

● POLITY

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POLITY AND GOVERNANCE

MODI LAUNCHES MISSION FOR MOST BACKWARD OF THE SCHEDULED TRIBES

CONTEXT: Prime Minister Narendra Modi Launched the ₹ 24,000 Cr. PM-PVTG Development Mission and a Viksit Bharat Sankalp Yatra focused on government scheme saturation to the last mile in tribal districts celebrating the birth anniversary of tribal icon Birsa Munda.



Prime Minister released the 15th instalment of the PM-Kisan pay-out to farmers, and dedicated a host of projects worth over ₹ 7,000 Cr. to the nation, including a campus of the IIM in Ranchi, and projects in the coal, railways, roads, petroleum and natural gas sectors in Jharkhand.

The scheme is meant to bring 11 key interventions like the PM-Gram Sadak Yojana, PM-Gram Awaas Yojana, Jal Jeevan Mission, etc. by coordinated work of nine ministries to about 22,500 villages across 18 States and Union Territories.

ECONOMICS AND DEVELOPMENT

INDIA SEES 6.2% RISE IN GOODS EXPORTS IN OCTOBER

CONTEXT: India's goods exports grew 6.2 % in October, only the second such uptick this year, but imports jumped 12.3 % to a record high of \$ 65.03 billion, fuelled largely by higher imports of gold, which rose 95.4 %, and oil.

MERCHANDISE AND SERVICE TRADE

India's goods exports grew only for the second time in 2023-24 in October, albeit on a low base, rising 6.2% to \$33.6 billion, but imports jumped to a record high of \$ 65.03 billion, 12.3% over last year, fuelled by higher gold inflows.

Consequently, India's monthly goods trade deficit widened to an all-time high of \$31.46 billion, eclipsing the previous record of \$29.23 billion in September 2022. October's outbound shipments' value was also the lowest since last November, and 2.5% below September's.

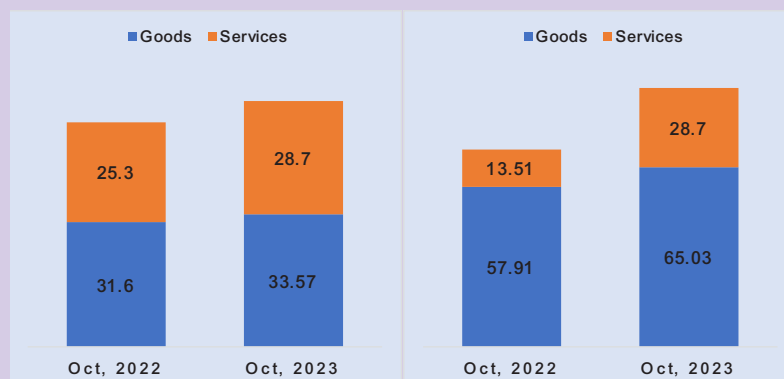


FIGURE: (L) Column chart representation of monthly value of exports of goods and services. (R) Column chart representation of monthly value of imports of goods and services.

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INTERNAL SECURITY

FATF TEAM IN INDIA TO HOLD ON-SITE REVIEW MEETINGS

CONTEXT: A Financial Action Task Force (FATF) team is in India as part of the process to conduct the country's mutual evaluations to ascertain if authorities have put in place and effectively implemented the required legal framework against money laundering and terrorist financing.



Steps involved:

- FATF Team visit:** FATF secretariat officials and domain experts meet senior functionaries of the Department of Revenue under the Finance Ministry and officials of various enforcement agencies, such as the Enforcement Directorate, Narcotics Control Bureau and National Investigation Agency [as it enforces the anti-terror Unlawful (Activities) Prevention Act], and financial regulators.
- Preparation of draft report:** A draft report is then prepared identifying areas of focus for the on-site visit.
- Post visit peer-reviewed mutual assessments of the information:** Legal, financial and law enforcement experts assess all relevant laws and regulations that are in place to prevent criminal abuse of the financial system for meeting the technical requirements of the FATF standards.
- FATF plenary discussions:** The plenary meeting discusses the findings, include the ratings, and adopts the final report for publication. In India's case, the report may be discussed during the June 2024 Plenary.

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POLITY AND GOVERNANCE

PROPOSED CRIMINAL CODE GIVES MORE IMMUNITY TO DEFENCE PERSONNEL

CONTEXT: The Bharatiya Nagarik Suraksha Sanhita (BNSS) Bill, 2023, expected to replace the Code of Criminal Procedure (CrPC), provides further immunity to armed forces personnel as no case can be registered against them without the sanction of the Union or the State government for acts performed in the line of duty.

Findings of the Parliamentary Standing Committee report on Home Affairs:

- The CrPC, introduced in 1898 and amended in 1973, provides protection to members of the armed forces only from arrest and there are no conditions regarding registration of a criminal case. The Sanhita introduces safeguards to prevent the registration of cases against armed forces personnel for acts performed in the line of duty without prior consent from the Central or State Government.
- The special laws will supersede the general criminal procedures. Special laws include the anti-terror Unlawful Activities Prevention Act (UAPA), Armed Forces Special Powers Act (AFSPA) and Maharashtra Control of Organised Crime Act (MCOCA).
- The Sanhita modernises the court structure as it simplifies the court system by eliminating British-era designations such as "Metropolitan Magistrate" and "Metropolitan Area".
- The Sanhita empowers the Union government to appoint Public Prosecutors for trial, appeal, and other proceedings in the National Capital Territory of Delhi in consultation with the High Court.
- The BNSS allows service of summons on any adult family member, including women, in the absence of the person to be summoned to promote gender parity.

CRACKING
CIVIL SERVICES
NO MORE A
DIFFICULT TASK

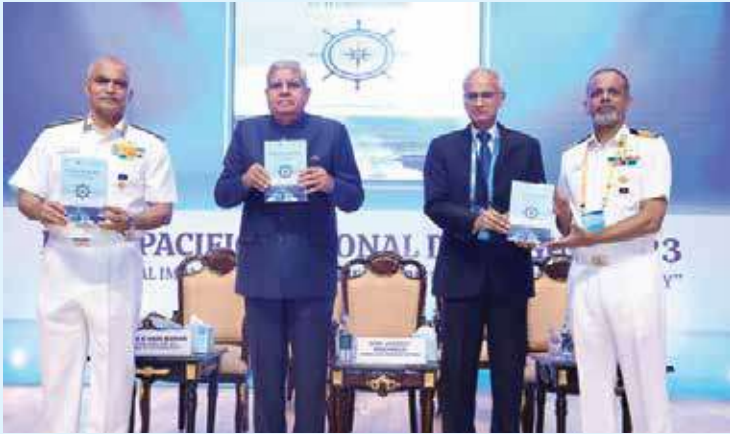
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INTERNATIONAL RELATIONS

IMEC A 'WIN-WIN SITUATION' FOR ALL STATES INVOLVED: FINANCE MINISTER

CONTEXT: Finance Minister Nirmala Sitharaman addressing the Indo-Pacific Regional Dialogue (IPRD), jointly hosted by the Navy and National Maritime Foundation noted that the India-Middle East-Europe Economic Corridor (IMEC) is a "win-win situation" for all States involved.



THE ECONOMIC CORRIDOR



DETAILS OF THE PROJECT: The project includes India, the UAE, Saudi Arabia, the European Union, France, Italy, Germany and the US.

This will include a rail link as well as a high-speed data cable and an electricity cable and a clean hydrogen pipeline to promote clean energy trade between Asia, Middle East and Europe. The rail and shipping corridor is part of the Partnership for Global Infrastructure Investment (PGII) — a collaborative effort by G7 nations to fund infrastructure projects in developing nations. PGII is considered to be the bloc's counter to China's Belt and Road Initiative. It will be the most direct connection to date between India, the Arabian Gulf and Europe with a rail link that will make trade between India and Europe 40 % faster. Saudi Arabia announced participation with a contribution of \$ 20 billion.

ECOLOGY AND ENVIRONMENT

'GREENHOUSE GASES HIT RECORD HIGH IN 2022'

CONTEXT: Greenhouse gas concentrations in the atmosphere hit new record highs in 2022, with no end in sight to the rising trend, the United Nations warned on Wednesday. The UN's World Meteorological Organization said levels of the three main greenhouse gases — the climate-warming carbon dioxide, methane and nitrous oxide — all broke records last year.

The UN's World Meteorological Organization in its 19th annual Greenhouse Gas Bulletin noted that despite decades of warnings from the scientific community, thousands of pages of reports and dozens of climate conferences, such levels of heat-trapping gases will mean further temperature increases, more extreme weather and higher sea levels.

The 2015 Paris Agreement saw countries agree to cap global warming at "well below" 2o C above average levels measured between 1850 and 1900 — and 1.5o C if possible. The global mean temperature in 2022 was 1.15o C above the 1850-1900 average. It was all but certain that 2023 would be the warmest year on record.

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ECONOMICS AND DEVELOPMENT

FOOD FLUX

CONTEXT: In October, India’s consumer price inflation eased to a four-month low of 4.87 %, while wholesale prices declined year-on-year for the seventh successive month by 0.5 %.

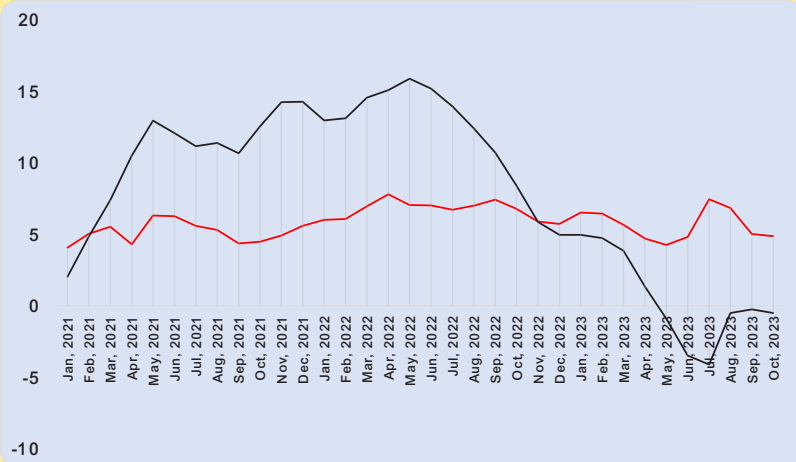


FIGURE: Line (Red) chart representation of the All-India Consumer Price Indices (Base Year: 2011-12=100) for October, 2023. Line (Black) chart representation of the of All India Wholesale Price Indices (Base Year: 2011-12=100) for October, 2023.

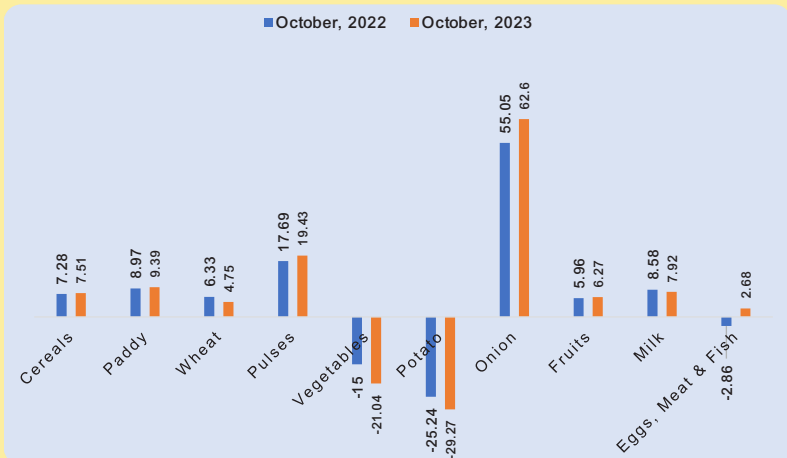


FIGURE: Column chart representation of All India Wholesale Price Indices based rates of Inflation (Base Year: 2011-12=100) for October, 2023

As per the 5.6 % average inflation projection of RBI Monetary Policy Committee for this quarter, down from 6.4 % in the previous quarter, November and December may witness an average inflation of 5.95 %, fractionally short of the central bank’s upper tolerance threshold.

Retail inflation had eased to 5.88 % last November, with the food price index rising just 4.7 %, from 7 % in the previous month. A 13.7 % year-on-year drop in prices excluding edible oils played a key role in moderating the Consumer Price Index. Base effects from last year’s spike in edible oil prices during the Ukraine conflict will start to dissipate in coming months. Similarly, the 6.8 % inflation recorded in October 2022 helped cool price rise last month.

Households that seem to have adjusted to the continuous recent rise in living costs, by pulling back on discretionary spends and downsizing essential consumption

as per industrial output trends, are likely to remain cautious rather than loosen their purse strings anytime soon. For an economy whose resilience relies on its domestic demand buffer against global shocks, reluctant or budget-cramped consumers are the biggest headwind for policymakers to strive to address.

INTERNATIONAL RELATIONS

AS GAZA WAR RAGES, WAITING FOR THE OTHER SHOE TO DROP

CONTEXT: The Israel-Hamas war is now in its sixth week. It has been just over 50 years since the 19-day Yom Kippur War of 1973, 41 years since Israel invaded Lebanon in 1982 and 17 years since a 33-day inconclusive war between Hezbollah and Israel in 2006.

Israel was forced to leave Gaza in 2005, largely due to Palestinian resistance after a 38-year-long occupation. Since then, it has launched several military campaigns against Gaza: 2008 (lasting 22 days); 2012 (eight days); 2014 (50 days); and 2021 (11 days). Almost all Gaza conflicts involved Hamas firing rockets and the Israel Defense Forces making extensive air raids and missile attacks with occasional forays by armour-tipped infantry. Their ceasefires were always mediated by Egypt, the only Arab country that has a border with Gaza.

Ongoing Israel Hamas conflict

The ongoing conflict has proven to be far bloodier and more destructive than all its predecessors. It has already lasted longer than any — except the conflict in 2014. It has been the first time that Israel has suffered a major intelligence and security failure since 1973, denting its fabled impenetrable security and omniscient intelligence set-up. It has resulted in Israel suffering the largest number of war deaths and hostage-taking in a single day. Unlike previous instances of Israel fighting a non-state actor, this time it has had to contemplate the real possibility of a combination of Hamas, the PIJ, Hezbollah and the Houthis with Iran-allied Shia groups harassing the American military presence in Iraq and Syria in tandem.

Following the “Abraham Accords” and recent progress towards normalisation with Saudi Arabia, the regional geopolitics has shifted from an Arab-Israeli binary set-up to a more complex arrangement now. In addition, it could draw in Iran which has become a more potent existential threat.

The Israel-Hamas conflict has dramatically re-established the centrality of the “Palestine Cause”. A prolonged and wider conflagration could risk a reversal of these hard-won diplomatic gains. Waging a protracted no-holds-barred asymmetric conflict would push Arab regimes towards Hamas— long shunned by most Arab regimes as part of “political Islam”. An Israeli military solution at huge humanitarian costs could delay and complicate the situation, but may not take it to status quo ante October 6 2023.

In recent days, the tide of global sympathy has perceptibly shifted away from the Israelis' anguish after the October 7 outrage towards the suffering of the Gazan civilians. Even the U.S., publicly distanced itself from Israel by calling for a "two-state" solution and "humanitarian pauses" in Gaza. The conflict has demonstrated that the U.S. remains the ultimate arbiter of the region's security and stability despite West Asia's growing multipolarity.

According to an Israeli newspaper, even if war remains confined to Gaza, it could be financially ruinous, with cost estimates running to \$ 51 billion, or a tenth of the national annual GDP. A rough Indian equivalence could be a war costing \$ 350 billion.

Trade choke points and the existence of potent non-state terror actors, West Asia's geo-economic importance remains undiminished. The World Bank predicted on October 31 that in the war's worst-case scenario, oil prices could rise to \$157 a barrel. Many Wall Street honchos foresee such eventuality upending the fragile post-COVID-19 pandemic economic recovery into a global recession.

For India

India needs to watch the Israel-Hamas conflict, which could do considerable harm given our huge exposure to West Asia. Resultant high oil prices would be bad for our economy. The current account deficit and inflation would surge. If global growth is impacted, our exports and investment inflows may suffer. The geopolitical instability may pose a threat to the security of our nine million-strong diaspora in West Asia, and raise questions about the India-Middle East-Europe Economic Corridor launched with great fanfare in September. With both Russia and Israel, India's two most important defence suppliers, being currently mired in wars, our defence procurement may face uncertainty. A protracted conflict may also fan international terrorism.

On the positive side, high oil income may raise prospects for higher investment and remittances from the Gulf countries. India would need to be careful to leverage putative job openings in Israel.

POLITY AND GOVERNANCE

THE PRICE OF PERSISTENT FEDERAL FRICTIONS

CONTEXT: The current context of economic relations between the Centre and States is very different from the 1980s and 1990s. Continuing economic reforms since 1991 has led to the relaxation of many controls on investments, giving some room to States, but the autonomy regarding public expenditure policies is not absolute as State governments depend on the Centre for their revenue receipts.

Apart from issues around resource sharing, there are other areas that have emerged as sites of conflict. These include the homogenisation of social sector policies, functioning of regulatory institutions and the powers of central agencies. Ideally bulk of the policies in these spheres should be at the discretion of States, with an apex central body overseeing the process of resource allocation. However, the apex bodies have often attempted to increase their influence and push States in directions that are amenable to the Centre.

ISSUE AND OUTCOMES: Centre's overreach leads to a situation where the Centre starts crowding out the States in terms of investments leading to underinvestment by States.

ILLUSTRATION: The Centre launched the PM Gati Shakti, a digital platform, to incorporate schemes of various Ministries and State governments to achieve integrated planning and coordinated implementation of infrastructure connectivity projects. All States and UTs had to prepare and operationalise a State master plan in line with the national master plan for seamless implementation. The flexibility of States in formulating their master plan is curtailed by the centralisation of planning and implementation of the national master plan.

FACT AND FIGURES: The combined capital expenditure (capex) of the 16 large States, which account for 80 % of the domestic GDP, on roads and bridges fell to 0.58% of the Gross State Domestic Product. In absolute terms, the centre's capex on roads increased at a compound annual growth rate of 32.3 % since 2015-16, whereas the growth in States has just been 11.2 %. The spending has become more concentrated within the three largest States of Uttar Pradesh, Maharashtra and Gujarat, accounting for nearly half of the expenditure by 16 States between 2021-22 and 2023-24. Data for 25 States shows that a total of ₹ 7.49 lakh Cr. was budgeted for by these States but they spent only ₹5.71 lakh Cr. which is 76.2% of the total.

ISSUE AND OUTCOMES: Fiscal competition between with State governments engaging in competition with other States and with the Centre.

ILLUSTRATION: Welfare provisioning is one such area. The Centre with enhanced fiscal space has more spending power, while States' revenues, especially non-tax revenues, remain flat as possibilities of raising non-taxes are confined to a smaller sphere due to the direct provisioning of many utilities and services by the Centre.

ISSUE AND OUTCOMES: Inefficiencies associated with 'parallel policies'. Federal abrasions lead to either the Centre or the States duplicating the other's policies.

ILLUSTRATION: The National Pension System (NPS) changed the architecture of the pension system in India from a defined benefit scheme to a defined contribution scheme. The scheme, mandatory for all central government employees, enlarged its scope and coverage with most of the States joining at different points of time. Though States joined the NPS initially, some States have started to roll back to the old pension scheme as the fiscal cost of reverting would be visible only after 2034 when most of the newly joined employees retire. The emergence of such parallel schemes is mainly due to the trust deficit prevailing in the federal system, the fiscal costs of which have long run consequences on the economy.

For securing the implementation of many of its laws and policies, the Centre depends on the States, particularly in the concurrent spheres. The States also entrust their executive functions, with the consent of the Centre, to the government or agencies of the Centre (Article 258A). Such interdependence is inevitable, especially in a large, diverse, developing society and needs to be preserved.

Rajasthan's report card

The data for the charts were sourced from the National Family Health Surveys, Global Data Lab and NITI Aayog. In indicators that measure women empowerment, the State still lags behind

| Indicator | 2019-21 | | | | 2015-16 | | 2005-06 | |
|---|---------|------------------|---|---------------------|---------|------------------|---------|------------------|
| | Value | Rajasthan's rank | Top major States | Change from 2015-16 | Value | Rajasthan's rank | Value | Rajasthan's rank |
| Women who ever attended school (%) | 63.5 | 28 of 30 | Kerala: 95.5; Himachal: 81; T.N.: 80.4 | 1 | 57.2 | 29 of 30 | 43.9 | 27 of 28 |
| Women aged 20-24 years married before 18 years of age (%) | 25.4 | 24 of 30 | Himachal: 5.4; Kerala: 6.3; Punjab: 8.7 | 3 | 35.4 | 27 of 30 | 65.2 | 28 of 28 |
| Infant mortality rate (per 1,000 live births) | 30.3 | 17 of 30 | Kerala: 4.4; Tamil Nadu: 18.6; West Bengal: 22 | 7 | 41.3 | 24 of 30 | 65 | 23 of 28 |
| Stunted children % (low height-for-age) | 31.8 | 16 of 30 | Kerala: 23.4; Punjab: 24.5; Tamil Nadu: 25 | 9 | 39.1 | 25 of 30 | 43.7 | 15 of 28 |
| Wasted children % (low weight-for-height) | 16.8 | 13 of 30 | Punjab: 10.6; Haryana: 11.5; Uttarakhand: 13.2 | 11 | 23 | 24 of 30 | 20.4 | 22 of 28 |
| Underweight children % (low weight-for-age) | 27.6 | 17 of 30 | Punjab: 16.9; Kerala: 19.7; Uttarakhand: 21 | 7 | 36.7 | 24 of 30 | 39.9 | 20 of 28 |
| Households with any member having a health insurance (%) | 87.8 | 1 of 30 | Rajasthan: 87.8; Chhattisgarh: 71.4; Andhra: 70.2 | 17 | 18.7 | 18 of 30 | 4.5 | 18 of 28 |
| Population that use an improved sanitation facility (%) | 71.1 | 22 of 30 | Kerala: 98.7; Punjab: 86.6; Haryana: 85 | 2 | 46.1 | 24 of 30 | - | - |

Table 2 | HDI

| 2021 | | | 1990 | |
|-------|------------------|--------------------------|-------|------------------|
| Value | Rajasthan's rank | Top major States | Value | Rajasthan's rank |
| 0.638 | 20 of 30 | Kerala, Himachal, Punjab | 0.401 | 27 of 30 |

Table 3 | Per capita NSDP (in ₹)

| 2021-22 | | | 1993-94 | |
|----------|------------------|-----------------------------|---------|------------------|
| Value | Rajasthan's rank | Top major States | Value | Rajasthan's rank |
| 1,35,962 | 18 of 27 | Karnataka, Haryana, Gujarat | 6,182 | 20 of 27 |

Table 4 | % population in the lowest two wealth quintiles (2020)

| Value | Rajasthan's rank | Top major States |
|-------|------------------|------------------|
| 41.7 | 18 of 30 | Kerala, Punjab |

Table 5 | Indicators related to manufacturing

| Indicator (2020) | Value | Rajasthan's rank | Top major States |
|--|-------|------------------|--|
| Manufacturing GVA* as a % of total | 10.4 | 19 of 30 | Uttarakhand, Gujarat, Himachal Pradesh |
| Manufacturing employment as a % of total | 7.5 | 21 of 30 | Gujarat, Punjab, Tamil Nadu |

Table 6 | Education-related indicators

| Indicator (2020) | Value | Rajasthan's rank | Top major States |
|--|-------|------------------|----------------------------------|
| ANER* in elementary education (Class 1-8) | 83.3 | 23 of 30 | Karnataka, Himachal, Uttarakhand |
| Average annual drop-out rate at secondary level (Class 9-10) | 12.7 | 8 of 30 | Himachal, Kerala, Odisha |
| GER* in higher secondary (class 11-12) | 56.5 | 11 of 30 | Himachal, Kerala, Tamil Nadu |
| GER* in higher education (18-23 years) | 23 | 20 of 30 | T.N., Himachal, Uttarakhand |

Table 7 | Environment-related indicators

| Indicator | Value | Rajasthan's rank | Top major States |
|---|-------|------------------|------------------------|
| Average hazardous waste generated (per 1,000 population in metric tonnes in 2018) | 8.15 | 19 of 28 | Bihar, U.P. |
| Average plastic waste generated (per 1,000 population in tonnes, 2018-19) | 1.37 | 13 of 30 | Chhattisgarh, Himachal |

GVA*: Gross Value Added, ANER*: Adjusted Net Enrolment Ratio, GER*: Gross Enrolment Ratio

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