

● POLITY

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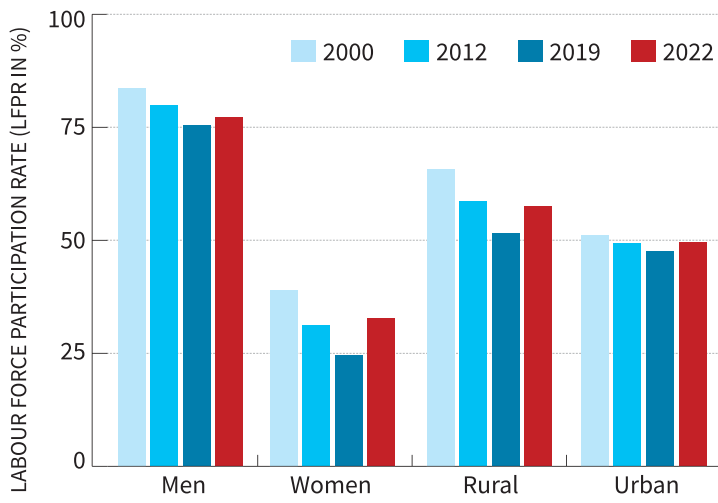
POLITY & GOVERNANCE

Employment scenario in India grim, says ILO report

CONTEXT: According to the India Employment Report 2024 released by the International Labour Organisation (ILO) and the Institute of Human Development (IHD), the share of youths with secondary or higher education among the unemployed youth in India has almost doubled from 35.2 % in 2000 to 65.7 % in 2022.

Employment blues

Labour participation for various sections increased slightly in 2022 (compared to 2019) but was still low vis-a-vis 2000



The youth account for almost 83 % of the country's unemployed workforce. While India's large young workforce is a demographic dividend, the report noted that they don't appear to have the skills to deliver — with 75% of youth unable to send emails with attachments, 60% unable to copy and paste files, and 90% unable to put a mathematical formula into a spreadsheet.

Employment and underemployment of the youth increased between 2000 and 2019 but declined during the pandemic years, adding that educated youngsters experienced much higher levels of unemployment in the country during the period. The Labour Force Participation Rate (LFPR), Worker Population Ratio (WPR) and Unemployment Rate (UR) showed a long-term deterioration between 2000 and 2018, but witnessed an improvement after 2019.

The basic long-term feature of the employment situation in the country continued to be insufficient growth of the non-farm sectors and the ability of these sectors to absorb workers from agriculture, even though non-farm employment grew at a higher rate than farm employment over the different periods prior to 2018. Labour from agriculture was mainly absorbed by the construction and services sectors. Also, almost 90 % of workers remain engaged in informal work, while the share of regular work, which steadily increased after 2000, declined after 2018.

High level of joblessness among educated youths reflects the lack of quality employment opportunities. Many highly educated young people wait in the hopes of securing better employment in the future, unwilling to take on low-paying, insecure jobs that are currently available and would rather. The country is also facing the challenge of a substantial gender gap in the labour market, with low rates of female labour force participation. There are widespread livelihood insecurities, with only a small percentage being covered with social protection measures, precisely in the non-agriculture, organised sector.

INTERNATIONAL RELATIONS

Sensing threat from China, India joins the race to mine sea patch

CONTEXT: India applied to the International Seabed Authority (ISBA), Jamaica, for rights to explore two vast tracts in the Indian Ocean seabed that are not part of its jurisdiction.

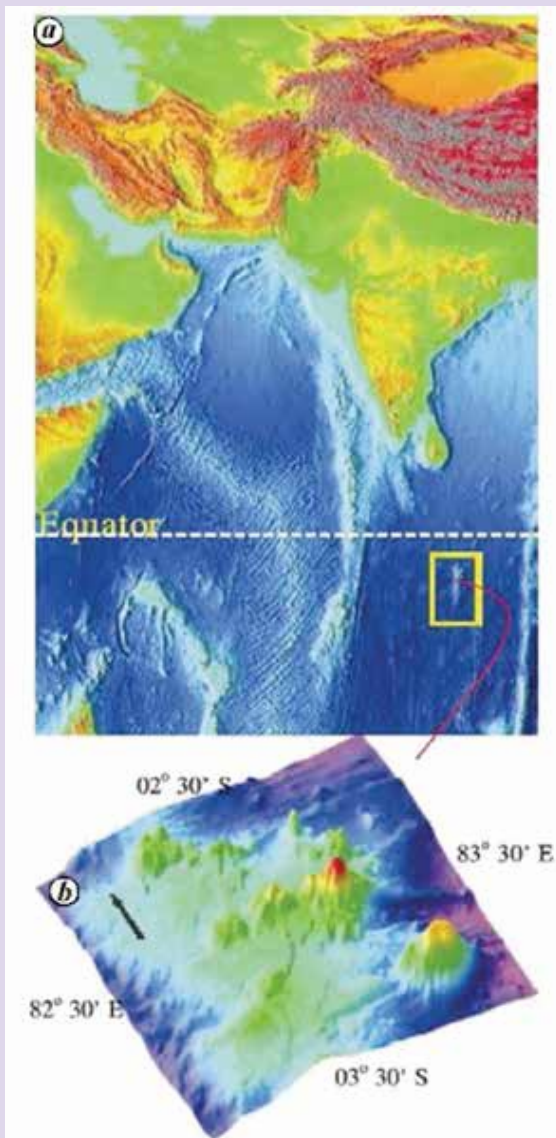


Rights to the region have already been claimed by Sri Lanka under a separate set of laws, but India's application is part-motivated by reports of Chinese vessels undertaking reconnaissance in the same region. The application to explore one of these regions, a cobalt-rich crust long known as the Afanasy Nikitin Seamount (AN Seamount), is a gambit by India.

Countries must apply first for an exploration licence to the ISBA, an autonomous international organisation established under the United Nations Convention on the Law of the Sea (UNCLOS) to explore minerals from seabed that are part of the open ocean, meaning ocean — whose air, surface and sea-bed — where no countries can claim sovereignty. Around 60 % of the world's seas are open ocean and though believed to be rich in a variety of mineral wealth. Currently, no country has commercially extracted resources from open oceans.

The Commission on the Limits of the Continental Shelf, another UNCLOS-linked bod decides on the limits of a country's continental shelf, may impede India's exploration ambitions. Countries have exclusive rights up to 200 nautical miles, and its underlying sea-bed from their borders. Some ocean-bound states may have a natural stretch of land, connecting their border and the edge of the deep ocean that extends beyond this 200, as part of their so-called continental shelf. To claim so, however, a country must give a detailed scientific rationale, complete with underwater maps and surveys to show this unbroken land-connect to a scientific commission appointed by the ISBA. If such a claim is approved, then such a country will have primacy to explore and potentially exploit the living and non-living resources in the region.

Normally, claims to the continental shelf do not extend beyond 350 nautical miles from their coast. Sri Lanka has claimed up to 500 nautical miles, as countries along the Bay of Bengal can apply a different set of criteria to make claims on the extent of their continental shelf.



AN Seamount, a structural feature (400 km-long and 150 km-wide) in the Central Indian Basin, located about 3,000 km off India's coast from an oceanic depth of about 4,800 km, it rises to about 1,200 metres and is rich in deposits of cobalt, nickel, manganese, and copper.

INTERNATIONAL RELATIONS

Stop the war

CONTEXT: The United Nations Security Council issued its first demand to halt the fighting in Gaza, calling for a ceasefire during the Muslim holy month of Ramzan in a vote that drew an immediate protest from the Israeli Prime Minister.

Hamas's October 7 cross-border attack killing at least 1,200 Israelis triggered a war with Hamas. Around, 32,000 Palestinians have been killed, injuring another 74,000, more than 90 % of the enclave's population displaced and nearly all of them pushed into a devastating hunger crisis. After five and a half months-long fighting, Israel has turned much of Gaza into rubble, but has neither destroyed Hamas nor rescued hostages. Israel is planning an imminent invasion of Rafah, the southernmost town where approximately 1.4 million Palestinians are densely populated.

The prolonged war has created fissures within the Netanyahu cabinet. The Prime Minister is immensely unpopular and his coalition partners are at war with one another. The war has also increased Israel's isolation, with tensions rising in its ties even with its close partners, including the U.S.

The United States, which has vetoed every UN resolution earlier that called for an immediate ceasefire in Gaza, abstained this time, signalling a change in the Biden administration's policy towards the war. All other members of the UNSC, including Britain, which until recently had resisted calls to back a ceasefire, voted for the resolution.

Israel responded angrily, cancelling a planned visit of two of Prime Minister Benjamin Netanyahu's close cabinet aides to Washington, and, backed by China and Russia, blasting the resolution, for not conditioning a ceasefire on the release of hostages.

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POLITY & GOVERNANCE

A cry for help, a call for reflection and action

CONTEXT: In contemporary India, the lack of (suitable) job opportunities, a limited number of seats in government institutions and the high fees charged in private institutions have all created a climate where there is intense competition.

In 2022, according to data in the “Accidental Deaths and Suicides in India 2022” report by the National Crime Records Bureau (NCRB), over 13,044 Indian students ended their lives — 7.6 % of the total suicide fatalities in that year. The number of suicides (students) rose from 10,335 in 2019, to 12,526 in 2020, to 13,089 in 2021. As in NCRB data (2018), nearly 95,000 students faded away between 2007-18.

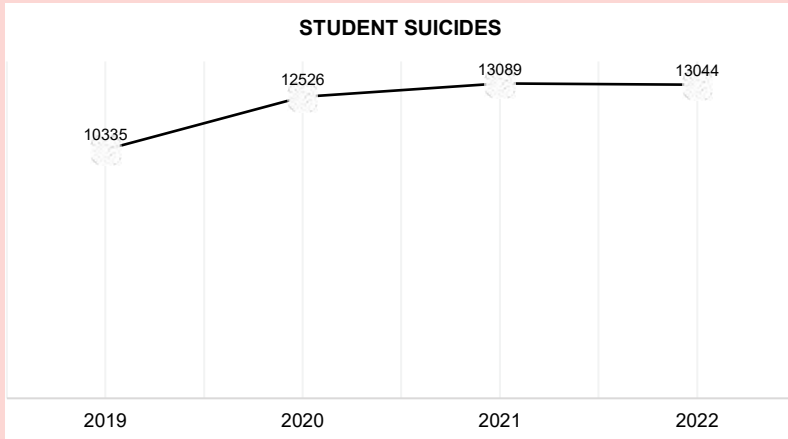


FIGURE: Line chart representation of number of student suicides in India. Source: National Crimes Record Bureau (NCRB).

The education system

An All-India Survey on Higher Education (AISHE) report (2019-20), showed that only 21.4% of colleges are under governmental administration, with 78.6% under private entities (as reported by the Union Education Ministry). A study in 2008 in The Lancet revealed that nearly 61% of global suicide fatalities were concentrated in Asia. Numerous families in India (especially in the middle and lower-income brackets), face financial constraints that prevent them from providing their children with supplementary educational resources such as coaching and tuition. This lack of support in turn places immense and intense pressure on students to succeed in examinations of various kinds. A lack of success then leads to tragedy. Additionally, there are numerous instances of faculty members in institutions often chastising students for their subpar academic performance, when they should be offering encouragement and assistance instead.

POLITY & GOVERNANCE

Set the wheels in motion for a cyclists’ manifesto

CONTEXT: Access to cycles can have a profound impact on children’s lives. These outcomes indicate that some children did not go to schools, or went there infrequently, as the schools were too far to walk to, and they could not afford a bicycle.

Household ownership of cycles over the two decades, from 1998-99 to 2019-21, using data from rounds two and five of the National Family Health Surveys, respectively. In comparison, population-weighted average car ownership across these four States was a measly 5.4 % in 2021.

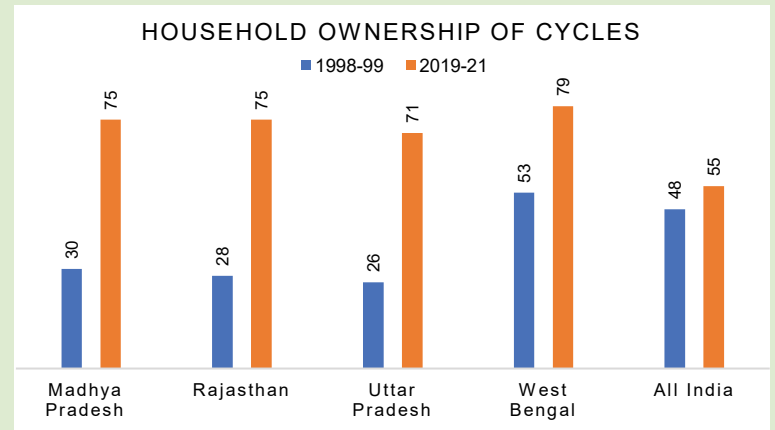
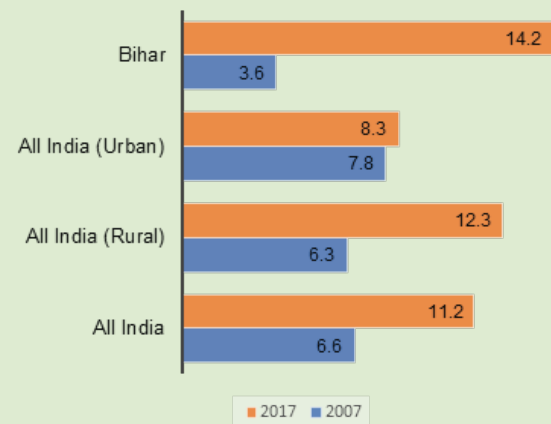


FIGURE: Column chart representation of Household ownership of cycles. Source: National Family Health Survey (NFHS).

Cycling to school



The increase in ownership of cycles also translates to higher use. In a working paper, a team at the Transportation Research and Injury Prevention Centre at the Indian Institute of Technology Delhi analysed the data from the three rounds of National Sample Survey Organisation surveys on household consumption on education (2007-17). Among the many indicators, this data reported how children go to school — walking, by cycle, bus, or other. Under Bicycle Distribution Schemes (BDS), different State governments provide free bicycles to children using either in-kind or in-cash transfers.

The Sabooj Saathi scheme in West Bengal started in 2015, and the levels there increased from 15.4 % in 2014 to 27.6 % in 2017— a 12 percentage point increase over three years.

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POLITY & GOVERNANCE

The need to curb black carbon emission

CONTEXT: At the COP26 climate talks in Glasgow in November 2021, India pledged to achieve net-zero emissions by 2070, positioning itself as a frontrunner in the race to carbon neutrality.

According to the Ministry of New and Renewable Energy, India had installed a renewable energy capacity of over 180 GW by 2023 and is expected to meet its target of 500 GW by 2030.

Why is black carbon relevant?

Black carbon is the dark, sooty material emitted alongside other pollutants when biomass and fossil fuels are not fully combusted. It contributes to global warming and poses severe risks. Studies have found a direct link between exposure to black carbon and a higher risk of heart disease, birth complications, and premature death. Most black carbon emissions in India arise from burning biomass, such as cow dung or straw, in traditional cookstoves.

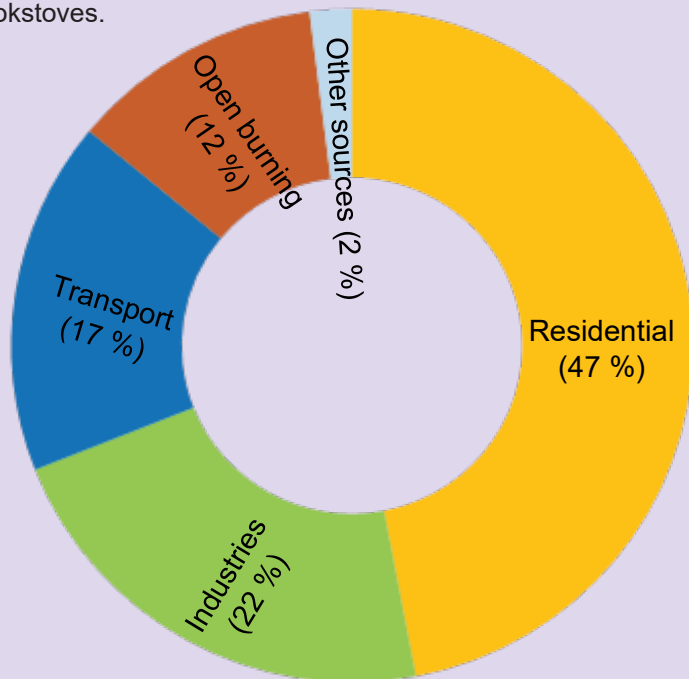


FIGURE: Pie chart representation of share of contribution of different source for black carbon emissions.

PRADHAN MANTRI UJJWALA YOJANA

LAUNCHED: May 2016.

MANDATE: Provide LPG connections to poor households and reduce health risk associated with burning biomass.

STRATEGY: Deposit-free LPG connection to eligible beneficiaries with financial assistance of Rs 1,600 per connection by the Centre.

ELIGIBILITY CRITERIA FOR THE APPLICANT

- Adult woman citizen of India, belonging to a Below Poverty Line (BPL) household.
- No one in the applicant's household should own an LPG connection.
- The household income of the family, per month, must not exceed a certain limit as defined by the government of the Union Territories and State Government.
- Applicant must not be a recipient of other similar schemes provided by the government.

OBJECTIVES OF THE SCHEME

- Empower women and protect health of women.
- Reduce the serious health hazards associated with cooking based on fossil fuel.
- Reduce the number of deaths in India due to unclean cooking fuel.
- Prevent young children from significant number of acute respiratory illnesses caused due to indoor air pollution by burning the fossil fuel.

KEY OBSERVATIONS

- **GREATER PENETRATION AND USAGE OF LPG:** Rolled out 9 Cr. new LPG connections. Approximately, 28 Cr. households in India have access to LPG, up from 61.9 % in 2015 to 99.8 % in 2022.
- **KEROSENE FREE STATES:** Haryana, Punjab and Andhra Pradesh.
- **KEROSENE FREE UNION TERRITORIES:** Delhi, Chandigarh, Daman & Diu, Dadar & Nagar Haveli, Andaman & Nicobar Island and Puducherry.
- **REDUCTION IN MORTALITY:** Recorded a 13% reduction in mortality from air pollution deaths preventing at least 1.5 lakh pollution-related premature deaths in the year 2019 alone. Recorded a 50 % improvement in general health conditions in villages of Rajasthan, Uttar Pradesh and Bihar with high coverage of Ujjwala connections.
- **REDUCTION IN INDOOR AIR POLLUTION:** Avoided at least 8 million tonnes of PM2.5 emissions in 2019 alone.

Has PMUY helped?

In 2022-2023, 25% of all PMUY beneficiaries — 2.69 crore people — availed either zero LPG refill or only one LPG refill, while the average PMUY beneficiary household consumes only 3.5-4 LPG cylinders per year instead of the six or seven a regular non-PMUY household uses. This means up to half of all the energy needs of a PMUY beneficiary household are still met by traditional fuels, which have high black carbon emissions. A shortage of LPG and higher usage of traditional fuels also affect women and children disproportionately. They are more prone to higher levels of indoor air pollution, causing many health issues and leading to premature deaths.

What is the government's role?

In October 2023, the government increased the LPG subsidy to ₹ 300 from ₹ 200. But with rapid increase in LPG prices over the last five years, the cost of a 14.2-kg LPG cylinder, even with an additional subsidy, is still about ₹ 600 per cylinder. The Centre announced a further price reduction of ₹ 100 in March 2024, but this subsidy is expected to be temporary. Most PMUY beneficiaries find the price too high, more so since cow dung, firewood, etc. are 'free' alternatives. The government has estimated that about ₹12,000 crore will be spent on PMUY subsidies in 2024-2025, a figure that has continuously increased each year since the scheme's inception.

Another big hurdle to the PMUY's success is the lack of last-mile connectivity in the LPG distribution network, resulting in remote rural areas depending mostly on biomass. One potential solution to this issue is the local production of coal-bed methane (CBM) gas by composting biomass. CBM is a much cleaner fuel with lower black-carbon emissions and investment. Panchayats



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can take the initiative to produce CBM gas locally at the village level, ensuring every rural household can access clean cooking fuel.

What about the global stage?

Prioritising black carbon reduction through initiatives such as the PMUY scheme can help India become a global leader in addressing regional health concerns and help meet its Sustainability Development Goal of providing affordable clean energy to everyone and contributing to global climate mitigation. Recent estimates have indicated that mitigating residential emissions will avoid more than 6.1 lakh deaths per year from indoor exposure to air pollution.

INTERNATIONAL RELATIONS

India supports Philippines' sovereignty, says Jaishankar; sparks Beijing response

CONTEXT: TExternal Affairs Minister S. Jaishankar conveyed the support of India to the sovereignty of Philippines sparked a sharp response from the Chinese Ministry of Foreign Affairs.



Mr. Jaishankar, as part of a three-nation five-day tour to Singapore, the Philippines, and Malaysia met Philippines President Bongbong Marcos and Foreign Minister Enrique Manalo. Mr. Jaishankar's Manila visit came as tensions between the Philippines and Chinese navies rose to new levels over aggressive maritime moves by the Chinese Coast Guard against a Filipino ship meant to carry supplies to their troops aboard the BRP Sierra Madre ship in the Spratly Islands. The External Affairs Minister (EAM) firmly reiterated India's support to the Philippines for upholding its national sovereignty.

Mr. Jaishankar cited the UN Convention on the Law of the Seas (UNCLOS), 1982 as the "the constitution of the seas" and all parties "must adhere to it in its entirety, both in letter and in spirit". Chinese Navy and Coast Guard have been frequently accused of violating sovereign waters of other countries and claiming islands. China's actions have drawn protest from many Asian neighbours, including the Philippines, Vietnam, and Indonesia in the South China Sea (SCS) region.

Visit to ship

Jaishankar on a visit to the Indian Coast Guard pollution-control ship ICGS Samudra Paheredar, highlighted "shared challenges" that India and Philippines face on oceanic pollution, illegal fishing, and protecting the environment in the region. He also underlined the need for "like-minded countries" in the Indo-Pacific region to enhance cooperation.

On Monday, the Philippines Ministry of Foreign Affairs had summoned the Chinese envoy to protest the actions, including the Chinese Coast Guard ship's physical blocking of the Philippines ship, firing it with a water cannon that injured three of its soldiers. The Chinese Coast Guard, meanwhile claimed that it was legitimately guarding "Chinese waters" from the "foreign vessel".

The Chinese Ministry of Foreign Affairs called on India and the Philippines to "respect China's territorial sovereignty". Maritime disputes are issues between countries concerned. Third parties have no right to interfere whatsoever. China urged the relevant parties to respect China's territorial sovereignty and maritime rights and interests and the efforts of regional countries to keep the South China Sea peaceful and stable. Beijing is understood to be watching India's sale of Brahmos missiles to the Philippines very closely, deliveries for which are expected to be begin shortly.

Deepening ties

During talks with Mr. Manalo, Mr. Jaishankar said he discussed other areas of growing cooperation between the two countries, including trade and capacity-building in digital infrastructure. They also spoke on issues concerning the Indo-Pacific, Myanmar, the Ukraine war, and cooperation in common fora such as the UN and Non-Aligned Movement (NAM). Mr. Jaishankar briefed the Philippines Minister on Indian naval deployment in the Red Sea to counter threats from Houthi militia and piracy. He also highlighted rescue operations, including those where Indian naval personnel have helped Philippines nationals on board ships in distress, including the MV True Confidence and MV Lila Norfolk.



"If you invest more in your education, then you are likely to get more interest in it."

—Benjamin Franklin



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ECONOMICS AND DEVELOPMENT

'RBI actions to restrict credit growth'

CONTEXT: The cost of capital would rise, causing loan growth to slow to 14 % in 2024-25 from 16 % this year, with a spate of tough regulatory actions from the Reserve Bank of India (RBI) to rein in lenders' "overexuberance", enhance compliance culture and safeguard customers.

Lower risk, higher cost

S&P Global expects RBI's measures to curb excessive lending to impede credit growth and raise the cost of capital



to improve governance at finance companies

- S&P Global believes RBI's actions reflect a "serious commitment"

- It expects loan growth to slow to 14% in FY25 from 16% in fiscal year 2024

- 'Compliance costs for small lenders to rise, hurting their ability to compete'

Standard & Poor, the rating agency noted RBI's actions to improve governance and transparency at finance companies and banks would increase capital costs for institutions. The rating major cited the RBI's recent moves to restrain certain lending by IIFL Finance and JM Financial Products, as well as curb the onboarding of new customers at Paytm Payments Bank as a departure from the "historically nominal financial penalties imposed for breaches.

While the RBI's measures were likely to lead to increased compliance costs for lenders and might curb the ability of smaller players to compete, it would also potentially curb excessive lending practices. The RBI's new measures combined with tight liquidity are likely to limit credit growth in fiscal 2025. We expect loan growth to decline to 14 % in fiscal 2025 from 16 % in fiscal 2024, reflecting the cumulative impact of all these actions.

S&P Global said Investors were likely to seek a higher premium for the increased regulatory risk, potentially affecting valuations, as finance firms were also vulnerable to confidence sensitivity.

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