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## Important News Articles

### GS II

#### 1. What is on the agenda for the 16th Finance Commission – The Hindu

##### Relevance:

GS II - Constitutional Bodies: Finance Commission

##### Context:

- The 16th Finance Commission (FC) is tasked with the devolution of the consolidated fund and mandated to support panchayats and municipalities according to Article 280 and the 73rd and 74th constitutional amendments.

##### What is a Finance Commission?

- The Finance Commission in India is a constitutional entity created under Article 280 of the Indian Constitution. Its main role is to advise on the allocation of financial resources between the central government and the states. Established on 27th November 2017, the Fifteenth Finance Commission provided recommendations for six years from 1st April 2020 through both Interim and Final Reports, valid until the financial year 2025-26.

##### Composition of the Finance Commission of India (FCI):

- Structure: Consists of a Chairman and four members appointed by the President.
- Term: Duration specified by the President; members can be reappointed.

##### Qualifications:

- Chairman: Must have experience in public affairs.
- Members: Should include a High Court judge or a qualified individual, a finance/accounting expert, an experienced financial administrator, and an economist.

##### Functions:

- Tax Distribution: Recommends how tax proceeds should be distributed between the Centre and States.
- Grants-in-Aid: Advises on principles for grants from the Centre to States.
- State Funds: Suggests measures to increase State funds for Panchayats and Municipalities.
- Other Matters: Addresses additional issues referred by the President.

##### Report:

- The report is submitted to the President, who then presents it to Parliament with an explanatory memorandum on the actions taken.

##### About the 16th Finance Commission:

- Under Article 280(1) of the Constitution, the Government of India established the Sixteenth Finance Commission, with Dr. Arvind Panagariya, former Vice-Chairman of NITI Aayog and Professor at Columbia University, as its Chairman.

##### Major Terms of Reference for the 16th Finance Commission:

- Division of Tax Proceeds: Recommend tax distribution between the Union and States, including State shares.
- Principles for Grants-in-Aid: Establish principles for grants from the Consolidated Fund of India to States, especially under Article 275.
- Enhancing State Funds for Local Bodies: Suggest measures to increase State funds for Panchayats and Municipalities, based on State Finance Commission recommendations.
- Evaluation of Disaster Management Financing: Review and recommend improvements for disaster management funding under the Disaster Management Act, 2005.

##### Recommendations for Local Bodies by the 16th Finance Commission:

##### Revisit 15th FC's Principles:

- Enhance property tax collection linked to state GST.
- Improve maintenance of accounts.
- Allocate resources for pollution mitigation.
- Focus on primary health care, solid waste management, and drinking water.

##### Prelims Takeaway

- Finance Commission

- Acknowledge India's dynamic urbanization.
- Ensure intergovernmental transfers to urban areas are at least doubled.

## 2. PM lauds 9 years of the Digital India initiative – PM India

### Relevance:

GS III - Financial Inclusion

### Context:

- The Prime Minister lauded the successful completion of 9 years of the Digital India initiative, highlighting its role in enhancing 'Ease of Living' and transparency.

### Prelims Takeaway

- Digital India Mission

### What is the Digital India Initiative?

- Launched in 2015, the Digital India Initiative aims to transform India into a digitally empowered society and knowledge economy, encompassing various projects from Central Ministries, Departments, and States/UTs.

### Key Focus Areas:

- Digital infrastructure
- Governance
- Services on demand
- Digital empowerment of citizens

### Role of the Digital India Programme:

- Bridging the Rural-Urban Divide: Expands digital infrastructure and access to rural areas through initiatives like BharatNet, bridging the technology access gap.
- Financial Inclusion: Mobile and Aadhaar-linked payment systems, DBT schemes under Digital India enable cashless transactions and direct benefit transfers, expanding digital financial inclusion. Over 40% of all payments in India are digital.
- Accessible Digital Services: Digital locker, eSign frameworks, and online registration platforms simplify access to government services.
- Universal Digital Literacy: Initiatives like Digital Saksharta Abhiyan aim to make at least one person e-literate in every household. Programs like "SWAYAM" and the "National Digital Library" offer online courses and access to academic resources.
- Job Opportunities: Enhancements in digital infrastructure and skill development create employment and entrepreneurship opportunities, including in smaller towns.
- Mobile Connectivity and Apps: The initiative promotes mobile apps for government services, enhancing accessibility and convenience, e.g., the UMANG app.

### Limitations of the Digital India Programme:

- Digital Divide: Despite progress, the digital divide persists, with rural areas having limited internet access. Around 50% of the population is still not online.
- Lack of Customization: High diversity in adoption readiness across different regions demands flexibility in implementation rather than a one-size-fits-all approach.
- Variable Success of Digital Skilling: Digital literacy initiatives are not uniformly successful due to a lack of qualified trainers, vernacular content, and monitoring mechanisms.
- Affordability Barriers: High costs of devices and data plans restrict sustainable adoption for economically weaker segments.
- Rural Infrastructure Gaps: Issues like inadequate electricity and broadband connectivity hinder rural adoption, even as urban areas pivot to 5G and fiberization.

### Way Forward:

- Infrastructure Development: Invest in comprehensive rural broadband infrastructure, e.g., the BharatNet project aims to connect over 250,000 village panchayats with high-speed broadband.
- Targeted Digital Literacy Programs: Launch programs in rural and marginalized communities, e.g., the National Digital Literacy Mission (NDLM) and Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA).

- Public-Private Partnerships: Encourage collaborations between the government and private sectors for digital inclusion, e.g., 'Digital Village' projects.
- Subsidized Schemes: Provide cost-effective smartphones and data plans to economically disadvantaged populations.
- Impact Assessment: Regular surveys and feedback mechanisms to gauge the impact of digital initiatives on different population segments.
- Multilingual Digital Initiatives: Develop and promote digital content in regional languages.

### Conclusion:

- While Digital India has laid the foundations, achieving holistic digital empowerment requires patient stakeholders addressing demographic and regional realities through sustainable models rather than rushing purely for numbers.

## 3. India Bangladesh Relations – Lokmat Times

### Relevance:

GS II - India and its Neighbourhood, Bilateral Groupings & Agreements

### Why in News?

- Recently, during the visit of the Bangladesh Prime Minister to India, the two countries agreed to begin a dialogue on a Comprehensive Economic Partnership Agreement (CEPA) to broaden economic ties.

### Prelims Takeaway

- India Bangladesh Relations

### Major Outcomes of the Recent Meeting:

- CEPA Initiation: India and Bangladesh agreed to start work on a CEPA to enhance economic ties and foster trade and investment.
- Logistics and Trade Flow: India will support the construction of an inland container port in Sirajganj, Bangladesh.
- Ganga Water Treaty Renewal: Both countries will initiate technical-level talks to renew the 1996 Ganga Water Treaty, focusing on flood management, early warning systems, and drinking water projects.
- Maritime Cooperation Pact: Reflecting shared interests in the Indian Ocean and the Indo-Pacific region, this pact was signed, and Bangladesh's decision to join the Indo-Pacific Oceans Initiative was welcomed by India.

### Other Recent Developments in India-Bangladesh Cooperation:

- India-Bangladesh Friendship Pipeline: Inaugurated to strengthen energy cooperation.
- Pre-1965 Rail Links Rehabilitation: Several pre-1965 rail links between India and Bangladesh have been rehabilitated and are now operational.
- Akhaura-Agartala Rail Link: Connecting Bangladesh and northeast India through Tripura, the sixth India-Bangladesh cross-border rail link.
- BIMSTEC Master Plan for Transport Connectivity: Connects major transport projects in India, Bangladesh, Myanmar, and Thailand, establishing a shipping network.
- Maitree Super Thermal Power Plant: Operationalisation to enhance energy cooperation.
- Khulna-Mongla Port Cargo Facility: Facilitates cargo movement for India's northeastern states.
- Cultural Exchanges: Promoted through centers like the Indira Gandhi Cultural Centre.
- ITEC Training and Scholarships: Bangladesh benefits from Indian Technical and Economic Cooperation (ITEC) training courses and scholarships for higher education in India.

### Ties Between India and Bangladesh:

#### Historical Ties:

- The relationship was solidified during the 1971 Bangladesh Liberation War, where India provided critical military and material support for Bangladesh's independence from Pakistan.
- Relations deteriorated with the rise of military regimes and anti-India sentiments but stabilized in 1996 with a treaty on Ganga water sharing.

## Economic Cooperation:

- Bilateral trade has steadily grown over the past decade, with Bangladesh being India's largest trade partner in South Asia and India being the second-largest trade partner of Bangladesh in Asia.
- India is Bangladesh's largest export destination in Asia, with around USD 2 billion of Bangladeshi exports to India in FY 2022-23.
- Since 2010, India has extended Lines of Credit to Bangladesh worth over USD 7 billion.

## Energy:

- Bangladesh imports nearly 2,000 megawatts (MW) of electricity from India.
- In 2018, Russia, Bangladesh, and India signed a memorandum on cooperation for the Rooppur Nuclear power plant project, Bangladesh's first nuclear power reactor.

## 4. France: India's steady partner in green growth - The Hindu

### Relevance:

GS II - International Relations

### Prelims Takeaway

- India France Relations

### Context:

- In 2023, the President of France and the Prime Minister of India elevated the 'Partnership for the Planet' as a crucial pillar of the Indo-French Horizon 2047 Roadmap.

### Background:

- 2023 marked the 25th anniversary of the India-France Strategic Partnership.

### Pillars of Indo-French Horizon 2047:

- Partnership for security and sovereignty
- Partnership for the planet
- Partnership for the people
- Partnership for environmental sustainability

### In 2023, four environmental protection projects were signed between India and France. These include:

- A project in Rajasthan aimed at increasing forest cover, enhancing wildlife conditions, and supporting local livelihoods.
- An initiative to improve sanitation in small towns of Himachal Pradesh.
- A project to enhance solid waste management in 18 cities as part of India's flagship circular economy program, CITIIS.
- A green credit line with the State Bank of India to fund electric buses and energy-efficient housing.

### Major Highlights of India and France Relations:

- Strategic Partnership: Post-India's 1998 nuclear tests, France was the first nation to initiate a Strategic Dialogue with India and did not impose bilateral sanctions, understanding India's security compulsions. France was the first Western country with which India signed a strategic partnership.
- Economic: Bilateral trade between India and France reached \$13.4 billion in 2022-23. France is a significant investor in India, with an FDI inflow of \$659.77 million in FY 2022-23. For FY 2023-24, Indian exports to France totaled \$3.06 billion, while imports from France amounted to \$2.36 billion.
- Defense: Bilateral defense cooperation is reviewed under the Annual Defence Dialogue (Defence Minister level) and the High Committee on Defence Cooperation (Secretary level). The P-75 Scorpene Deal 2005 and the procurement of Rafale jets highlight deep defense ties. Regular joint defense exercises include Garuda (Air forces), Shakti (Armies), and Varuna (Navies).
- Space: Cooperation in space spans over 50 years between ISRO and the French Space Agency (CNES). France is a major supplier of components and equipment for India's space program.
- Energy Cooperation: Progress has been made in discussions related to the Jaitapur Nuclear Power Project (JNPP) and partnerships on Small Modular Reactors (SMR) and Advanced Modular Reactors (AMR). The International Solar Alliance was jointly launched by India and France.

- Education: About 10,000 Indian students are in France, and an agreement on mutual recognition of degrees was signed in 2018. In 2023, it was agreed to increase the number of Indian students in France to 30,000 by 2030.
- Community in France: Mainland France hosts approximately 119,000 Indian community members, mainly from former French colonies and states such as Tamil Nadu, Gujarat, and Punjab.
- Tourism: In 2019, around 250,000 French tourists visited India, with Rajasthan being a popular destination. Meanwhile, approximately 700,000 Indians traveled to France.
- Support on international fora: France supports India's claim for permanent membership of the UN Security Council and has been instrumental in India's accession to the MTCR, Wassenaar Arrangement, and Australia Group. France continues to back India's bid for the Nuclear Suppliers Group and the adoption of the Comprehensive Convention on International Terrorism (CCIT) in the UN.

## 5. Smart Cities Mission extended till March 2025 - The Hindu

### Relevance:

Government Policies and Interventions for Development in various sectors and Issues arising out of their Design and Implementation.

### Prelims Takeaway

- Smart Cities Mission

**News:** The Centre has extended the Smart Cities Mission (SCM) under the Union Urban Development Ministry till March 31, 2025.

### Highlights:

- Under the SCM, launched in June 2015, 100 cities were chosen through a competition to be developed as smart cities.
- The mission envisions developing areas within selected cities in the country as model areas based on an area development plan, which is expected to have a rub-off effect on other parts of the city and nearby cities and towns.
- The mission has been getting multiple requests from some States/city government representatives to grant some more time to complete the balance 10% projects.
- These balance ongoing projects are in advanced stage of implementation and got delayed due to various on-ground conditions.
- This extension has been informed to the cities that it would be without any additional cost, beyond the already approved financial allocation under the mission.
- All ongoing projects are now expected to be completed before March 31, 2025.

## GS III

## 6. U.P. Hathras Stampede – The Hindu

### Relevance:

GS II - Governance

### Context:

- A stampede at a religious gathering in Hathras has resulted in over 100 fatalities. Previous incidents include the Kalkaji temple platform collapse and the Vaishno Devi temple stampede in 2022.

### What is a Stampede?

- Stampedes are disruptions in crowd movement leading to injuries and deaths. Contributing factors include poor event management, overcrowding, or natural disasters like sudden heavy rain, floods, or earthquakes.

### Preventive Measures:

- Proper risk analysis and capacity planning should consider the event's frequency, weather, and terrain. Safety protocols must include multiple entry and exit points, emergency medical personnel, first aid kits, and ambulances.

### NDMA Guidelines on Crowd Management:

### Prelims Takeaway

- NDMA Guidelines

- The National Disaster Management Authority (NDMA) has issued guidelines to prevent and mitigate risks at mass gatherings.

### Key Guidelines:

- Risk Assessment and Planning: Develop a crowd management plan outlining roles, communication protocols, and emergency response procedures.
- Infrastructure and Facilities: Ensure adequate space, entry/exit points, signage, lighting, and sanitation.
- Crowd Flow Management: Use technology like CCTV and drones to monitor crowd movement and identify risks, with trained personnel to assist the crowd.
- Emergency Response: Prepare for emergencies like stampedes, fires, medical issues, or terrorist attacks, ensuring medical facilities and trained personnel are available.
- Training and Awareness: Train organizers, security personnel, and volunteers on crowd management and emergency procedures.
- Use of Technologies: Utilize AI and data analytics for crowd prediction and behavior analysis.

## 7. Ariane 6 launches LIFI – European Space Agency

### Relevance:

GS III - Science and Technology

### Context:

- The Ministry of Defence, under the Innovations for Defence Excellence (iDEX) initiative, has adopted Li-Fi Technology to tackle the communication challenges faced by the Indian Navy.

### About Light Fidelity (Li-Fi) Technology:

- Li-Fi is a wireless communication technology that uses visible light to transmit data, unlike traditional Wi-Fi which relies on radio waves. It uses LEDs to create a high-speed, secure, and energy-efficient communication channel.

### Working Mechanism:

- LEDs as Data Transmitters: LEDs emit light modulated at high speeds to encode data. By varying light intensity, data is transmitted.
- Photodetectors as Receivers: Devices equipped with photodetectors receive modulated light signals, converting them into electrical signals processed as data.

### Advantages:

- High Speed: Li-Fi can achieve data rates of several Gbps, surpassing traditional Wi-Fi.
- Security: Operating within the visible light spectrum, Li-Fi does not penetrate walls, enhancing security against eavesdropping.
- No Interference: Li-Fi does not interfere with radio frequencies used by Wi-Fi or cellular networks.
- Energy Efficiency: LEDs are energy-efficient, contributing to overall energy savings.

### Challenges and Considerations:

- Line of Sight: Requires direct line of sight between transmitter and receiver.
- Indoor Use: Ideal for indoor environments like offices, hospitals, and smart homes.
- Integration: Integrating Li-Fi with existing infrastructure and devices remains challenging.

### Applications:

- Internet Connectivity and Indoor Communication: Provides high-speed internet access in offices, homes, and public spaces.
- Secure Environments: Beneficial for military bases, hospitals, and data centers.
- Underwater Communication: Effective for underwater communication where RF signals are ineffective.

### Prelims Takeaway

- Science and Technology Facts

## 8. Spike in pollution levels may raise death rates in cities with cleaner air, says study - The Hindu

**Relevance:** Conservation, Environmental Pollution and Degradation, Environmental Impact Assessment.



**News:** Spike in air pollution in Indian cities that have cleaner air may raise death rates higher than in cities that have higher pollution loads

**Highlights:**

- The same increase in air pollution in, say, Bengaluru, can raise death rates more than in Delhi, which has much higher background levels of air pollution.
- Overall, however, cities that had high pollution loads saw a greater fraction of annual deaths attributable to air pollution, with 11.5% of Delhi's annual deaths attributable to air pollution, and 4.8% in Bengaluru.
  - The latter's population had 30% the exposure to daily air pollution that an average Delhi resident is subjected to.
- The scientists analysed pollution and death registry data from Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata, Mumbai, Pune, Shimla, and Varanasi.
- Nearly 30,000 deaths, or 7.2% of the annual deaths in the 10 cities, were due to short-term PM 2.5.
- The total daily deaths in these cities rose by 1.42% for every 10 microgram per cubic metre increase in the average PM 2.5 exposure over a two-day period, the study found.

## Editorials, Gists and Explainers

### 9. Petrochemicals – The Mint

**Relevance:**

GS III – Infrastructure related issues

**Introduction:**

- The Indian chemical and petrochemical sector is pivotal in the evolution of the nation's industrial and agricultural domains, achieving significant milestones in capacity and value growth over the past seven decades. With over 80,000 types of chemicals and petrochemicals produced domestically, the industry employs more than two million individuals. India is renowned for exporting specialty chemicals, specific agrochemicals, dyes, and pigments. There are substantial investment opportunities across all segments of the chemical and petrochemical industry in India. Recently, India has emerged as a competitive, high-quality manufacturing hub in the global market, attracting substantial foreign investment. Presently valued at \$178 billion USD, the Indian chemical and petrochemical industry is projected to reach approximately \$300 billion USD by 2025. The global chemical and petrochemical sector has had to diversify its supply chains due to the pandemic, and India presents itself as a lucrative region with favorable investment policies.
- India stands out as a significant potential investment area due to Asia's growing role in the production and sales of the chemical and petrochemical (CPC) industry. The sector is integral to India's manufacturing industry and economic growth, significantly impacting various industrial segments like agriculture, food and beverages, textiles, rubber, and petroleum refining. Petrochemicals, derived from refining petroleum and natural gas, encompass polymers, synthetic fibers, performance plastics, and more.

**Market Size and Global Position:**

- The industry, valued at \$178 billion USD, is anticipated to grow to approximately \$300 billion USD by 2025.
- India is emerging as a competitive and high-quality manufacturing hub globally.
- The pandemic has led to the diversification of supply chains in the global chemical and petrochemical industry, positioning India as a significant potential investment region.
- India's chemical and petrochemical sector holds a substantial position in the global market.

**Integration and Economic Contribution:**

- The industry is a vital part of India's manufacturing sector and economic growth.
- It enhances the quality of life by meeting basic needs through direct and indirect linkages in various industrial segments like agriculture, food and beverages, textiles, rubber, and petroleum refining.

## Diverse Applications:

- Petrochemicals are essential for producing polymers, synthetic fibers, performance plastics, and other materials.
- In agriculture, they are crucial for manufacturing fertilizers and pesticides, boosting crop yields.
- The healthcare sector relies on petrochemicals for pharmaceuticals, medical devices, and personal protective equipment (PPE).
- The automotive industry uses petrochemicals for synthetic rubber in tires and various plastic components.
- The packaging industry values petrochemicals for their versatility, durability, and cost-effectiveness.
- The textiles and consumer goods industries utilize synthetic fibers and materials, revolutionizing fashion and home products.

## Growth Drivers:

- There is substantial domestic demand from linked industries and direct consumers.
- Favorable geopolitical circumstances have enhanced export demand, making India an attractive destination for foreign investments.
- Strong governmental policies support industry growth, such as 100% FDI under the automatic route (excluding certain hazardous chemicals).
- Increased investment in research and development fosters the creation of green technologies and innovative products.

## Environmental and Sustainability Challenges:

- The extraction and processing of fossil fuels contribute to greenhouse gas emissions, pollution, and habitat destruction.
- Plastic waste poses a severe environmental threat, highlighting the need for sustainable practices and the development of alternative materials.

## Way Forward:

- Embracing green chemistry and bio-based feedstocks can reduce the environmental impact of petrochemical production.
- Advances in recycling technologies, such as chemical recycling, can help mitigate plastic waste.
- Adopting circular economy principles, where materials are reused and recycled, can lead to more sustainable resource management.
- Governments need to implement stringent environmental regulations to guide the industry towards sustainability.
- Providing incentives for developing and adopting green technologies is crucial.
- Public-private partnerships can facilitate eco-friendly alternatives and low-carbon economy transitions.
- International cooperation is essential for addressing global challenges, with organizations like the United Nations and the World Economic Forum fostering dialogue and action.

## Conclusion:

- The Indian chemical and petrochemical industry is vital to modern life, supporting various industries and contributing to the global economy. The industry must navigate significant environmental and sustainability challenges. Embracing innovation, sustainable practices, and robust policy frameworks is key to the industry's future. India is poised to become a global leader in the petrochemical industry with strong governmental support and global recognition. Strategic investments in innovation, sustainable practices, and favorable policies will drive economic growth and ensure a sustainable future for the petrochemical sector.

## 10. India's forex reserves rise by \$816 million to \$653.7 bn – Economic Times

### Relevance:

GS III – Indian Economy

### Introduction:

- According to the Reserve Bank of India (RBI), the nation's foreign currency assets (FCA), the largest portion of forex reserves, increased by \$3.773 billion, reaching \$576.337 billion in the reported week. Additionally, gold reserves saw a rise of \$481 million, bringing the total to \$56.982 billion. Special Drawing Rights (SDRs) grew by \$43 million, reaching \$18.161 billion, and India's reserve position with the IMF increased by \$10 million to \$4.336 billion during this period.

### Factors Contributing to the Increase:

- **Foreign Currency Assets:** The FCA, being the largest component of forex reserves, increased by \$3.773 billion to \$576.337 billion. This growth is attributed to strong export performance, robust remittances, and strategic foreign investments.
- **Gold Reserves:** India's gold reserves rose by \$481 million to \$56.982 billion, driven by strategic purchases by the RBI and favorable global gold prices, reflecting a hedging strategy against currency fluctuations.
- **Special Drawing Rights:** SDRs saw an increase of \$43 million to \$18.161 billion, highlighting India's proactive approach in engaging with international financial institutions and optimizing its financial resources.
- **IMF Reserve Position:** India's reserve position with the IMF grew by \$10 million to \$4.336 billion, showcasing the country's commitment to maintaining a strong relationship with the IMF and ensuring a robust financial safety net.

### Implications for the Indian Economy:

- **Economic Stability:** High forex reserves provide a cushion against external economic shocks, such as sudden capital outflows or a spike in oil prices, enhancing the country's economic stability and resilience.
- **Credit Rating:** Improved forex reserves positively impact India's credit rating, making it easier and cheaper for the government and corporations to borrow from international markets, leading to more favorable borrowing terms and lower interest rates.
- **Investor Confidence:** A strong reserve position boosts investor confidence, attracting more foreign investment and fostering economic growth. It signals a stable and robust economic environment, encouraging both domestic and international investments.
- **Exchange Rate Management:** With ample reserves, the RBI can effectively manage the exchange rate, preventing excessive volatility and ensuring a stable macroeconomic environment, crucial for businesses engaged in international trade and investment.
- **Trade Facilitation:** High reserves facilitate international trade by ensuring that the country can meet its import obligations and maintain trade relationships without disruption, particularly important for a country like India, which relies on imports for essential commodities like oil.

### Significance of the Rise in Forex Reserves:

- **Economic Resilience:** Increasing reserves reflect a robust and resilient economy capable of withstanding global financial fluctuations and economic downturns, providing a safety net during times of economic crisis.
- **Enhanced Global Standing:** A high level of forex reserves enhances India's standing in the global economic arena, reflecting strong economic fundamentals and prudent financial management, making the country an attractive destination for global investors.

- **Fiscal and Monetary Stability:** The rising forex reserves indicate effective fiscal and monetary policies implemented by the government and the RBI, showcasing the ability to manage external debt and maintain a healthy balance of payments.
- **Confidence in Currency:** Increasing forex reserves reflect confidence in the Indian rupee and its stability, mitigating the risk of currency depreciation and supporting the RBI in maintaining a stable exchange rate.

### Way Forward:

- **Diversification of Exports:** Enhancing the competitiveness of various sectors and diversifying the export base can ensure a steady inflow of foreign exchange. Promoting sectors like electronics, automobiles, and renewable energy can be beneficial.
- **Strengthening FDI Inflows:** Continued economic reforms and improving the ease of doing business can attract more FDI. Focus on sectors like infrastructure, healthcare, and green technology can provide long-term benefits.
- **Enhancing Remittance Channels:** Facilitating smoother and more cost-effective remittance channels for the Indian diaspora can sustain the inflow of remittances. Simplifying procedures and reducing transaction costs can encourage more remittances.
- **Prudent Fiscal Management:** Maintaining fiscal discipline and managing external debt efficiently will ensure that the reserves are used optimally and sustainably. Reducing fiscal deficits and managing public finances prudently are essential steps.
- **Building Economic Resilience:** Investing in sectors that build economic resilience, such as technology and innovation, can help mitigate the impact of global economic fluctuations. Encouraging research and development and fostering a startup ecosystem can drive long-term growth.

### Conclusion:

- India's record-high forex reserves are a testament to the country's robust economic fundamentals and strategic financial management. This achievement provides a significant buffer against external shocks and enhances the country's economic standing globally. However, sustaining this momentum requires continued efforts to diversify the economy, attract investments, and manage resources prudently. With a strategic approach, India can leverage its forex reserves to drive long-term economic growth, stability, and prosperity. The journey ahead is filled with opportunities, and with the right policies and actions, India can continue to strengthen its position as a major global economic player.

## 11. RBI's surplus: To spend or not to spend - Indian Express

**Relevance:** Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment.

### Context:

- In an unexpected turn of events, the RBI announced last month that it is transferring a sizable dividend to the government, significantly more than what was anticipated.
- This has triggered much discussion about how the government can spend this windfall.

### Government Spending

- Fiscal management should be guided by two general principles.
- First, deficits should be kept at prudent levels.
  - In India, that level should ideally be around three per cent of GDP for the Centre according to the long-standing Fiscal Responsibility and Budget Management (FRBM) Act.
- Second, governments should spend a bit more than this norm when the economy is doing badly and a bit less when the economy is doing well.
- The purpose of varying the deficit, as specified by the second principle, is to stabilise the economy.
- In bad times, when private sector demand is falling, the government needs to step in and boost demand to prop up the economy.
- The needs are reversed when the economy starts to recover.

- As private demand revives, the government needs to curtail its spending lest overall demand races ahead of supply, fostering inflation.

### Inability to curtail Deficit

- Larger-than-normal deficits need to be followed by smaller-than-normal deficits so that government debt gets stabilised instead of spiralling upwards.
- Following these two principles can keep a country out of debt problems while stabilising the ups and downs of growth cycles.
- In India, however, governments have always struggled to spend within their means, irrespective of whether the economy is slowing or booming.
- In the 20-year period from 2000-01 to 2019-20, the average fiscal deficit of the Centre was 4.6 per cent of GDP, much higher than the three per cent medium-term target set by the FRBM Act.
- During the pandemic, the deficit shot up to 9.2 per cent of GDP in 2020-21, a large increase but a reasonable one, considering the size of the shock to the economy.
- But curiously even after the economy recovered, the deficit has been slow to come down.
- In the Interim Budget presented earlier this year, the Finance Minister announced that the government was targeting a deficit of 5.1 per cent for 2024-25.
  - Three years after the pandemic ended, the deficit is still higher than the pre-pandemic levels, and nowhere close to the FRBM norm.
- The consolidated central and state government deficit is now around 8.5-9 per cent of GDP (compared to the six per cent recommended by the FRBM Act).

### Suggestive Measures

- According to some commentators, the government should increase its capital expenditure (capex).
- As per the Interim Budget, the capex growth rate is supposed to slow down in 2024-25.
- But now with this surplus dividend, the government may be tempted to step up its capex spending. That would be a mistake.
- China, for example as part of their infrastructure building spree, built two to three airports in the same city and are now struggling to repay the debt that was incurred for these projects.
- Governments spend on capex for two reasons: To stimulate growth and to meet the needs of the economy.
- Infrastructure in India is definitely a problem that needs to be solved. But not all at once.
- Since the pandemic, the government's capex spending has been growing at an average annual rate of 30 per cent.
- Not all capex is essential for growth. For example, using Rs 1.6 lakh crore to revitalise telecom MTNL and BSNL is surely not critical, especially when affordable cellphone services are being provided throughout the country by private operators.
- Likewise, it is not obvious that spending lakhs of crores on bullet trains can be justified in a country whose per capita income is less than \$2,500.

## Quick Look – Prelims Specific Topics

### 1. India presents its priorities under Colombo Process – The Economic Times

#### Context:

- India chaired the inaugural meeting of the Colombo Process in Geneva.

#### About the Colombo Process:

- It is a regional consultative forum of 12 Asian member states sharing best practices on overseas employment. Members include Afghanistan, Bangladesh, Cambodia, China, India, Indonesia, Nepal, Pakistan, the Philippines, Sri Lanka, Thailand, and Vietnam. Non-binding decisions are made by consensus. The International Organisation for Migration (IOM) acts as the secretariat for the Colombo Process.

#### Colombo Process objectives:

- Protection of Migrant Workers: Protect and promote the rights of migrant workers in employment and migration.
- Regulatory Mechanisms: Ensure transparent, fair, and efficient recruitment and placement processes.
- Migration Governance: Improve migration management and the welfare of migrant workers.
- Bilateral and Multilateral Agreements: Facilitate bilateral and multilateral agreements on labor migration.
- Remittance and Investment: Promote the development impact of migration through remittances and investment by diaspora communities.

#### Key Initiatives:

- Regulation of Recruitment Practices: Enhancing ethical recruitment and reducing exploitation.
- Skills Development and Recognition: Improving skills and qualifications recognition for migrant workers.
- Social Protection and Welfare: Ensuring access to social protection and welfare for migrant workers and their families.
- Pre-departure Orientation and Information: Providing accurate information and orientation to migrants before departure.
- Bilateral and Regional Cooperation: Strengthening bilateral and regional cooperation on migration issues.

#### Benefits of the Colombo Process:

- Collaborative Approach: Encourages a collaborative approach among member countries, leading to better protection and welfare of migrant workers.
- Policy Harmonization: Facilitates policy harmonization and alignment on migration management.
- Capacity Building: Enhances capacity building and knowledge sharing among member states.
- Advocacy: Provides a platform for advocating for the rights and welfare of migrant workers at regional and international forums.

#### Conclusion:

- The Colombo Process plays a crucial role in promoting safe, orderly, and regular migration in the Asia-Pacific region.

## 2. Humans Played Key Role in Megafauna Extinctions – Sci News

- Archaeologists have uncovered a 41,000-year-old ostrich nest in Andhra Pradesh, shedding light on the extinction patterns of megafauna in India.
- Megafauna, typically referring to animals exceeding 50 kg, includes the large omnivorous ostrich. This discovery bolsters research into the causes of megafauna extinction in India, highlighting factors such as the arrival of humans approximately 30,000 years ago and the co-evolution hypothesis, which posits that geographic isolation and abiotic elements hastened their extinction.



## Prelims Track Question

**Q1.** In which of the following states is Cauvery Wildlife Sanctuary located?

- a) Karnataka
- b) Tamil Nadu
- c) Kerala
- d) Andhra Pradesh

**Q2.** Consider the following statements:

1. Sambar deer exist only in the region between the Brahmaputra and the Dibang rivers.
2. It is listed as a vulnerable species on the IUCN Red List.

**Which of the statements given above is/are correct?**

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

**Q3.** 'Varuna-23' is a bilateral naval exercise between the:

- a) India and Nepal
- b) India and France
- c) India and Sri Lanka
- d) India and Japan

**Q4.** What is 'Greenhouse Gas Protocol'?

- a) It is an international accounting tool for government and business leaders to understand, quantify and manage greenhouse gas emissions
- b) It is an initiative of the United Nations to offer financial incentives to developing countries to reduce greenhouse gas emissions and to adopt eco-friendly technologies
- c) It is an inter-governmental agreement ratified by all the member countries of the United Nations to reduce greenhouse gas emissions to specified levels by the year 2022
- d) It is one of the multilateral REDD+ initiatives hosted by the World Bank

**Q5.** With reference to 'Financial Stability and Development Council', consider the following statements:

1. It is an organ of NITI Aayog.
2. It is headed by the Union Finance Minister.
3. It monitors macro-prudential supervision of the economy.

**How many of the above statements are correct?**

- a) Only one
- b) Only two
- c) All three
- d) None

**Q6.** Consider the following statements regarding Sea floor:

1. Volcanic eruptions are common along the mid-oceanic ridges.
2. The age of the rocks decreases as one moves away from the crest.
3. The ocean crust rocks are much younger than the continental rocks.

**How many of the above statements is/are correct?**

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

**Q7.** Consider the following statements regarding Thermosphere:

1. In thermosphere temperature decreases very rapidly with increasing height.
2. Radio waves transmitted from the earth are reflected back to the earth by this layer.
3. The space shuttle and the International Space Station both orbit Earth within the thermosphere.

**How many of the above statements is/are correct?**

- a) Only one
- b) Only two
- c) All three
- d) None

**Q8.** Which of the following conditions are good for fisheries production & catch?

1. Shallow continental shelves in cold regions
2. Abundance of phytoplankton
3. Meeting of warm and cold currents
4. Coastal upwelling of nutrient rich colder water

**Select the correct answer code:**



- a) 1, 2, 3  
b) 1, 3, 4  
c) 2, 3, 4  
d) 1, 2, 3, 4
- Q9. The speed of tsunami waves in Ocean largely depends on:**  
a) Ocean depth  
b) Distance from mid-oceanic ridges  
c) Distance from the source of the wave  
d) Density of water
- Q10. Which of the following are the conditions for the emergence of a tropical cyclone?**
1. Unstable condition through the Troposphere
  2. Strong Coriolis force
  3. Strong vertical wind
  4. Large and continuous supply of warm and moist air.
- Select the correct answer code:**  
a) 1, 2, 3  
b) 1, 2, 4  
c) 2, 3, 4  
d) 1, 2, 3, 4



## Prelims Track Answer

### Answer 1 Option A is correct

#### Explanation:

- The Cauvery Wildlife Sanctuary is a protected area located in the Mandya, Chamarajanagar and Ramanagar districts of Karnataka, India.

### Answer 2 Option is correct

#### Explanation:

- Presence in India: Sambar deer is found in almost every corner of India, But it is mainly found in the central India. They can easily be spotted at Kanha, Corbett, Ranthambore, Bandhavgarh, Gir, Dudhwa, Manas, Kaziranga and Sariska.
- It is listed as a vulnerable species on the IUCN Red List since 2008 due to severe hunting, local insurgency, and industrial exploitation of habitat.

### Answer 3 Option B is correct

#### Explanation:

- Context: The 21st edition of the India-France bilateral naval exercise 'Varuna-23' took place in the Arabian Sea. This exercise involved guided missile frigates, a tanker, Maritime Patrol Aircraft, and helicopters from both the Indian and French Navies.
- His exercise has a long history, dating back to 1993, and has evolved into a symbol of the strong India-France strategic relationship, providing a platform for learning and cooperation in maritime security.
- Other defence Exercises between India and France:
  - Varuna – Naval exercise
  - Desert Knight-21 and Garuda (Air exercise)
  - Shakti – Army exercise

### Answer 4 Option A is correct

#### Explanation:

- The Greenhouse Gas Protocol (GHG Protocol) is the most widely used international accounting tool for government and business leaders to understand, quantify, and manage greenhouse gas emissions.

- It is a decade-long partnership between the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).
- It is working with businesses, governments, and environmental groups around the world to build a new generation of credible and effective programs for tackling climate change.

### Answer 5 Option B is correct

#### Explanation:

- Statement 1: With a view to strengthening and institutionalizing the mechanism for maintaining financial stability, enhancing inter-regulatory coordination and promoting financial sector development, the Financial Stability and Development Council (FSDC) was set up by the Government as the apex level forum in December 2010 (much before NITI Aayog was even setup). So, 1 is incorrect.
- Statement 2: The Chairman of the Council is the Finance Minister and its members include the heads of financial sector Regulators (RBI, SEBI, PFRDA, IRDA & FMC) Finance Secretary and/or Secretary, Department of Economic Affairs, Secretary, Department of Financial Services, and Chief Economic Adviser. So, 2 is correct.
- Statement 3: Without prejudice to the autonomy of regulators, the Council monitors macro prudential supervision of the economy, including functioning of large financial conglomerates, and addresses inter-regulatory coordination and financial sector development issues. So, 3 is correct.
- It also focuses on financial literacy and financial inclusion.

### Answer 6 Option B is correct

- Statement 2 is incorrect.
- **Sea floor spreading is verified using these phenomena:**
- It was realised that all along the mid-oceanic ridges, volcanic eruptions are common and they bring huge amounts of lava to the

surface in this area. The sediments on the ocean floor are unexpectedly very thin.

- The age of the rocks increases as one moves away from the crest.
- The ocean crust rocks are much younger than the continental rocks.
- The sediments on the ocean floor are unexpectedly very thin.
- The deep trenches have deep-seated earthquake occurrences while in the mid-oceanic ridge areas, the quake foci have shallow depths.

### Answer 7 Option B is correct

- Statement 1 is incorrect.
- The thermosphere is a layer of Earth's atmosphere. The thermosphere is directly above the mesosphere and below the exosphere. It extends from about 90 km to between 500 and 1,000 km above our planet.
- This layer helps in radio transmission. In fact, radio waves transmitted from the earth are reflected back to the earth by this layer.
- The space shuttle and the International Space Station both orbit Earth within the thermosphere! This is also where you'll find low Earth orbit satellites.
- It is called the thermosphere because temperatures can reach up to 1,500 degrees Celsius. However, despite the high temperatures, the pressure is very low, so satellites don't suffer heat damage.

### Answer 8 Option D is correct

- The following conditions are good for fisheries production & catch:

- Coastal upwelling of nutrient rich colder water
- Abundance of phytoplankton
- Meeting of warm and cold currents
- Shallow continental shelves in cold regions

### Answer 9 Option A is correct

- Tsunamis are giant waves caused by earthquakes or volcanic eruptions under the sea. Out in the depths of the ocean, tsunami waves do not dramatically increase in height. But as the waves travel inland, they build up to higher and higher heights as the depth of the ocean decreases.
- It depends on Ocean depth rather than the distance from the source of the wave. Tsunami waves may travel as fast as jet planes over deep waters, only slowing down when reaching shallow waters

### Answer 10 Option B is correct

- Some initial conditions for the emergence of a tropical cyclone are:
  - (i) Large and continuous supply of warm and moist air that can release enormous latent heat.
  - (ii) Strong Coriolis force that can prevent filling of low pressure at the centre (absence of Coriolis force near the equator prohibits the formation of tropical cyclone between 0°-5° latitude).
  - (iii) Unstable condition through the troposphere that creates local disturbances around which a cyclone develops.
  - (iv) Finally, absence of strong vertical wind wedge, which disturbs the vertical transport of latent heat.



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