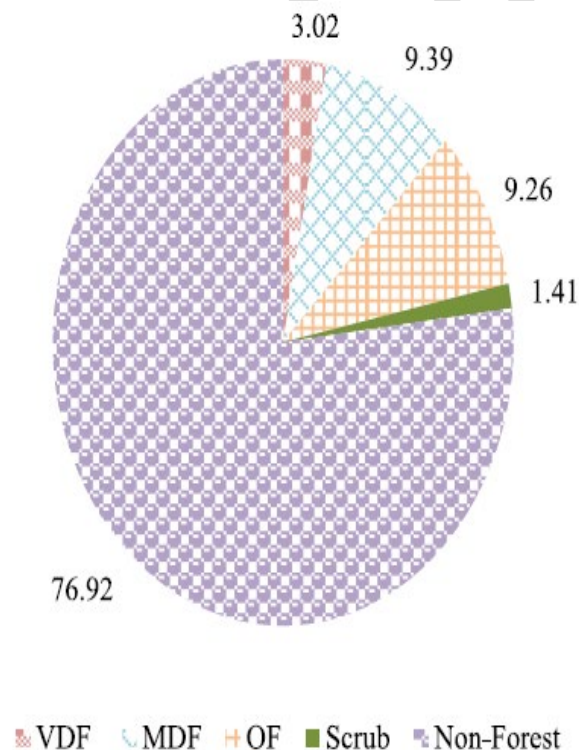
- **Natural resource management:** Monitor land use, map wetlands, and chart wildlife habitats. Data can be used to minimize the damage that urban growth has on the environment and help decide how to best protect natural resources.

❖ **National Remote Sensing Centre (NRSC) at Hyderabad** is responsible for remote sensing satellite data acquisition and processing, data dissemination, aerial remote sensing and decision support for disaster management.

SOURCE: National Ocean Service USA and ISRO

➤ **COP 14 adopted the New Delhi Declaration: Investing in Land and Unlocking Opportunities.**

INDIA AND ITS FORESTS



Forest Cover of India (2019) (per cent)

India State of Forest Report 2019.

VDF- Very Dense Forest; MDF- Moderately Dense Forest; OF- Open Forest

➤ The States/UTs showing **significant gain in forest cover** are Karnataka (1,025 sq. km), Andhra Pradesh (990 sq. km), Kerala (823 sq. km) and Jammu & Kashmir (371 sq. km) **whereas States showing loss in forest cover** are Manipur, Meghalaya, Arunachal Pradesh and Mizoram.

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- **India is one of the 17 mega diverse countries in the world.** This is **evident in the Shannon-Weiner Index for Diversity** which is used for measuring species richness and abundance.
- The **index also compares diversity of species among various habitats.**
- The Index shows that **Tropical Evergreen forest is high in Karnataka followed by Kerala. Tropical moist deciduous forests cover is high in Arunachal Pradesh, Karnataka and Maharashtra.**
- **Tropical dry deciduous forest is high in Arunachal Pradesh and semi-evergreen forest are high in Karnataka.**
- **Tropical Littoral and swamp forests are high in UP and tropical thorn forests are seen widely in Andhra Pradesh.**
- **India accounts for 2 per cent of the total global forest area in 2015 as per the Global Forest Resource Assessment (FRA) by FAO.**
- In 2019, **total carbon stock in forest** is estimated as 7,124.6 million tons, Net change in carbon stock in India shows that **net change is highest in soil organic carbon followed by Above Ground Biomass (AGB) and Dead wood. Litter carbon registered negative growth rate as compared to 2017 assessment.**
- Forest plays a crucial role in adaptation and mitigation to climate change. **Forests help to store more carbon than any other terrestrial ecosystem (India State of Forest Report, 2019).**

AGRICULTURAL RESIDUE BURNING – A MAJOR CONCERN

- India, being the **second largest agro-based economy** with year-round crop cultivation, generates a large amount of agricultural waste, including crop residues.
 - **About 50 per cent of all crop residue burnt in the country are residues of rice crop.**
 - Various studies **suggest ways to address this issue**, which include:
 - Promote the practice of conservation of agriculture with low **lignocellulosic crop residues like** rice, wheat, maize etc.
- lignocellulosic**
- ❖ Lignocellulosics are **a major component of animal manure**, especially cattle manure, and is capable of being hydrolyzed into reducing sugars, which can be further converted into various value-added products by biological or chemical processes.
 - ❖ **Lignocellulosics in the form of agro residues and forestry biomass** constitute a potentially enormous source of feedstock for bioconversion into biofuel, feed, and specialty chemicals.

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- ❖ Lignocellulosic biomass (LCB) is ***an attractive feedstock for numerous biorefining processing technologies*** due to its low cost, abundance and widespread availability.


SOURCE: Science Direct

- Create markets for crop residue-based briquettes and mandate nearby thermal power plants to undertake co-firing of crop residues with coal.
- Promote use of crop ***residue-based biochar briquettes*** in local industries, brick kiln and hotel/dhaba as an alternate fuel

Biochar

- ❖ Biochar is biomass – such as wood, nut shells or animal manures – that has been ***reduced to carbon and minerals by pyrolysis*** (burning in a low-oxygen environment). In other words, ***Biochar is produced through gasification — processes that heat biomass in the absence (or under reduction) of oxygen.***
- ❖ The carbon in biochar ***resists degradation and can hold carbon in soils for hundreds to thousands of years.***
- ❖ ***It can improve soils***, boost crops, reduce greenhouse gas emissions, produce electricity, filter water, improve compost, be fed to animals and even cook your dinner.
- ❖ ***Biochar is found in soils around the world as a result of vegetation fires and historic soil management practices.***
- ❖ Intensive study of biochar-rich dark earths in the Amazon (terra preta), has led to a wider appreciation of ***biochar's unique properties as a soil enhancer.***
- ❖ Biochar can be an ***important tool to increase food security and cropland diversity*** in areas with severely depleted soils, scarce organic resources, and inadequate water and chemical fertilizer supplies.
- ❖ Biochar also ***improves water quality and quantity by increasing soil retention of nutrients*** and agrochemicals for plant and crop utilization. More nutrients stay in the soil instead of leaching into groundwater and causing pollution.

SOURCE: Bio Char International and Science Direct

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- **A new Central Sector Scheme on 'Promotion of Agricultural Mechanization for In-Situ Management of Crop Residue** in the States of Punjab, Haryana, Uttar Pradesh and NCT of Delhi' for the period from 2018-19 to 2019-20 is being implemented with the total outgo from the Central funds of ` 1151.80 crore (` 591.65 crore in 2018-19 and ` 560.15 crore in 2019- 20).

India and CoP, as mentioned as box matter

- **The 25th session** of the Conference of the Parties (COP 25) to the UNFCCC was **held at Madrid**, Spain under the Chilean Presidency.
- The COP 25 decision, **titled Chile Madrid Time for Action**, emphasizes the continued challenges that developing countries face in accessing financial, technology and capacity-building support, and recognizes the urgent need to enhance the provision of support to developing country Parties for **strengthening their national adaptation and mitigation efforts**.
- Under the **review of Warsaw International Mechanism (WIM) for Loss and Damage**, the decision recognizes urgency of scaling-up of action and support, including finance, technology and capacity-building, for developing countries for averting, minimizing and **addressing loss and damage**.

Warsaw International Mechanism

- ❖ The Warsaw International Mechanism for Loss and Damage is the main vehicle under the Climate Change Convention (UNFCCC) **to address loss and damage associated with climate change impacts in developing countries** that are particularly vulnerable to the adverse effects of climate change, in a comprehensive, integrated and coherent manner.

SOURCE: UNFCCC Website

- The decision also **established the Santiago network for catalyzing technical assistance for implementation of relevant approaches in developing countries**.
- **India hosted 'India Pavilion' at COP-25 with the theme '150 years of celebrating the Mahatma'**, designed to depict Mahatma Gandhi's life and messages around sustainable living.

The progress of implementation of eight national missions is briefly explained as box matter


- **The Perform, Achieve and Trade (PAT) scheme** under National Mission for Enhanced Energy Efficiency (NMEEE) designed on the **concept of reduction in Specific Energy Consumption**.
- **National Solar Mission** aims to **increase the share of solar energy in the total energy mix**.
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- **National Water Mission** focuses on *monitoring of ground water, aquifer mapping, capacity building, water quality monitoring and other baseline studies.*
- **National Mission for a Green India** envisages a holistic *view of greening and focuses on multiple ecosystem services along with carbon sequestration and emission reduction.* The mission emphasized the landscape approach to treat large contiguous areas of both forest and non-forest, public and private lands with a key role of the local communities in planning, implementation and monitoring.
- **National Mission on Sustainable Habitat** is being *implemented through three programmes: Atal Mission on Rejuvenation and Urban Transformation, Swachh Bharat Mission, and Smart Cities Mission.*
- **National Mission for Sustainable Agriculture** aims at *enhancing food security and protection of resources.* The mission has resulted in the formation of National Innovations on Climate Resilient Agriculture, a network project.
- **National Mission for Sustaining the Himalayan Ecosystem** aims to *evolve suitable management and policy measures* for sustaining and safeguarding the Himalayan Ecosystem.
- **National Mission on Strategic Knowledge for Climate Change** seeks to *build a knowledge system that* would inform and support national action for ecologically sustainable development.

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“HELLO” to ECONOMIC SURVEY

- **Agricultures' contribution to national income has gradually declined from 18.2 per cent in 2014-15 to 16.5 in 2019-20, reflecting the development process and the structural transformation taking place in the economy.**
- **There is a need to address the issue of lower farm mechanisation in India which is only about 40 per cent as compared to about 60 per cent in China and around 75 per cent in Brazil.**

Chapter-07- Agriculture and Food Management

- **As high as 70 percent of its rural households still depend primarily on agriculture for their livelihood, with 82 percent of farmers being small and marginal.**
- **With a view to encourage higher investment and production, the Government announces *Minimum Support Prices (MSPs) for twenty-two mandated crops; and Fair and Remunerative Price for Sugarcane.***

Minimum Support Prices

- ❖ **Minimum Support Price (MSP) is a *form of market intervention by the Government* of India to insure agricultural producers against any sharp fall in farm prices.**
- ❖ **The minimum support prices are *announced by the Government of India at the beginning of the sowing season for certain crops on the basis of the recommendations of the Commission (recommendations are not binding on Government) for Agricultural Costs and Prices (CACP).***
- ❖ **The major objectives are to support the farmers from distress sales and to procure food grains for public distribution. The MSP *is in the nature of an assured market at a minimum guaranteed price offered by the Government.***
- ❖ **In case the market price for the commodity falls below the announced minimum price due to bumper production and *glut in the market, govt. agencies purchase the entire quantity offered by the farmers* at the announced minimum price.**
- ❖ ***Similar to MSP, there is a Market Intervention Scheme (MIS),* which is implemented on the request of State Governments for procurement of perishable and horticultural commodities in the event of fall in market prices.**

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- ❖ The Scheme is implemented **when there is at least 10% increase in production or 10% decrease** in the ruling rates over the previous normal year.
- ❖ **The Department of Agriculture & Cooperation implements the PSS (Price Support Scheme) for procurement of oil seeds, pulses and cotton, through NAFED which is the Central nodal agency, at the Minimum Support Price (MSP) declared by the government.**
- ❖ **NAFED undertakes procurement as and when prices fall below the MSP.** Procurement under PSS is continued till prices stabilize at or above the MSP.

SOURCE: Arthapedia and NITI Aayog Paper on MSP

Fair and Remunerative Price

- ❖ **In case of sugarcane, MSP has been assigned a statutory status** and as such the announced price is termed as statutory minimum price, rechristened as Fair Remunerative Price (FRP).
- ❖ **There is statutory binding on sugar factories to pay the minimum announced price** and all those transactions or purchase at prices lower than this are considered illegal.
- ❖ **It is announced each year by the Centre**, under the **Sugarcane Control Order and on the advice of** Commission for Agricultural Costs and Prices (CACP), as the minimum price of sugarcane.
- ❖ However, **many states in north India also announce a State Advised Price (SAP)** under state legislation.
- ❖ **Generally, the SAP is substantially higher than the FRP**, and therefore wherever SAP is declared, it is the ruling price. Mill owners are obligated to pay SAP to farmers.
- ❖ **C. Rangarajan committee recommended**, due to arrears of cane dues, **doing away with this and introducing a profit sharing mechanism.**

SOURCE: NITI Aayog paper on MSP and Newspaper

- The Union Budget, 2018-19 had announced pre-determined principle to keep **MSPs at levels of one and half times of the cost of production.**
- Indian **tractor industry is the largest in the world**, accounting for one-third of the total global production.
- There are disparities visible in intra-national levels of mechanization as well where **northern India has higher levels of mechanization compared to other regions.**

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- **A dedicated *Micro Irrigation Fund (MIF)* created with NABARD** has been approved with an initial corpus of Rs. 5000 crore facilitating the States in mobilizing the resources for expanding coverage of Micro Irrigation envisaged under PMKSY-PDMC (Pradhan Mantri Krishi Sichai Yojana- Per Drop More Crop) and also in bringing additional coverage through special and innovative initiatives by State Governments.

Micro Irrigation Fund (MIF)

- ❖ The ***loans will be extended by NABARD to the State Governments*** during the remaining period of 14th Finance Commission i.e. during 2018-19 and 2019-20 with an allocation of Rs. 2000 crore and Rs. 3000 crore respectively.
- ❖ The ***fund is to be accessed by the State Government and not by individual farmers.***
- ❖ The ***MIF should not be a substitute for State's share in PMKSY-PDMC.***

SOURCE: PMKSY website

AGRICULTURAL CREDIT

- It is observed that ***credit is low in North Eastern, Hilly and Eastern States. The share of North Eastern States has been less than one percent in total agricultural credit disbursement.***

AGRICULTURAL TRADE

- India's total agricultural export basket accounts for a little ***over 2.15 per cent of the world agricultural trade.***
- ***The major export destinations are USA, Saudi Arabia, Iran, Nepal and Bangladesh.***
- What is noteworthy is that ***since the economic reforms began in 1991, India has remained consistently a net exporter of agri-products.***

AGRICULTURAL RESEARCH AND EDUCATION

- The Indian Council of Agricultural Research developed 18 ***biofortified varieties of crops that are rich in iron, zinc, protein and glucoisnolates and Kunitz Trypsin Inhibitor (KTI)*** free to ensure nutritional security through the natural food system.

Biofortified

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- ❖ Unbalanced proportion of micronutrients in the diet causes various health problems, and ***popularly phrased as 'hidden hunger'***.
- ❖ Biofortification is a ***process by which the nutritional quality of food crops is improved*** by agronomic practices, conventional plant breeding or modern biotechnology.
- ❖ It is ***different from conventional fortification*** in that, biofortification aims to increase nutrient level in crops during plant growth rather than through manual means during processing of crops.
- ❖ Simply, Biofortification is a process where the ***nutritional quality of a crop is enhanced through genetic manipulation that includes both breeding and transgenic approaches.***
- ❖ Scientists from ***Agharkar Research Institute (ARI), Pune***, an autonomous institute under the Department of Science & Technology, Government of India, have ***developed a biofortified durum wheat variety MACS 4028, which shows high protein content.***

SOURCE: ICAR and NIH USA

Kunitz Trypsin Inhibitor

- ❖ It is a ***non-glycosylated protein that possesses adverse effects on growth of humans*** primarily through inhibition of trypsin in the digestive tract leading to indigestion.
- ❖ ***KTI constituting the major portion of total trypsin inhibitors in soybean***, is considered detrimental to human health. Although heat treatment is used to get rid of this heat labile protein, the entire amount is not removed.

SOURCE: NIH USA

- In order to make the country animal disease free, ***the diagnostic kits against Japanese Encephalitis (JE) and Bluetongue (BT) diseases and Subviral Particle based Infectious Bursal Disease Vaccine were developed.***
- Government has launched a new Central Sector Scheme ***"National Animal Disease Control Programme (NADCP) for control of Foot & Mouth Disease (FMD) and Brucellosis"***. This scheme envisages complete control of FMD by 2025 with vaccination and its ***eventual eradication by 2030.***

National Animal Disease Control Programme (Launched in 2019, September)

- ❖ The programme has ***received 100% funding from the Centre.***

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- ❖ Brucellosis Control Programme component of the NADCP *envisages 100% vaccination coverage of female cattle and buffalo calves (4-8 months of age) once in their lifetimes.*

SOURCE: PIB

Fisheries Sector

- *USA and South East Asia are the major export markets* for Indian seafood.
- The marine fisheries resources are spread along the country's vast coastline and **2.02 million square km Exclusive Economic Zone (EEZ) and 0.53 million sq.km continental shelf area.**
- *The inland resources are in the form of rivers and canals (1.95 lakh km), floodplain lakes (8.12 lakh hectares), ponds and tanks (24.1 lakh hectares), reservoirs (31.5 lakh hectares), brackish water (12.4 lakh hectares), saline/ alkaline affected areas (12 lakh hectares) etc.*
- To address the gaps in fisheries infrastructure, the government has created the **Fisheries and Aquaculture Infrastructure Development Fund (FIDF) during 2018-19.**

Fisheries and Aquaculture Infrastructure Development Fund

- ❖ The **first tripartite Memorandum of Agreement** was signed between the **department of Fisheries Government of India, NABARD and the Government of Tamil Nadu** for the implementation of Fisheries and Aquaculture Development Fund (FIDF).
- ❖ FIDF provides **concessional finance to the eligible entities**, cooperatives, individuals and entrepreneurs for development of identified fisheries infrastructure.

SOURCE: PIB

- *The concessional finance under the FIDF is provided by the Nodal Loaning Entities (NLEs) namely (i) NABARD, (ii) **National Cooperatives Development Corporation (NCDC)** and (iii) All scheduled Banks.*

National Cooperatives Development Corporation

- ❖ The National Cooperative Development Corporation (NCDC) was **established by an Act of Parliament in 1963 as a statutory Corporation under the Ministry of Agriculture & Farmers Welfare.**
- ❖ NCDC will able to finance **projects in the rural industrial cooperative sectors and for certain notified services in rural areas** like water conservation, irrigation and micro irrigation, agri-insurance, agro-credit, rural sanitation, animal health, etc

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- ❖ One of the important **Schemes of the NCDC is “Integrated Cooperative Development Project (ICDP) Scheme”** which was introduced in the year 1985-86 and aims at:
 - Development of **Primary Agricultural Credit** Societies as multi-purpose self-reliant entities;
 - Development of **allied sector cooperatives**; and
 - Development of **viable functional linkages** among cooperatives.

SOURCE: NCDC Website

Pradhan Mantri Kisan Sampada Yojana

- With a financial allocation of Rs. 6,000/- crore for the period 2016-20, PMKSY provides subsidy-based support.
- **The scheme components are:** Mega Food Parks, Integrated Cold Chain and Value Addition Infrastructure, Creation/Expansion of Food Processing & Preservation Capacities, Infrastructure for Agro-processing Clusters, Creation of Backward and Forward Linkages, Food Safety and Quality Assurance Infrastructure, Human Resources and Institutions, and Operation Greens.

Economic Cost of Food Grains to FCI

- **The Economic Cost of foodgrains consists of three components, namely, pooled cost of grains, procurement incidentals and the cost of distribution.**

Food Subsidy

- **Food subsidy comprises of (i) subsidy provided to FCI** for procurement and distribution of wheat and rice under NFSA and other welfare schemes and for maintaining the strategic reserve of foodgrains and (ii) **subsidy provided to States** for undertaking decentralized procurement.
- **The difference between the per quintal economic cost and the per quintal Central Issue Price (CIP) gives the quantum of food subsidy.**

Storage

- **FCI is implementing an Online Depot Management System (ODMS), also known as **Depot Online System (DOS)****, to automate the entire process of depot operations including receipt of foodgrains at the depot, storage, maintenance activities and issue of foodgrains.

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Depot Online System

- ❖ Depot Online will help ***in tracking and controlling the procurement, storage and movement of food grains*** within a depot by managing all associated transactions like Lorry Weigh Bridge, Quality control, Storage Loss / Transit Loss, Gunny inventory, Labour management etc.
- ❖ ***Real time information*** provides accuracy in inventory and improves visibility on quantity, location and age of available stock.
- ❖ ***PricewaterhouseCoopers Pvt. Ltd. (PwC), was appointed/ selected as Consultant for the Implementation of Depot Online System in FCI.***

SOURCE: FCI Website

Income/Investment Support Schemes as mentioned as Box Matter

- **Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)**- PM-KISAN is ***a Central Sector scheme with 100 per cent funding from Government of India.*** The Scheme is effective from 1.12.2018 and ***covers all the farmers*** (subject to certain exclusion criteria). Under the Scheme an income ***support of Rs. 6000 per year is provided to all farmer families*** across the country in three equal installments of Rs. 2000 at an interval of every four months.
- **Krushak Assistance for Livelihood and Income Augmentation (KALIA) Scheme of Odisha**-This scheme ***was launched by Government of Odisha*** in 2018-19 Rabi season onwards, to accelerate agricultural prosperity and elimination of poverty in the State.
- **Mukhya Mantri Krishi Ashirwad Yojana of Jharkhand**- Under the scheme, all the small and marginal farmers of the State, ***who have arable land up to a maximum of 5 acres, will be given a grant-in-aid at the rate of Rs. 5000 / - per acre per year,*** which will help them reduce their dependence on loans.
- **Rythu Bandhu of Telangana**- Government of Telangana has come up with a new concept of providing ***Investment Support*** at the rate of Rs. 4,000 per acre per season to all the farmers (Pattadars) in the State towards ***purchase of various inputs*** like seeds, fertilizers etc., as initial investment before the crop season.

Digital Platform in Agriculture

- The ICAR to enhance the competitiveness of Indian farming to make farming a viable, self-sustaining and internationally competitive enterprise ***through digital agricultural platform- Cyber Agro-Physical Systems (CAPS).***
- The CAPS while ***integrating the use of sensors with computers, satellite imagery, supercomputing facility*** for research will also help reducing uncertainty and risk in agriculture

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operations through Artificial Intelligence enabled farmers' advisories for critical agricultural operations and climatic events.

- ***The DARE (Department of Agricultural Research & Education) launched the Agricultural Education Portal EKTA (Ekikrit Krishi Shiksha Takniki Ayaam)*** for integrated online management information system for farming community (Kisan Suvidha and Pusa Krishi).

One Nation - One Ration Card

- ***The Department of Food & Public Distribution*** in collaboration with all States/UTs is implementing a Scheme namely "Integrated Management of Public Distribution System (IM-PDS)" during 2018-19 and 2019-20.
- The ***main objective of the scheme is to introduce nation-wide portability of ration card holders under NFSA*** through 'One Nation One Ration Card' System, to lift their entitled foodgrains from any Fair Price Shop (FPS) in the country without the need to obtain a new ration card.
- At present the ***facility of inter-State portability is enabled in 8 States.***

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“HELLO” to ECONOMIC SURVEY

- The industrial sector based on **Index of Industrial Production (IIP)** registered a growth of 0.6 per cent for 2019-20 (April-November) as compared to 5.0 per cent during 2018-19 (April-November).

Index of Industrial Production (IIP)

- ❖ Index of Industrial Production (IIP) *maps the change in the volume of production in Indian industries.*
- ❖ Among the **short-term indicators**, the Index of Industrial Production (IIP) has historically been one of the most well-known and well-used indicators.
- ❖ It is **compiled and published monthly by the Central Statistics Office (CSO)** with a time lag of six weeks from the reference month.
- ❖ The all-India IIP provides a single representative figure to **measure the general level of industrial activity in the economy on a monthly basis.**
- ❖ **2011-12 is the new base year of IIP.**

SOURCE: Indian Express and MoSPI paper on IIP

- Report of the Task Force on **National Infrastructure Pipeline** released on 31.12.2019 has projected total infrastructure investment of Rs. 102 lakh crore during the period FY 2020 to 2025 in India.

National Infrastructure Pipeline- Please refer chapter 01 of Economic Survey part 02

Chapter-08- Industry and Infrastructure

- The **low growth in industrial sector is primarily due to manufacturing sector** which registered a negative growth of 0.2 per cent in 2019-20 H1.

Index of Industrial Production (IIP)

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- The **IIP** is a measure of industrial performance. It **assigns a weight of 77.6 per cent to manufacturing followed by 14.4 per cent to mining and 8.0 per cent to electricity.**

Eight Core Industries

- The Index of Eight Core Industries measures the performance of **eight core industries i.e., Coal, Crude Oil, Natural Gas, Refinery Products, Fertilizers, Steel, Cement and Electricity.**
- The industries included in the **Index of Eight Core Industries comprise 40.27 per cent weight** in the Index of Industrial Production (IIP).
- While fertilizers, steel and electricity **have seen expansion in their production**, production of coal, crude oil, natural gas and refinery products **have contracted during the current financial year.**

Start-up India

- **Maharashtra, Karnataka and Delhi are the top three performers** in terms of State-wise distribution of recognized startups in India
- As per **industry-wise distribution of recognized startups, IT Services accounted for 13.9 per cent followed by Healthcare and Life Sciences (8.3 per cent) and education (7.0 per cent).**

Foreign Direct Investment (FDI)

- **Nearly 80 per cent FDI have come mainly** from Singapore, Mauritius, Netherlands, USA and Japan.

SECTOR WISE ISSUES AND INITIATIVES

- India stood at **second position in the production of crude steel.** It is also the **third largest consumer of the finished steel after China and USA.**
- The **gap between demand and supply of coal** in the country is currently being met through coal imports by consuming sectors.
- **Textiles contributed 18.0 per cent of manufacturing and 2.0 per cent of GDP** in 2017-18. The sector is the **biggest employer after agriculture** and it employs 4.5 crore people directly and 6 crore people in allied sectors.

INFRASTRUCTURE

- India recently **launched the National Infrastructure Pipeline** for the period FY 2020-2025.

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SECTORAL DEVELOPMENTS

- The share of transport sector in the GVA for 2017-18 was about 4.77 per cent of which the **share of road transport is the largest at 3.06 per cent, followed by the share of the Railways** (0.75 per cent), **air transport** (0.15 per cent) and **water transport** (0.06 per cent).
- Indian Railways (IR) with over 68,000 route kms is the **third largest network in the world under single management.**
- A dedicated SPV, **Indian Railway Station Development Corporation (IRSDC) Limited** has been set up to carry out modernization of railway stations. IRSDC is **working on modernization of many stations on PPP mode.**
- India is the **third largest domestic market for civil aviation in the world after USA and China.**
- **On airport connectivity, India stood first along with 7 others (USA, China, Japan, UK, etc.) in the Global Competitiveness Report 2019 of World Economic Forum.**
- Around **95 per cent of India's trade by volume and 68 per cent in terms of value** is transported by sea.
- The **tonnage tax regime introduced by the Government of India** in that(2013) year boosted the growth of the Indian fleet as well as its tonnage.

Tonnage tax regime

- ❖ Tonnage Tax is a way for qualifying shipping companies to calculate their shipping related profits for Corporation Tax (CT) purposes. The shipping related **profits are calculated based on the tonnage of the ships** used in the company's shipping trade.
- ❖ Tonnage tax is calculated **not on the profit or loss of a company in a given year, but by applying a notional annual income on its net registered tonnage.**
- ❖ This means that the **tax burden is known in advance** and is neutral to the performance of the company. The effect is to ring-fence the company's tax liabilities, making financial planning and long-term strategic operations easier.

SOURCE: Business Standard

Telecom Infrastructure and Connectivity

- **BharatNet:** For achieving the goal of developing broadband highways as part of the Digital India campaign, the Government is implementing the flagship BharatNet Programme in a phased
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manner for **providing broadband connectivity to all the 2.5 lakh Gram Panchayats (GPs) in the country.**

- **The project envisages an optimal mix of optical fibre, radio and satellite media.**

Petroleum and Natural Gas

- **India is the third largest energy consumer** in the world after USA and China.
- India's energy requirement is **fulfilled primarily by Coal, Crude Oil, Renewable Energy and Natural Gas.**

Power

- India has improved its ranking to **76th position in the Energy Transition Index published by the World Economic Forum (WEF).**
- **Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya)** was launched on September 25, 2017 with an outlay of ` 16,320 crores to **achieve universal household electrification** by providing last mile connectivity by 31.03.2019.

Mining Sector

- **India produces as many as 95 minerals** which include **4 hydrocarbon energy minerals** (coal, lignite, petroleum & natural gas), **5 atomic minerals** (ilmenite, rutile, zircon, uranium, and monazite), **10 metallic, 21 non-metallic** and **55 minor minerals.**

Housing and Urban Infrastructure

- **India is one of the fastest growing countries in the world with rapid urbanization.** There were about 37.7 crore people residing in the urban habitats of India (Census 2011), comprising about 31 per cent of the total population which is **expected to reach 60.6 crore by 2030 (2015:UN).**
- **The Pradhan Mantri Awas Yojana- Urban (PMAY-U)** was launched in June, 2015 to provide pucca house with basic amenities to all eligible urban poor.
- The **scheme has mandated ownership of the house in the name of female of household or in the joint name along with male member of the household to enable women's empowerment.**
- Government has also created an **Affordable Housing Fund (AHF) in the National Housing Bank (NHB)** with an initial corpus of Rs. 10,000 crore using priority sector lending shortfall of banks/financial institutions.

National Infrastructure Pipeline 2020-2025 as box matter


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- To achieve the GDP of \$5 trillion by 2024-25, India needs to spend about \$1.4 trillion (₹ 100 lakh crore) over these years on infrastructure.
- The **NIP has projected** total infrastructure investment of ₹ 102 lakh crore during the period FY 2020 to 2025 in India. **Energy (24 per cent), Roads (19 per cent), Urban (16 per cent), and Railways (13 per cent)** amount to over 70 per cent of the projected capital expenditure during the said period.
- As per the NIP, **Central Government (39 per cent) and State Government (39 per cent) are expected to have equal share in funding of the projects followed by the Private Sector (22 per cent).**

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“HELLO” to ECONOMIC SURVEY

- *The services sector’s significance in the Indian economy has continued to increase, with the sector now accounting for around 55 per cent of total size of the economy and GVA growth, two-thirds of total FDI inflows into India and about 38 per cent of total exports.*
- *The share of services sector now exceeds 50 per cent of Gross State Value Added in 15 out of the 33 states and UTs, with this share more than 80 per cent in Delhi and Chandigarh.*
- *Services exports have outperformed goods exports in the recent years, due to which India’s share in world’s commercial services exports has risen steadily over the past decade.*

Chapter-09- Services Sector

- The services **Purchasing Managers’ Index (PMI)** has stabilized in the recent months above the threshold of 50 (above 50 indicates service sector activity is expanding).

Purchasing Managers’ Index (PMI)

- ❖ The Purchasing Managers' Index (PMI) *is an index of the prevailing direction of economic trends in the manufacturing and service sectors.*
- ❖ It *consists of a diffusion index that summarizes whether market conditions*, as viewed by purchasing managers, are expanding, staying the same, or contracting.
- ❖ The purpose of the PMI is to *provide information about current and future business conditions* to company decision makers, analysts, and investors.
- ❖ PMI is considered to be a *good leading indicator of economic activity for the following reasons:*
 - *First, it is constructed from the survey of purchasing managers*, who, by the very nature of their jobs, are one of the first to spot change in economic conditions and make decisions on purchase and production.
 - *Second, it is released timely on the first business day* of every month before the release of official data.

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- **Third, once released, they are seldom revised** and are able to preserve most of the real-time nature of the data that is crucial for estimation and forecasting exercises.
- ❖ PMI, at the same time, **suffers from the following disadvantages:**
 - **First, being a diffusion index**, while capturing the spread or dispersion of change in economic activity, it does not capture the intensity of the change
 - **Second, since the responses are not weighted** for size difference of firms, it may miss an overall shift in economic conditions arising out of movements in a few large firms.
- ❖ Accordingly, PMI has been increasingly **used by various central banks as a lead indicator** for understanding the strength of economic activity.
- ❖ **In the Indian context**, though provisional WPI and PMI price indices are released in the same month, the former is released ahead of the latter by around two weeks.

SOURCE: RBI and Investopedia

- **Delhi stand out with a particularly high share of services** in GSVA of more than 80 per cent while **Sikkim's share remains the lowest** at 26.8 per cent.
- **India's services exports remain concentrated in software services**, accounting for twice the share of the second-largest component, business services.
- **India ranked 22nd in the world in terms of international tourist arrivals in 2018**, improving from the 26th position in 2017.
- **India ranks 13th in the world and 7th in Asia & Pacific in terms of tourism foreign exchange earnings**, accounting for close to 2 per cent of the world's tourism foreign exchange earnings.
- India now **ranks 8th among the world's largest commercial services exporters**.
- Foreign tourists from the **top 10 countries visiting India - Bangladesh, USA, UK, Sri Lanka, Canada, Australia, Malaysia, China, Germany and Russia**.

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- **Top five states attracting domestic tourists are Tamil Nadu, Uttar Pradesh, Karnataka, Andhra Pradesh and Maharashtra**, accounting for nearly 65 per cent of the total domestic tourist visits in the country in 2018.
- **The top five states attracting foreign tourists are Tamil Nadu, Maharashtra, Uttar Pradesh, Delhi and Rajasthan.**
- **Number of policy initiatives have been undertaken to drive innovation** and technology adoption in the IT-BPM sector, including Start-up India, National Software Product Policy, and removal of issues related to **Angel Tax**.

Angel Tax

- ❖ Angel tax is a term used to **refer to the income tax payable on capital raised by unlisted companies via issue of shares** where the share price is seen in excess of the fair market value of the shares sold.
- ❖ The excess realisation is **treated as income and taxed accordingly**.
- ❖ The tax was **introduced in the 2012** Union Budget by then finance minister Pranab Mukherjee to arrest laundering of funds. It has come to be **called angel tax since it largely impacts angel investments in startups**.

SOURCE: Economic Times

- **The Indian start-up ecosystem** has been progressing and is now the **third largest in the world** with 24 unicorns, though the gap with the largest (China: 206) and second largest (USA: 203) markets remains significant.
- **Cities such as Bangalore, Delhi- NCR and Mumbai account for around 55 per cent of the total startups in India**
- India has **13 major ports and about 200 non-major ports**.

Major ports and non-major ports

- ❖ India has 12 major ports and approximately 200 non-major ports **administered by Central and State Governments respectively**.

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- ❖ Major and non-major ports **do not have a strict association with traffic volumes**. The classification has more of an administrative significance
- ❖ **Under Project Unnati**, the global benchmarks were adopted to improve the efficiency and productivity for 12 major ports.
- ❖ India's 200 non-major ports are **strategically located on the world's shipping routes**.
- ❖ Among these 12 major ports, **6 is on the Eastern coast and 6 on the Western coast**.
- ❖ **Major ports are under the jurisdiction of the Government of India** and are governed by the Major Port Trusts Act 1963, **except Ennore port**, which is administered under the Companies Act 1956 because it is a corporatised one under the same Ministry.
- ❖ **Non-major ports come under the jurisdiction** of the respective state Governments' Maritime Boards (GMB).
- ❖ Non-major ports are gaining shares and a major chunk of traffic has shifted from major ports to non-major ports.
- ❖ Kolkata port is **Only riverine major port in India**.
- ❖ Paradip port **first major port on East Coast commissioned in independent India**.
- ❖ Jawahar Lal Nehru also called Nhava Sheva is **biggest container handling port in India**.
- ❖ Chennai Port is the **largest port in the Bay of Bengal and second largest port of India** after JNPT. It is largest port at east coast.
- ❖ Mormugao port in Goa is **leading iron ore exporting port of India**.
- ❖ The maritime transport **falls under the "concurrent list" of the constitution** and thus is to be administered by both the Central and the State governments.

SOURCE: Indian Brand Equity Foundation, CAG report and Newspaper

- The **turnaround time of ships**, which is a key indicator of efficiency of the ports sector, has been on a continuous decline.

Turnaround time of ships

- ❖ Turnaround time is the **total time spent by a ship from entry into port till departure**.

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- ❖ **Waterfront availability is the length of the water line on the coast** where ships can rest and the goods are unloaded. Longer waterfront lengths reduce waiting time and help raise capacity.
- ❖ **A dry dock is a narrow basin** that can be flooded to allow a ship to be floated in, then drained to allow that ship to come to rest on a dry platform. Dry docks are used for construction, maintenance and repair of ships.

SOURCE: Indian Brand Equity Foundation

Space Sector

- **China**, which has become a key player in the space sector in the recent years, also **spent about seven times more than India in 2018 and USA about 13 times**.
- India has launched around 5-7 satellites per year in the recent years **with no failures, barring one in 2017 (PSLV-C39/IRNSS-1H Mission)**
- **Among the key areas of focus in the space programme**, the first area has been satellite communication, with **INSAT/GSAT system as the backbone to address the needs for telecommunication, broadcasting and satellite-based broadband** infrastructure in the country.

INSAT/GSAT system

- ❖ The Indian National Satellite (INSAT) system **is one of the largest domestic communication satellite systems in Asia-Pacific region** with nine operational communication **satellites placed in Geo-stationary orbit, established in 1983**.
- ❖ **It provides services** to telecommunications, television broadcasting, satellite newsgathering, societal applications, weather forecasting, disaster warning and Search and Rescue operations.

SOURCE: ISRO

- **The second area of focus has been earth observation** and using space-based information for weather forecasting, disaster management, national resource mapping and governance.
- **The third focus area has been satellite-aided navigation** including **GAGAN and NavIC**.

GAGAN and NavIC.

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- ❖ The main objectives of (GPS Aided GEO Augmented Navigation) GAGAN are **to provide Satellite-based Navigation services with accuracy and integrity required for civil aviation applications and to provide better Air Traffic Management over Indian Airspace.**
- ❖ The system will be **interoperable with other international (Satellite Based Augmentation System) SBAS systems** and provide seamless navigation across regional boundaries. The GAGAN Signal-In-Space (SIS) is available through GSAT-8 and GSAT-10.
- ❖ **The IRNSS constellation was named as “NavIC”** (Navigation with Indian Constellation).
- ❖ Indian Regional Navigation Satellite System (IRNSS) : NavIC is an **independent Indian Satellite based positioning system for critical National applications.**
- ❖ The **main objective is to provide Reliable Position, Navigation and Timing services over India and its neighbourhood**, to provide fairly good accuracy to the user. The IRNSS will provide basically **two types of services**:
 - **Standard Positioning Service (SPS)** which is provided to all the users
 - **Restricted Service (RS)** which is an encrypted service provided only to the authorised users.
- ❖ **Some applications of IRNSS are:**
 - Terrestrial, Aerial and Marine Navigation
 - Disaster Management
 - Vehicle tracking and fleet management
 - Integration with mobile phones
 - Precise Timing
 - Mapping and Geodetic data capture
 - Terrestrial navigation aid for hikers and travellers
 - Visual and voice navigation for drivers

SOURCE: ISRO

- **GAGAN, a joint project between ISRO and the Airports Authority of India (AAI)**, augments GPS coverage of the region to improve accuracy and integrity for civil aviation applications and better air traffic management over Indian airspace.

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- **NavIC, a regional Navigation system** has also been established for providing Position, Navigation and Timing (PNT) Services.
- **The following areas have been identified for attracting private investments** in the space sector: (i) Production of **Polar Satellite Launch Vehicle (PSLV)**; (ii) Satellite integration and assembly; (iii) Production of composite materials; (iv) Production of **solid, liquid, cryogenic and semi-cryogenic propellants**; and (v) Production of electronic packages, Testing & Evaluation for avionics and satellite subsystems.

Polar Satellite Launch Vehicle (PSLV)

- ❖ **Polar Satellite Launch Vehicle (PSLV) is the third generation launch vehicle of India.** It is the first Indian launch vehicle to be equipped with liquid stages. Its **first successful launch was in October 1994.**
- ❖ The vehicle successfully **launched two spacecraft – Chandrayaan-1 in 2008 and Mars Orbiter Spacecraft in 2013 – that later traveled to Moon and Mars respectively.**
- ❖ PSLV earned its title '**the Workhorse of ISRO**' through consistently delivering various satellites to **Low Earth Orbits**, particularly the IRS series of satellites.
- ❖ PSLV has also been **used to launch various satellites into Geosynchronous and Geostationary orbits, like satellites from the IRNSS constellation.**
- ❖ PSLV uses **an Earth storable liquid rocket engine for its second stage, known as the Vikas engine**, developed by Liquid Propulsion Systems Centre.
- ❖ **Uniqueness of PSLV-C45-**
 - **First**, it was the first time ISRO launched a rocket **that injected satellites in three different orbits.**
 - **Second, the fourth and last stage of the rocket will function as a satellite itself for some time**, instead of being rendered junk after ejecting its payloads.
 - **The fourth stage is what remains of the rocket after most of it is discarded** — in three stages — during the flight to reduce weight, after running out of the propellant they carry.

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- It demonstrated its **capability to reuse the fourth-stage engines multiple times**, and also showed that the guidance and navigation systems aboard the launch vehicle could be used for much longer times than in earlier missions.

SOURCE: ISRO and Indian Express

“HELLO” to ECONOMIC SURVEY

- **Total formal employment in the economy increased** from 8 per cent in 2011-12 to 9.98 per cent in 2017-18.
- Access to health services, inter-alia, through **Ayushman Bharat and Mission Indradhanush** across the country has improved.

Ayushman Bharat

- ❖ **Ayushman Bharat is National Health Protection Scheme**, providing coverage upto 5 lakh rupees per family per year **for secondary and tertiary care hospitalization** which means specialised consultations and surgeries.
- ❖ It will subsume the on-going centrally sponsored schemes - **Rashtriya Swasthya Bima Yojana (RSBY)** and the **Senior Citizen Health Insurance Scheme (SCHIS)**.
- ❖ States would **need to have State Health Agency (SHA) to implement the scheme**.
- ❖ States/ UTs can decide to **implement the scheme through** an insurance company or directly through the Trust/ Society or use an integrated model.
- ❖ To ensure that the funds reach SHA on time, the **transfer of funds from Central Government through Ayushman Bharat - National Health Protection Mission to State Health Agencies may be done through an escrow account directly**.
- ❖ **National Health Authority (NHA) is the apex body** responsible for implementing it. It is the successor of the National Health Agency, which was functioning as a registered society since 23rd May, 2018.

SOURCE: Ayushman Bharat website

Mission Indradhanush

- ❖ Immunization Programme in India **was introduced in 1978 as ‘Expanded Programme of Immunization’ (EPI)** by the Ministry of Health and Family Welfare, Government of India.

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- ❖ To strengthen and re-energize the programme and *achieve full immunization coverage for all children and pregnant women at a rapid pace*, the Government of India launched “**Mission Indradhanush**” in December 2014.
- ❖ The ultimate goal of Mission Indradhanush is to **ensure full immunization with all available vaccines for children up to two years of age and pregnant women**.
- ❖ **To further intensify the immunization programme, Prime Minister Shri Narendra Modi launched the Intensified Mission Indradhanush (IMI) on October 8, 2017.** Through this programme, Government of India **aims to reach each and every child up to two years of age and all those pregnant women who have been left uncovered under the routine immunisation programme/UIP.**
- ❖ To boost the routine immunization coverage in the country, **Government of India has introduced Intensified Mission Indradhanush 2.0 to ensure reaching the unreached** with all available vaccines and accelerate the coverage of children and pregnant women in the identified districts and blocks from December 2019-March 2020.
- ❖ With the launch of **Intensified Mission Indradhanush 2.0, India has the opportunity to achieve further reductions in deaths among children under five years of age, and achieve the Sustainable Development Goal of ending preventable child deaths by 2030.**

SOURCE: Mission Indradhanush Website

- **Jal Shakti Abhiyan** launched to accelerate progress on water conservation activities in water stressed districts of India.

Jal Shakti Abhiyan

- ❖ Jal Shakti Abhiyan (JSA) is a **time-bound, mission-mode water conservation campaign**.
- ❖ The JSA aims at making water conservation a Jan Andolan **through asset creation and extensive communication**.
- ❖ The Government of India **has created the Ministry of Jal Shakti by integrating the Department of Drinking Water and Sanitation and the Department of Water Resources River Development and Ganga Rejuvenation**, with a goal of integrated water

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resources management under one umbrella, so that all the issues relating to water are dealt with in a holistic manner.

- ❖ **The JSA will run in two Phases: Phase 1** from 1st July to 15th September 2019 for all States and Union Territories;
- ❖ **Phase 2** from 1st October to 30th November 2019 for **States and UTs receiving the retreating monsoon** (Andhra Pradesh, Karnataka, Puducherry and Tamil Nadu).
- ❖ **Intervention Areas:** Water conservation and rainwater harvesting; Renovation of traditional and other water bodies/tanks; Reuse and recharge structures; Watershed development and Intensive afforestation.

SOURCE: Jal SHakti Abhiyaan Website

Chapter 10- Social Infrastructure, Employment and Human Development

HUMAN DEVELOPMENT

- **India's rank in the Human Development Index (HDI) improved to 129 in 2018 from 130 in 2017**, out of a total of 189 countries.
- The Human Development Report **published by the United Nations Development Programme estimates** the HDI in terms of **three basic parameters: to live a long and healthy life, to be educated and knowledgeable, and to enjoy a decent economic standard of living.**

EDUCATION FOR ALL

- Sustainable Development Goal (SDG)- **4 seeks 'to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all' by 2030.**
- In India, free **and compulsory education starts at the age of 6 and ends at the age of 14 years** under the ambit of the Right of Children to Free and Compulsory Education (RTE) Act, 2009
- **Unified District Information System for Education (U-DISE) collects data on various indicators on school education.**
- The National Sample Survey (NSS) Report on '**Key Indicators of Household Social Consumption on Education in India 2017-18**' also reflects the increased participation in education system.

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- Among those who were enrolled, drop-out rate was as **high as 10 per cent at primary level, 17.5 per cent at upper primary/middle and 19.8 per cent at secondary level.**

SKILL DEVELOPMENT

- **General education improves knowledge** of the people while **skill training enhances their employability** and equip them to tackle requirements of labour market.
- **Under the Skill India Mission, the Government implements the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) 2016-20** which enables large number of prospective youths to take up Short Term Training (STT) and Recognition of Prior Learning (RPL) through empaneled training centers /training.
- According to the **Annual Survey of Industries (ASI)**, **there has been an increase in employment** in the organized manufacturing sector.

GENDER DIMENSION OF EMPLOYMENT

- According to NSO-EUS and PLFS estimates, **female labour force participation rate (LFPR) for productive age-group (15- 59 years)** as per usual status shows a declining trend.
- Though female **LFPR is higher in rural areas as compared to urban areas**, the rate of decline was also sharper in rural areas compared to urban areas.
- **In urban areas, female labour force participation more or less remained constant.** Therefore, ratio of female to male labour force also remained constant between 2011-12 and 2017-18.
- **Various initiatives have been implemented for empowerment of women** across the country. The details of these major schemes are as under:
 - **Safety of Women at Workplace:** The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 covers all women, **irrespective of their age or employment status and protects them against sexual harassment at all workplaces both in public and private sector, whether organized or unorganized.** The Act mandates all the **workplace having more than 10 workers** to constitute **Internal Complaint Committee (ICC)** for receiving complaints of sexual harassment. Similarly, the appropriate Government is authorized to constitute **Local Complaint Committee (LCC)** in every district which will receive complaints from organizations **having less than 10 workers** or if the complaint is against the employer himself.
 - **Mahila Shakti Kendra Scheme:** This scheme aims to **empower rural women through community participation.** The scheme envisages

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community engagement through College Student Volunteers to empower rural women in 115 aspirational districts as part of block level initiatives.

- **One Stop Centre (OSC):** This scheme facilitates **access to an integrated range of services** including police, medical, legal, psychological support and temporary shelter to women affected by violence. One Stop Centres are being set up in all districts of the country.
- **Female Entrepreneurship:** To promote **female entrepreneurship**, the Government has initiated schemes like: MUDRA, Stand Up India and Mahila e-Haat (online marketing platform to support women entrepreneurs/ SHGs/NGOs). **Stand-UP India**, the Government provides bank loans between Rs. 10 lakh and Rs. 1 crore **to at least one Scheduled Caste (SC)/ Scheduled Tribe (ST) borrower and at least one woman borrower per bank branch** for setting up greenfield enterprises in the manufacturing, services or the trading sector.
- **Rashtriya Mahila Kosh (RMK):** It is an **apex micro-finance organization that provides micro-credit** at concessional terms to poor women for various livelihood and income generating activities.

Rashtriya Mahila Kosh (RMK)

- ❖ Rashtriya Mahila Kosh (RMK), **established in 1993 is a national level organization as an autonomous body, registered under the Societies Registration Act 1860**
- ❖ It is under the **aegis of the Ministry of Women and Child Development**, for socio-economic empowerment of women.
- ❖ The **operating model currently followed by RMK** is that of a facilitating agency wherein RMK provides loans to NGO-MFIs tered as Intermediary Organizations (IMO) which on-lend to Self Help Groups (SHGs) of women.

SOURCE: RMK website

- **Prime Minister's Employment Generation Programme (PMEGP):** Under the scheme, women entrepreneurs are provided **25 per cent and 35 per cent subsidies for the project set up in urban and rural areas respectively**. For women beneficiaries, own contribution is only **5 per cent of the project cost while for general category it is 10 per cent**.

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- **Deendayal Antyodaya Yojana- National Rural Livelihoods Mission (DAY-NRLM):** It seeks to reach out to 8-9 crore rural poor households and **organize one-woman member from each household into affinity-based women SHGs** and federations at village and at higher levels. It is to enhance their farm livelihoods and non-farm livelihood through various components of schemes.

HEALTH FOR ALL

- **The introduction of National Health Policy, 2017 for universal access to good quality health care** services, and subsequent launch of **Ayushman Bharat, with its two components: 1) Health & Wellness Centres** to provide comprehensive primary health care, and **2) Pradhan Mantri Jan Arogya Yojana (PMJAY) to provide health cover** to 10.74 crore poor & vulnerable families upto 5 lakh per family per year for secondary & tertiary hospitalization, speaks about Government's efforts for a healthy India.
- The focus of healthcare is on **four important pillars - preventive healthcare, providing affordable healthcare, building medical infrastructure and mission mode interventions for maternal health, child health.**
- **Under Mission Indradhanush, new vaccines such as Measles-Rubella (MR), Pneumococcal Conjugate Vaccine (PCV), Rotavirus Vaccine (RVV) and Inactivated Polio Vaccine (IPV) have been introduced.**
- **The National Health Policy, 2017 recommended to spend at least two third of Government's health expenditure on primary healthcare.**
- **Ayushman Bharat- Pradhan Mantri Jan Arogya Yojana (PM-JAY),** the world's largest health insurance scheme, has been rolled out **based on the deprivation and occupational criteria of the Socio- Economic Caste Census for rural and urban areas respectively.**

Medical Infrastructure

- **The doctor-population ratio in India is 1:1456** (population estimated to be 1.35 billion) against the **WHO recommendation of 1:1000.**
- **The Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) was launched to augment the tertiary healthcare capacity** in clinical care, medical education and research in underserved areas of the country, under which AIIMS like institutions are built and Government Medical Colleges are upgraded by setting-up Super Speciality Blocks.
- The new paradigm recognizes and addresses the emerging challenges of (Non Communicable Diseases) NCDs due to changing epidemiology and also targets to sustain the efforts for (Reproductive, Maternal, Newborn, Child and Adolescent Health) RMNCH+A and communicable diseases through initiatives such as as **Surakshit Matritva Aashwasan (SUMAN), Social**

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Awareness and Action to Neutralise Pneumonia Successfully (SAANS) and TB Harega Desh Jeetega.

Surakshit Matritva Aashwasan (SUMAN)

- ❖ It is a new initiative – ‘**Surakshit Matritva Aashwasan(SUMAN)**’ for **Zero Preventable Maternal and Newborn Deaths**.
- ❖ This initiative focuses **on assured delivery of maternal and newborn healthcare services** encompassing wider access to free, and quality services, zero tolerance for denial of services, assured management of complications along with respect for women’s autonomy, dignity, feelings, choices and preferences, etc.
- ❖ **According to government, India’s maternal mortality rate has declined from 254 per 1,00,000 live births in 2004-06 to 130 in 2014-16. Between 2001 and 2016, the infant mortality rate came down from 66 per 1,000 live births to 34.**

SOURCE: PIB and SUMAN website

Social Awareness and Action to Neutralise Pneumonia Successfully (SAANS)

- ❖ The Union Ministry for Health and Family Welfare (MoHFW) launched the **SAANS campaign on November 16 to prevent child mortality due to pneumonia**.
- ❖ Under the SAANS campaign, **new interventions have been included** like a child suffering from Pneumonia will be treated with pre-referral dose of Amoxicillin by ASHA;
- ❖ **Pulse Oximeter will be used** at the Health and Wellness Centre for identification of low oxygen levels in the blood and if required treated by use of Oxygen.
- ❖ The initiative also aims to **create mass awareness about the most effective solutions for pneumonia prevention** like breast feeding, age appropriate complementary feeding, immunization, good quality air etc.
- ❖ **As per data from the Health Management Information System (HMIS)**, a digital initiative by National Health Mission, **out of 1000 live births in India, 37 children under five die. Of these, 5.3 deaths are caused due to pneumonia.**
- ❖ As per HMIS data, **Madhya Pradesh has the highest number of pneumonia-caused child deaths, followed by Gujarat.**
- ❖ Under SAANS, the government **is targeting a reduction in pneumonia-caused deaths by 2025 to less than 3 deaths out of 1000 live births.**

➤ **Indicates it has been taken from Economic survey 2019-20 text**

- ❖ **Indicates our attempt to bring you relevant information for prelims 2020**

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SOURCE: PIB, India Today and SAANS website

- Several states have also initiated the use of **digital platforms such as ECHO for continuous capacity building of the primary health team.**

HOUSING FOR ALL

- **Pradhan Mantri Awaas Yojana-Gramin (PMAY-G) and Pradhan Mantri Awaas Yojana-Urban (PMAY-U) are two important schemes for achieving the target of housing for all by 2022.**

DRINKING WATER AND SANITATION

- **Jal Shakti Abhiyan** was launched to accelerate progress on **water conservation activities in the most water stressed blocks and districts of India.**

Programmes and Scheme for School Education as mentioned as box matter

- **Earlier, Sarva Shiksha Abhiyan (SSA)** effective till 2017-18 was the **designated Centrally Sponsored Scheme** to meet the objectives of the RTE Act in elementary schools, provided assistance to State Governments and UTs for universalization of elementary education in the country.
- **The Department of School Education and Literacy has launched an Integrated Scheme for School Education - Samagra Shiksha w.e.f. 2018-19**, which **subsumes three erstwhile Centrally Sponsored Schemes of Sarva Shiksha Abhiyan (SSA), Rashtriya Madhyamik Shiksha Abhiyan (RMSA) and Teacher Education (TE).**
- The new integrated scheme envisages school education as a continuum from pre-school to senior secondary level and aims to ensure inclusive and equitable quality education.
- **Each school is required to spend at least 10 per cent of the composite school grant on activities related to Swachhata Action Plan.**
- **The Navodaya Vidyalaya Scheme** provides for opening of one Jawahar Navodaya Vidyalaya (JNV) in each district of the country to **bring out the best of rural talent.**
- **A National Mission called NISHTHA – National Initiative for School Heads’ and Teachers’ Holistic Advancement** under the Centrally Sponsored Scheme **of Samagra Shiksha** in 2019- 20 is being launched to improve learning outcomes at the elementary level.
- **Pradhan Mantri Innovative Learning Program (DHRUV)** was launched to identify and encourage talented students to enrich their skills and knowledge.

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- **To broadbase technology aided teaching and learning**, States and UTs are being actively involved to contribute and use the **Digital Infrastructure for Knowledge Sharing (DIKSHA) platform**. Steps are also being taken to improve the quality and diversify the nature of e-content on DIKSHA.
- The Department of Higher Education, in the Ministry of Human Resource Development has finalized and released a **five-year vision plan named Education Quality Upgradation and Inclusion Programme (EQUIP)**. EQUIP is a vision plan aiming at ushering transformation in India's higher education system by implementing strategic interventions in the sector over the next five years (2019-2024).
- **SWAYAM 2.0 was launched to offer online degree programmes** with enhanced features and facilities by top ranking universities. **'Deeksharambh' a guide to student induction** programme and **'PARAMARSH' scheme is to mentor institutions** seeking National Assessment and Accreditation Council accreditation are some of the other major schemes of Department of Higher Education launched in 2019.
- **As per National Commission for Enterprises in Unorganized Sector (NCEUS) classification**, **"The unorganised sector consists** of all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than ten total workers." **However, "informal workers consist** of those working in the unorganised enterprises or households, excluding regular workers with social security benefits, and the workers in the formal sector without any employment benefits /social security provided by the employers."
- **Labour force refers** to those who are either engaged in any economic activities or are willing to pursue an economic activity in a reference period. **It includes both** (1) those who are in **workforce; and (ii) unemployed**. Of these, **workforce refers** to the population who are actively engaged in any economic activities and producing goods and services in a reference period while **unemployed refers** to all those who are seeking and available for work but had not worked in a reference year due to lack of work. Hence, **Labour force participation rate (LFPR) can be defined as the proportion of population in the labour force to the total population**. Similarly, **Worker population ratio (WPR) can be defined as the proportion of employed persons to the total population**.

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