

● POLITY

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DISASTER MANAGEMENT

TUNNEL ORDEAL ENDS, ALL TRAPPED WORKERS RESCUED

CONTEXT: All 41 workers trapped inside the collapsed Silkyara tunnel in Uttarkashi was rescued on Tuesday evening, ending their 17-day ordeal.



The rat-hole miners, in coordination with the Army, managed to manually dig through 55 metres of debris horizontally. Around 7 p.m., the rescue teams began moving inside the tunnel and the ambulances were brought to the spot. Around 7.30 p.m., the State government announced that the first worker was being brought out of the tunnel. In a little over an hour, all 41 men were out.

ECONOMICS AND DEVELOPMENT

RBI'S LATEST MOVE TO INCREASE RISK WEIGHTS FOR LENDING

CONTEXT: The Reserve Bank of India (RBI) directed banks and Non-Banking Financial Companies (NBFCs) to increase the mandatory risk weight requirement by 25 percentage points seeking to rein in an observed rise in unsecured personal loans and credit cards. This would be applicable to unsecured personal loans, credit cards and lending to NBFCs.

What has the RBI proposed?

The idea is to address the notion of 'credit risk.' It refers to the risk entailed by a borrower being unable to meet their obligations or defaulting on commitments. 'Risk weights' are an essential tool for banks to manage this risk. This metric, in percentage factors, adjusts for the risk associated with a certain asset type. In other words, it is an indicator of

the essential holding the lender should ideally have to adjust the associated risk. This is what the RBI has directed to be increased.

The primary purpose of effective risk management by banks is to maximise their returns by maintaining credit risk exposure within acceptable parameters. Earlier, the RBI had raised concerns about the growth seen in consumer credit and increased dependency of NBFCs on bank borrowings. Now, it has directed that the risk weight for consumer credit exposure be increased by 25 percentage points to 125%, for all commercial banks and NBFCs. This would apply to personal loans (and retail loans for NBFCs), excluding housing loans, education loans, vehicle loans and loans secured by gold and gold jewellery. At present, exposures in this realm mandate a risk weight of 100%. Credit card loans of scheduled commercial banks (SCBs) currently attract a risk weight of 125% while that of NBFCs attract 100%. The apex banking regulator has decided to increase the risk weight to 125% for NBFCs and 150% for SCBs. Lastly, bank credit to NBFCs, excluding core investment companies, also had their risk weights increased by 25 percentage points. This would, however, not apply to housing finance companies and loans to NBFCs classified into the priority sector.

Why were the changes necessary?

While presenting the monetary policy statement in October this year, Governor Shaktikanta Das had flagged concerns about the "high growth" in "certain components of consumer credit." He advised banks and NBFCs to "strengthen their internal surveillance mechanisms, address the build-up of risks, if any, and institute suitable safeguards, in their own interest." Ratings agency Moody's also put forth that higher risk weights are intended to "dampen lenders' consumer loan growth appetite." RBI figures stipulate that unsecured personal loans have increased by 23% on a year-over-year basis, as on September 22. Outstanding loans from credit cards increased by about 30% during the same period.

Major concerns emerge for loans below ₹50,000 — these carry the utmost default risk. Delinquencies, defined as loans overdue by more than 90 days, in this segment, as reported by Reuters citing Transunion CIBIL data, stood at 5.4% as of June this year.

What are the chief concerns?

The primary concerns relate to the impact on capital adequacy and the bank's overall profitability. S&P's latest report states that slower loan growth and an increased emphasis on risk management will likely support better asset quality in the Indian banking system. However, it adds, "The immediate effect will likely be higher interest rates for

borrowers, slower loan growth for lenders, reduced capital adequacy, and some hit on profits.” However, the worst-affected might be finance companies, as their incremental bank borrowing might surge, S&P states.

NBFCs face a “double-whammy” because of higher risk weights on their unsecured loans and on account of the bank lending mandates to NBFCs. Bank lending to NBFCs remained the principal source of funding for NBFCs — constituting 41.2% of the total borrowing of entities as of March end. It is expected that the increased costs would be passed onto borrowers.

SCIENCE AND TECHNOLOGY

NASA'S BILL NELSON MEETS JITENDRA SINGH, DISCUSSES MISSION TO SPACE STATION

CONTEXT: NASA Administrator Bill Nelson met Union Minister for Science and Technology Jitendra Singh on Tuesday to discuss India's research interests during the joint mission to the International Space Station (ISS) next year for which the U.S. will be training an Indian astronaut.

The joint mission to the space station is planned for the end of 2024. The collaboration was announced by U.S. President Joe Biden during Prime Minister Narendra Modi's bilateral visit in June during which India also signed the Artemis Accords — a non-binding set of principles designed to guide civil space exploration and use.

The Administrator is in India beginning November 27 to hold a series of meetings. He will be in Mumbai to meet representatives of Indian space companies and will meet astronaut Rakesh Sharma in Bengaluru. Mr. Nelson will also visit facilities in Bengaluru where the NISAR spacecraft, a joint earth-observing mission between NASA and the Indian Space Research Organisation (ISRO), is undergoing testing and integration for launch in 2024.

NISAR is short for NASA ISRO Synthetic Aperture Radar. The NISAR will be launched in the first quarter of 2024. “The NISAR is part of the Great Observatories. A combination of four or five observatories, plus all of our 25 spacecraft, will help us precisely determine what is happening to the earth's surface and its climate. It will use technology that measures any change on the surface such as land as a result of an earthquake, or disturbance on the water or movement of ice on the planet.

ECONOMICS AND DEVELOPMENT

SEBI SAID TO PLAN EASING RULES GOVERNING MFS' PASSIVE FUNDS

CONTEXT: India's markets regulator plans to lower capital and disclosure requirements for fund houses that run passive investment schemes, according to three sources.

Liberal rules

Sources say markets regulator SEBI will prescribe more liberal rules for passive fund houses

- SEBI to reduce capital requirement for passive-only fund houses from ₹500 million to about ₹100 million

- Passive-only funds will need to declare they are following an index every six months rather than every two weeks



- Regulator to lift caps on passive funds' exposures to stocks, ease rules on call records of fund managers

The proposed new rules would also allow existing fund houses to hive off their passive investment schemes into separate entities to take advantage of the looser regulation. The Securities and Exchange Board of India (SEBI) plans to reduce the capital requirement for passive-only fund houses to about ₹100 million from ₹500 million currently.

The regulator will also prescribe more liberal disclosure rules for such fund houses. Instead of the current requirement of providing portfolio disclosures every two weeks or every month, passive-only fund houses will need to declare that they are following a particular index every six months. SEBI could also remove caps on passive funds' exposures to individual stocks and ease rules on maintaining call records of fund managers of passive-only funds.



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ECOLOGY AND ENVIRONMENT

DUBAI CLIMATE MEETING

CONTEXT: The 28th annual Conference of the Parties (COP28) to the United Nations (UN) Framework Convention on Climate Change is set to take place in Dubai. This year witnessed devastating weather events: extreme heat in North Africa and Europe, wildfires in Canada and Hawaii, floods in India and Libya, and drought in the Horn of Africa. The increase in land and ocean temperatures and decrease in Antarctic Sea ice deviated from past records (likely exacerbated by an El Niño effect) is likely to make 2023 the warmest year on record.

Global Stocktake

At the top of the agenda is the first Global Stocktake (GST), a key part of the Paris Agreement machinery, which consists of country pledges for climate action, a global assessment of progress through the GST, and renewed country pledges. By assessing aggregate (not individual country) progress in mitigation, adaptation and support (finance, technology and capacity), the GST is meant to drive the ratcheting up of country pledges.

The Paris Agreement, adopted in 2015, is an international agreement that sets out a global framework to address climate change. The agreement's long-term temperature goal is to limit global warming to well below 20 Celsius, preferably to 1.50 Celsius, compared to pre-industrial levels by the end of century. Despite a near unanimous agreement on the matter, and nearly all major economies framing grand national plans for securing 8 % cuts in GHG emissions annually, emissions have grown 1.2 % from 2021-22. At this rate, the world will warm 2.5-30 Celsius by the end of the century. There have already been 86 instances just this year of global temperatures breaching the dreaded 1.50 Celsius threshold.

Climate change is already having a disproportionate impact on developing countries. Countries that rapidly industrialised in the 20th century have disproportionately emitted more carbon than their 'fair share' given the population. Economic growth premised on fossil fuel consumption, while cheaper per unit than renewable energy. Developed countries with their historical GHG emissions have had the benefit of decades of economic growth and development, while developing countries need to be allowed to continue to emit greenhouse gases in order to develop their economies and lift their people out of poverty. Developing countries calls for greater access to affordable and efficient technologies and financial assistance from developed countries in order to implement climate change mitigation and adaptation measures.

Developing countries and those with minimal industrial infrastructure today must be compensated for adopting costlier, but cleaner, non-fossil fuel sources for growing their economies. There is also a consensus that the countries already weathering climate disasters must be compensated and also paid to bolster their infrastructure.

A core task of the GST is to inform and drive the next round of bottom-up national pledges — Nationally Determined Contributions — mandated by 2025. Some developed countries have argued for a prescriptive approach, and call for pledges to be in specific forms, such as absolute emissions targets, and aligned with specific temperature targets. Benchmarking a country against a temperature outcome requires a prior agreement on what each country can fairly be asked to do to limit emissions. Without it, any benchmarking is arbitrary and risks not adequately considering equity, which is why developing countries argue against a prescriptive approach.

The question of fossil fuels

India has been among those advocating a broad focus on all fossil fuels versus a narrow focus on coal alone, as was included in prior COPs. While coal is indeed the most polluting, addressing climate change requires addressing all fossil fuels. Moreover, oil and gas are much larger sources of energy in the developed world and critical to petrostates such as Dubai, while India depends more on coal.

Adaptation and finance

Adaptation has often been the neglected dimension of climate negotiations. Adoption of a 'Global Goal on Adaptation' is challenging, with varying contexts across countries and actions required for resilience. Since the last COP, there have been calls for a doubling of adaptation finance.

An explosive issue is the establishment of a Loss and Damage Fund, agreement on which was a hard-won gain from the last COP. In a pre-negotiation, a fragile consensus was won on several thorny issues, including who will pay into the fund – developed countries are 'urged' and developing countries are 'encouraged'; and who will receive – the vaguely worded 'particularly vulnerable' countries.

The GST is careful to call for ambition not only in action but also support for those actions, notably finance. Over a decade ago, developed countries had pledged to provide an arbitrary \$100 billion a year by 2020. In addition to the deadline being unmet, the amount was likely too little to meet needs. By COP28, the discussion has shifted to a concrete assessment of needs to support mitigation and adaptation, with numbers hovering in the low trillion.



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INTERNATIONAL RELATIONS

THE CHALLENGE OF MARITIME SECURITY IN THE GLOBAL SOUTH

CONTEXT: Ukraine's growing use of asymmetrical tactics against Russia in the Black Sea or China's deployment of maritime militias in the South China Sea have only helped maritime domain acquire a new, menacing dimension. The radical new tactics at sea involve the use of grey-zone warfare, land attack missiles, and combat drones.

The bulk of the demand for maritime security in recent years has come from states facing unconventional security threats, such as illegal fishing, natural disasters, marine pollution, human and drug trafficking, and the impact of climate change. These are difficult to fight using only military means. States must instead be prepared to commit capital, resources, and specialist personnel over prolonged periods to meet security needs. Throughout its G20 presidency, India has sought to emphasise the concerns of the Global South in discussions to find solutions to the most pressing issues in the maritime domain. Yet, there is no functioning template to fight non-traditional threats at sea. Sustainable development goals in the littorals remain unrealised, as voices from littoral states in Asia, Africa, and the Southern Pacific are ignored by the developed countries.

There is a widespread perception in the Global South that the zero-sum competition among powerful nations in the Indo-Pacific has been to the detriment of the developing world. The contemporary security agenda is an interconnected set of objectives involving national, environmental, economic, and human security goals. The cross-jurisdictional linkages between these diverse areas make them challenging to manage.

Worryingly, littoral states in Asia and Africa have unequal law-enforcement capabilities and lack the security coordination required to jointly combat maritime threats. Many have varying security priorities and are not always willing to leverage partner capabilities to combat threats such as piracy, armed robbery, and maritime terrorism. Some even resist maritime cooperation with partner nations in a bid to reduce reliance on foreign agencies. They are willing to share information with such states, but only enough to advance common minimum-security goals.

Creative models

India's Maritime Vision 2030 sets out a creative model. Maritime security is more than a matter of hard military action and law enforcement. Sea power is increasingly about generating prosperity and meeting the aspirations of the people. This 10-year blueprint for the maritime sector envisages the development of ports, shipping, and inland waterways as a way of generating growth and livelihoods.

Dhaka's inaugural official document on the Indo-Pacific details guiding principles and objectives that demonstrate a developmental approach to maritime security, focused on the provisioning of goods and services, and the protection of marine resources.

Among the proposals that set out ways to deal with maritime challenges is India's Indo-Pacific Oceans Initiative. It rests on seven pillars including maritime ecology, marine resources, capacity building, disaster risk reduction, and maritime connectivity. It acknowledges that countries need collective solutions to their common problems, especially since they remain economically interdependent. It is to India's credit that the initiative has the support of major Indo-Pacific states, many from the West.

No consensus

Even so, implementing a collaborative strategy is challenging since it requires maritime agencies to improve interoperability, share intelligence, and agree on a regional rules-based order. States must adapt to an integrated form of maritime security operations and overhaul regulatory frameworks to align domestic regulation with international law — an unappealing proposition for many that continue to prioritise sovereignty and strategic independence over collective action.

POLITY AND GOVERNANCE

A NON-STARTER

CONTEXT: President Droupadi Murmu's suggestion that the creation of an All-India Judicial Service (AIJS) will help diversify the judiciary by allowing bright youngsters from varied backgrounds to become judges through a merit-based process revives the debate on whether a national system of recruitment at the district judge level is desirable. Only two High Courts agreed to the idea, while 13 were against it.

The current system of recruitment of district judges through the respective High Courts and other subordinate judicial officers through public service commissions is more conducive to ensuring diversity, as there is scope for both reservation and a clear understanding of local practices and conditions. Unlike the civil service, judges are not assisted by an experienced lower bureaucracy in decision-making, and they require to be well-versed in the issues involved for judicial functioning.

Article 312 of the Constitution, as amended by the 42nd Amendment, provides for the creation of an AIJS, and requires a resolution adopted by the Council of States with two-thirds majority, and a parliamentary law. This Constitution recognises that rules governing the subordinate judiciary in the States will have to be superseded by a central law for this proposal to achieve fruition. It is unlikely that all States will agree to one more subject from their domain being consumed by centralisation. In India, legal education lacks country-wide uniformity. After enrolling, lawyers typically consider judicial service based on practical experience rather than academic brilliance. Toppers, especially from the few elite law schools, are unlikely to sit for a national judicial service recruitment examination. In comparison, options such as litigation, joining law firms and going into the corporate sector will appear more beneficial. Given that the number of district judges elevated to the High Courts is much lower than those from the Bar, the lack of certainty on career progression may also render a national judicial service unattractive.

POLITY AND GOVERNANCE

WHY ARE THE MARATHAS MOBILISING NOW?

CONTEXT: The Maratha mobilisation for reservation in higher education and public employment has reached its peak with the protesters issuing an ultimatum to the government. The Marathas desperately want a reservation that can stand in a court of law. While Marathas have organised mass demonstrations since 2016, it must be noted that from 1953 to 2008, three National Backward Classes Commissions and three Maharashtra State Backward Classes Commissions rejected the Maratha demand to be included in the OBC list.

The urban crisis

Well-paid jobs with good salaries, provided healthcare benefits and gave access to social security provisions for individuals with little or no education or vernacular degrees since the late 1990s in large-scale manufacturing industries and other establishments disappeared in urban areas. Marathas used their socially superior and dominant caste position to corner a larger share of jobs. Since the 1990s, all these companies have either closed or have significantly retrenched their workforce. In all grades of government, Marathas occupy over 29 % of open-category jobs. In State secretariat, Marathas occupy over 37 % of open-category jobs. The Maratha share is 15.52 % in the IAS, 27.85 % in the IPS and 17.97 % in the IFS. However, since the economic liberalisation, jobs have shrunk in the public sector. Of the total secured jobs nationwide, merely 3.5 % are in the government and 2 % in the private formal sector. Also, contractual government jobs increased from 0.7 million in 2004–05 to 15.9 million in 2017–18.

Furthermore, jobs in State-owned and State-funded schools and colleges have considerably gone down. In several cases, schoolteachers and college lecturers are hired on contracts. Like individuals across social groups, Maratha youth opted for informal work such as security guards, courier boys, or engaging in the kind of odd jobs clubbed under the nomenclature 'housekeeping'. Those with better education are stuck with contractual jobs. The contractual jobs in the private sector increased from 3.6 million in 2004–05 to 7.1 million in 2017–18.

The rural crisis

The return of workers from closed factories to their villages and the inability of rural youth to migrate to urban areas for better-paid employment. The well-paid urban income provided individuals with the necessary financial support for the rest of their family members in the villages, who took care of the farmlands. In the case of Marathas, it further strengthened their already socially superior and dominant position in the villages. When the factories were running, there was a pattern of workers retiring in the villages and male offspring taking over employment in the city. The disappearance of well-paid jobs has halted this process.

Youth from the rural areas now find themselves going for informal sector jobs. Moreover, they cannot support their

family members in the villages. They also do not enjoy the respect and pride in rural settings due to their employment in urban areas, something their parents had experienced. So, the only way out for the rural Maratha youth are the secured jobs in the public sector, which have shrunk considerably.

Education

Like all social groups, there has been an increase in aspirations for higher education among the Marathas. However, seats in government institutions have decreased. As of 2019, of the total colleges, 64.3% are private and unaided, 13.5% are private and aided and merely 22.2% were managed and run by the government.

As the Yashpal Committee noted, private institutions charge exorbitant fees and have illegal capitation fees for all courses. Like the majority of individuals across social groups, Marathas with less financial resources have to rely on public institutions. Here, Marathas compete for a smaller number of open-category seats.

Crisis of dominance

The combination of the urban and rural crises has resulted in the crisis of dominance for the Marathas. It is further aggravated by the disturbance of caste hierarchy norms due to the educational and economic mobility of a tiny section of Dalits, together with their social, cultural and political assertion. In several cases, the economic and political assertion of the OBCs has created anxiety among the protesting Marathas.



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ECOLOGY AND ENVIRONMENT

CLEAN ENERGY SHARE IN INDIA AND ITS STATES' ELECTRICITY MIX

Towards clean energy

The data for the charts were sourced from independent energy think tank Ember that aims to accelerate the clean energy transition with data and policy



As the world wrangles over its next steps in fighting climate change, each country has its own concerns and interests they hope to advance at this year's U.N. climate summit starting on Thursday in Dubai. Brazil, South Africa, India and China make up a bloc of populous, fast-developing countries. Each has asked for more climate financing and equity through the United Nations Framework Convention on Climate Change (UNFCCC) concept of "common but differentiated responsibilities" — meaning rich countries that emitted the most historically should do more to address the problem.

Chart 1: Share of clean and fossil fuel sources in the power generation of BRICS countries between 2000 and 2022

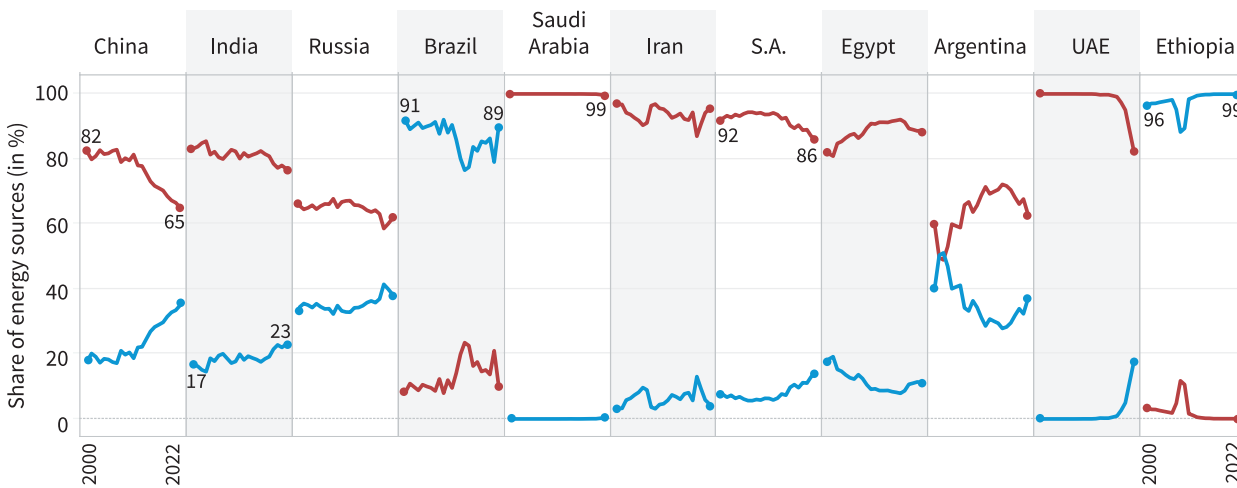
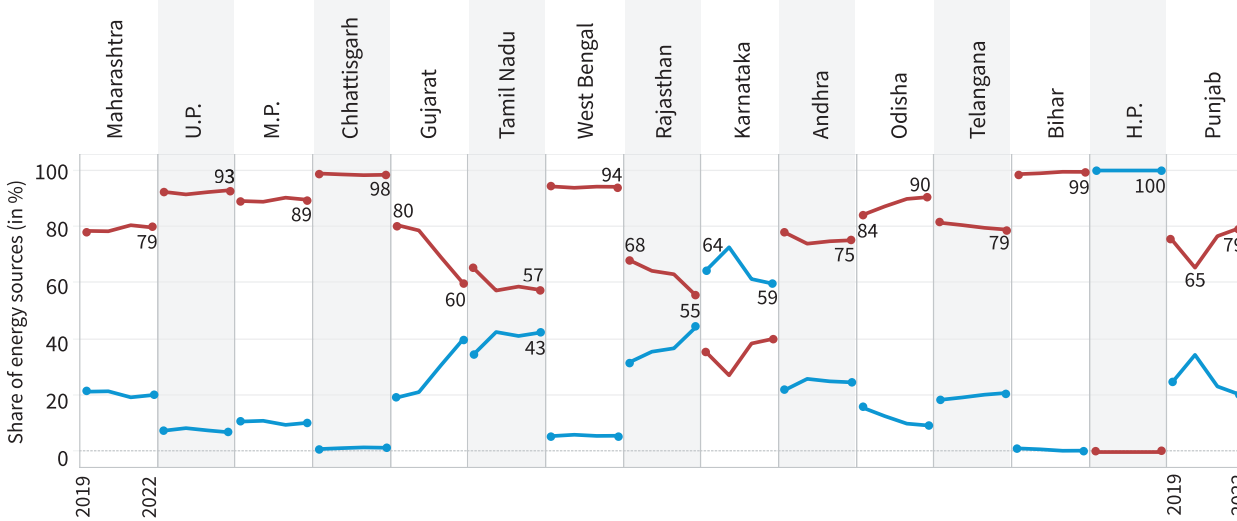


Chart 2: Share of clean and fossil fuel sources in the power generation of select States in India between 2019 and 2022



POLITY AND GOVERNANCE

THE NEED TO DISCLOSE POLITICAL DONATIONS

CONTEXT: Political parties in any country play an indispensable role in the democratic process. They form the government and have the responsibility under our constitution of holding the government to account. It is thus essential that the parties are adequately funded in a manner which enjoys public confidence.

The amendments made to the Representation of the People Act 1951 and other laws which provide for electoral bonds, provide complete anonymity to political donors.

Regulating political funding

The United States of America enacted the Publicity Act, 1910 not only required disclosure of all funding of political parties and candidates, it also imposed limits on political contributions. There were also other laws which regulated these limits, and imposed limits on campaign spending. The U.S. Supreme Court in Buckley versus Valeo in 1976, not only upheld the public disclosure requirements of funding of political parties, but also upheld the limits on contributions to be received, as being constitutional. It held that to the extent that large contributions are given to secure a political quid pro quo from current and potential office holders, the integrity of the system of representative democracy is undermined.

In 2014, the European Union enacted a Regulation of the European Parliament and of the Council on the funding of European political parties and European political foundations. Under this Regulation, there were limits set on the value of donations that parties and foundations may accept per year and per donor. While donations from natural persons under a certain value can be anonymised, all donations exceeding that value have to be disclosed. Large donations above a certain value require not just disclosure but immediate reporting to the authority. Further, political parties are also required to file annual financial statements of their revenue and expenditure, their list of donors and corresponding donations.

In the U.K., under the Political Parties, Elections and Referendums Act 2000, there are restrictions on the donations and loans a political party can accept, and requirements for the declaration of the source of the donations.

There are thus two distinct requirements that most legal regulations have for funding of political parties — complete disclosure of donors above certain minimal amounts and limits or caps on donations.

The need for disclosure

Political parties are the pillars of representative democracy and transparent accounts are the key to preserving citizens' trust in parties and politicians, maintaining the rule of law and removing corruption in the electoral and political process. Limits on donations are imposed because unchecked large donations to political parties and their allies have the effect of bringing democracy into disrepute. The outcome of elections should not depend on which party has more money to

campaign and woo, or buy voters. The separation of wealth from power is a basic condition of a democratic system.

The road ahead

A key element of democracy is electoral justice. Electoral justice ensures that every action, procedure and decision related to the electoral process is in line with the law and that the enjoyment of electoral rights are protected. An electoral justice system upholds the rule of law and guarantees the democratic principle of holding free, fair and genuine elections.

Electoral bonds which keep donor details undisclosed are violative of the democratic requirements of transparency and will undermine free and fair elections. Therefore, merely holding them unconstitutional is not enough.

For a healthy democracy, it is absolutely necessary that we have a law that ensures full publication of all donations made to political parties.

We need a separate legislation that mandates public disclosure of the identity of donors to political parties, candidates or political foundations which are above a certain nominal limit, the immediate reporting of large donations to the election commission, mandating that political party accounts be made public and reported to the election commission, auditing of accounts of political parties by an independent authority, setting limits on funding and expenditure by political parties and mechanisms on enforcement of the law.

We need to make our democracy healthy by enacting legislation that regulates political party funding and mandates public disclosure.

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“Education is the ability to listen to almost anything without losing your temper or your self-confidence.” - Robert Frost



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