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Daily Current Affairs

To The Point

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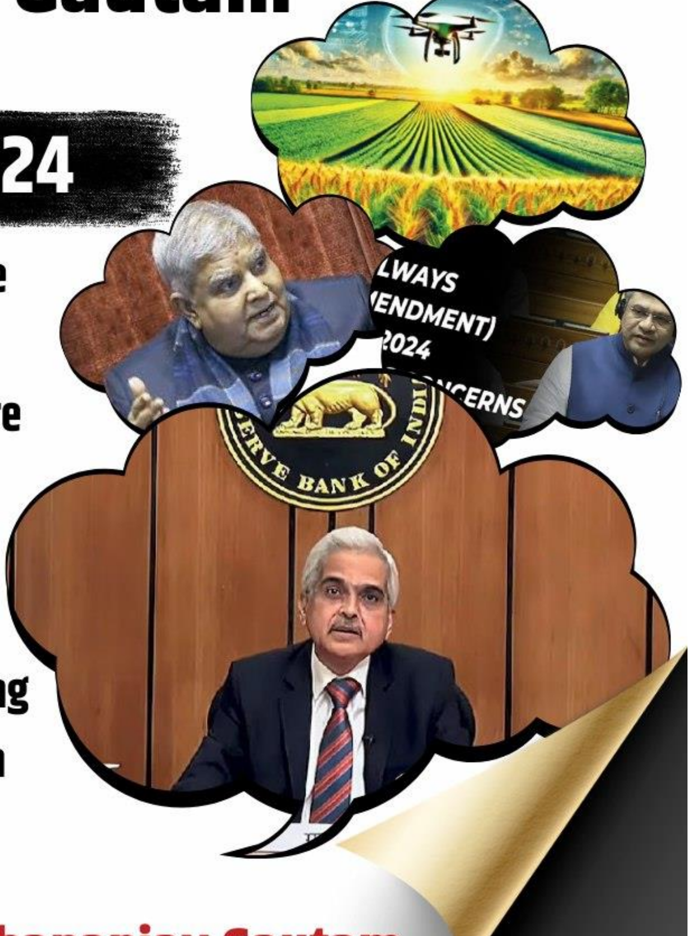

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GS Paper 3 – Indian Economy

1 FDI Inflows into India Cross $1 Trillion Milestone

Context: Foreign Direct Investment (FDI) refers to investments made by **foreign entities**—either individuals or companies—in the business interests of another country. This typically involves acquiring **ownership** or **controlling stakes** in enterprises within that country.

Prohibited Sectors for FDI in India:

FDI is not allowed in the following sectors:

- **Lottery, gambling, and betting.**
- **Chit funds and Nidhi companies.**
- **Real estate business** (excluding infrastructure).
- **Tobacco-based products**, including cigars and cigarettes.

Routes for FDI in India:

1. Automatic Route:

- Investments under this route do **not require prior approval**.
- Investors need to inform the **Reserve Bank of India (RBI)** post-investment.
- Common sectors: **Manufacturing**, **software**, and other non-sensitive industries.

2. Government Approval Route:

- Requires prior approval from the **concerned Ministry** or **Department**.
- Relevant sectors: **Telecom**, **media**, **pharmaceuticals**, and **insurance**.

Key Trends in FDI Inflows:

Cumulative Achievements (2000–2024):

- **Total Inflows:** Surpassed **$1 trillion** during **April 2000–September 2024**.
- **Since 2014:** India has attracted **$667.4 billion**, a **119% increase** compared to the **2004–2014 decade**.
- **Source Countries:**
  - **Mauritius:** 25% of inflows.
  - **Singapore:** 24%.
  - **United States:** 10%.
  - **Netherlands:** 7%.
  - Others: **Japan (6%)**, **UK (5%)**, **UAE (3%)**, and **Germany**, **Cyprus**, and **Cayman Islands** (2% each).
- **Top Sectors:**
  - **Services**, **computer software and hardware**, **telecommunications**, **trading**, **construction development**, **automobiles**, **chemicals**, and **pharmaceuticals**.

Why is FDI Important for India?

1. **Infrastructure Development:** FDI provides the much-needed capital to boost **infrastructure projects** critical for **economic growth**.
2. **Balancing Current Account Deficit:** Inflows help bridge gaps in **Balance of Payments (BoP)** by bringing in foreign capital.
3. **Currency Stability:** Healthy FDI inflows support the **Indian rupee's stability** in global markets.
4. **Technology Transfer & Job Creation:** FDI enables the transfer of **modern technologies** and creates **employment opportunities** across industries.

Challenges in Attracting FDI:

1. **Geopolitical Uncertainty: Global tensions, including trade wars and conflicts, disrupt supply chains and impact investor confidence.**
2. **Regulatory Complexities: India's approval processes and varying sectoral caps can deter potential investors.**

3. **Global Economic Volatility: Recession risks, high inflation, and economic uncertainties globally affect capital flows.**
4. **Infrastructure Bottlenecks:** Delays in **project execution** and inadequate infrastructure pose significant challenges.

Steps Taken by the Indian Government:

1. **Liberalized FDI Policies:**
   - **Defense:** Increased limit to **74%.**
   - **Insurance:** Raised to **74%.**
   - **Single-brand retail:** Allowed up to **100%**.
2. **Production-Linked Incentive (PLI) Schemes:**
   - Sectors: **Electronics**, **pharma**, **textiles**, **automobiles**, and more.
   - Encourages foreign companies to set up **manufacturing units** in India.
3. **Infrastructure Development Initiatives: Gati Shakti**, **Bharatmala**, and **Sagarmala** focus on improving **transport and connectivity**.
4. **Digital Ecosystem Promotion: E-governance**, **digital payments**, and **technology-driven reforms** aim to ease doing business.

The Way Forward:

1. **Prioritize Infrastructure Spending:** Ensure timely completion of **infrastructure projects** through **public-private partnerships (PPPs)**.
2. **Workforce Skilling:** Collaborate with the private sector to **upskill workers** and meet **industry demands**.
3. **Foster Research and Innovation:** Encourage **R&D** to boost **productivity** and **innovation** in key sectors.
4. **Simplify Regulations:** Streamline **approval processes** to make India a more attractive investment destination.

Conclusion:

India crossing the **$1 trillion FDI inflow milestone** is a testament to its growing global appeal. With continued reforms, a focus on infrastructure, and workforce skilling, India is poised to remain a **preferred investment hub** in the years to come.

GS Paper 3 – Infrastructure; Railways

2 Railways (Amendment) Bill, 2024: A Move Towards Modernization

Context: The **Railways (Amendment) Bill, 2024** was introduced in the **Lok Sabha** by the Union Minister of Railways, marking a major step toward **reforming Indian Railways**. The Bill aims to enhance the **autonomy, efficiency, and governance** of the rail network while addressing key operational challenges.

Key Objectives of the Bill:

1. **Statutory Backing to the Railway Board:** The Bill amends the **Railways Act, 1989**, granting legal status to the **Railway Board**, which has been functioning without statutory backing since its inception.
2. **Decentralization of Powers:** It empowers **railway zones** to independently manage their **budgets, infrastructure development, and recruitment** processes, promoting faster decision-making.
3. **Independent Regulator:** The Bill proposes establishing an **autonomous regulatory body** to oversee **tariffs**, ensure **safety standards**, and encourage **private sector participation**.
4. **Simplified Legal Framework:** The **Indian Railway Board Act, 1905**, will be merged with the **Railways Act, 1989**, simplifying the legal landscape.

Proposed Reforms and Structural Changes:

1. **Independent Regulator:**
   - **Role:** Regulate tariffs, infrastructure access, and service standards.
   - **Origin:** Based on the recommendations of the **2015 Committee on Restructuring Railways**.
2. **Greater Autonomy to Railway Zones:**
   - Empowers zones to take **operational and financial decisions** independently.
   - Supported by the **Sreedharan Committee (2014)**, emphasizing decentralized management.
3. **Railway Board Appointments:** The government will define the **structure, qualifications, and appointment processes** for Board members and the Chairman.
4. **Infrastructure Upgrades:**
   - Introduces **Section 24A** to fast-track superfast train operations and infrastructure improvements.
   - Example: The extension of the **Arunachal Express** via the **Siwan-Thawe-Kaptanganj-Gorakhpur route** will boost connectivity in Bihar, with an estimated upgrade cost of **300 crore** and recurring expenses of **250 crore annually**.

Potential Benefits:

1. **Improved Governance: Streamlined legal frameworks** and a clarified role for the Railway Board can enhance **accountability** and **governance**.
2. **Enhanced Efficiency: Decentralization** allows zones to implement projects faster, utilize resources better, and improve service delivery.
3. **Increased Investment:** An independent regulator creates a level playing field for **private investors**, fostering **infrastructure development**.
4. **Regional Development:** Infrastructure projects like the Arunachal Express extension demonstrate the potential for **targeted development** and enhanced connectivity in underserved regions.

Concerns and the Way Forward:

1. **Fear of Privatization:** The opposition has raised concerns about potential **privatization**. While private participation can bring **investment and expertise**, it is critical to safeguard **public interests** and ensure **accessibility for all**.
2. **Balancing Autonomy and Oversight:**
   - Striking a balance between **autonomous railway zones** and **effective oversight** is essential.
   - Transparent and merit-based appointments to the Railway Board will ensure **independence** and **integrity**.
3. **Passenger Welfare:** Special attention must be given to **passenger concessions** and **affordable fares** for vulnerable sections to uphold the railways' **social responsibility**.

Conclusion

The **Railways (Amendment) Bill, 2024**, presents a bold vision for the **modernization** and **decentralization** of Indian Railways. While the reforms hold immense potential for **efficiency, investment, and regional growth**, addressing concerns over privatization and ensuring passenger welfare will be key to its successful implementation. The Bill is a significant stride toward creating a more **efficient, inclusive, and future-ready railway system** for India.

GS Paper 3– Economy, Science and Technology

3 India's Geospatial Market Set to Hit 25,000 Crore by 2025

Context: The **India Geospatial Market Outlook 2024** reveals that the country's **geospatial market** is projected to grow at a robust **CAGR of 16.5%**, reaching **25,000 crore** by 2025. Between 2019 and 2024, over **$1 billion** has been invested across **126 companies**, highlighting the sector's immense potential.

Understanding Geospatial Technology:

Geospatial Technology refers to tools and techniques like:

- **Location-based analytics**
- **Real-time data mapping**
- **Hyperspectral imaging**
- **Drone-based surveys**

These technologies provide critical insights for diverse sectors, including **urban planning, agriculture, infrastructure, and climate studies.**

Key Applications of Geospatial Technology:

1. **Agriculture: Precision farming**: Utilizes drones and satellite imagery to enhance crop yields and optimize resource use.
2. **Disaster Management:** Enables **early warnings** for natural disasters such as floods and droughts, improving preparedness and response.
3. **Urban Development:** Facilitates efficient traffic management, waste collection, and public service delivery in **smart cities.**
4. **Environmental Monitoring:** Tracks deforestation, water quality, and pollution, contributing to **climate action goals.**
5. **Defence and Security:** Assists in **border surveillance, strategic mapping, and operational planning** for enhanced security.

Government Initiatives Driving Growth:

1. **PM Gati Shakti:** Promotes **infrastructure development** through real-time geospatial mapping.
2. **National Geospatial Policy 2022:** Aims to **democratize geospatial data** and foster public-private collaboration.
3. **Smart Cities Mission:** Uses **location-based analytics** for better urban planning and management.

Technological Advancements:

1. **Hyperspectral Imaging:**
   - Captures hundreds of light wavelengths for applications like:
     - Early detection of **crop diseases** and **soil nutrient levels.**
     - Monitoring **water pollution** and detecting **methane leaks.**
2. **Drone Technology:** Companies such as **ideaForge** are leading advancements in **real-time, high-resolution mapping**, offering **centimeter-level accuracy** for sectors like **defense, mining, and agriculture.**

Challenges in the Sector:

1. **Data Security**: The sensitive nature of geospatial data poses **national security risks.**
2. **Limited Awareness:** Many small enterprises are unaware of the potential of **geospatial tools.**
3. **Infrastructure Deficit:** Developing robust geospatial infrastructure requires **significant investment.**
4. **Skill Shortage**: There is a need for trained professionals in **data analysis and drone technology.**

Way Forward for India's Geospatial Sector:

1. **Policy Implementation:** Focus on **data-sharing frameworks** and strengthening public-private partnerships under the **National Geospatial Policy 2022.**
2. **Building Capacity:** Train professionals in geospatial technologies through **academic programs** and **research incentives.**

3. **Encouraging Startups:** Support indigenous startups like **Skyroot Aerospace** and **ideaForge** to boost domestic capabilities.
4. **Global Collaboration:** Partner with **international space agencies** and private companies to expand India's **geospatial exports**.

Conclusion:

India's geospatial market is on the brink of unprecedented growth, driven by **cutting-edge technology** and **government initiatives**. With strategic investments, capacity-building efforts, and global partnerships, the country can emerge as a **global leader in geospatial technologies**, transforming industries and fostering sustainable development.

GS Paper 2 – Indian Polity

4 Opposition's Move to Impeach Vice President Jagdeep Dhankhar

Context: The **INDIA bloc opposition parties** have announced plans to submit a notice for a **no-confidence or impeachment resolution** against Vice President and **Rajya Sabha Chairman Jagdeep Dhankhar**. While the opposition lacks the necessary numbers to ensure the resolution's success, the move is seen as a **political statement** targeting the ruling party.

Understanding the Vice President's Role in India:

About the Vice President:

- The **Vice President of India** holds the **second-highest constitutional office**, modeled on the lines of the **American Vice President**.
- Serves a **dual role** as the Vice President and **Ex-Officio Chairman of the Rajya Sabha**.

Eligibility (Article 66):

To qualify, a candidate must:

- Be an **Indian citizen**.
- Be at least **35 years old**.
- Be qualified to be elected as a **Rajya Sabha member**.
- Not hold any **office of profit** under the Central or State Government.

Election Process:

- The **electoral college** comprises members of **both Houses of Parliament**, including elected and nominated members, using a **proportional representation system** via a **single transferable vote**.
- The **state legislatures** are not involved in the Vice President's election.

Tenure and Removal:

- The Vice President serves a **5-year term** and is eligible for **re-election**.
- Resignation must be submitted to the **President**.
- Removal requires a resolution passed by an **effective majority** in the Rajya Sabha and agreed upon by a **simple majority** in the Lok Sabha.

Roles, Responsibilities, and Powers:

1. **Ex-Officio Chairman of Rajya Sabha (Article 64):**
   - Presides over **Rajya Sabha sessions**, ensuring orderly conduct.
   - Votes only to **break a tie**.
2. **Acting President (Article 65):**
   - Assumes the responsibilities of the **President** in case of absence, resignation, or death until a new President is elected.
3. **Ceremonial Role:** Represents the **dignity and neutrality** of the office without engaging in governance.

Impeachment Process (Article 67(b)):

The Vice President can be removed through:

1. A resolution passed by a **majority of all members** of the Rajya Sabha.
2. Approval of the Lok Sabha by a **simple majority**.
3. A **14-day notice** is required before moving the resolution.

Opposition's Allegations and Grievances:

Basis for Impeachment:

- The notice relies on **Article 67(b)**, enabling removal of the Vice President via a parliamentary resolution.
- Allegations of **partisanship** against Vice President Dhankhar have escalated, especially after he raised concerns involving **Congress MP Abhishek Manu Singhvi** in a currency recovery case.

Political Concerns:

- Claims of **bias** and misuse of constitutional offices by the ruling party.
- Concerns over the **erosion of parliamentary democracy** and impartiality in Rajya Sabha proceedings.

Unprecedented Nature of the Move:

- No **Vice President or Rajya Sabha Chairman** has faced impeachment or no-confidence proceedings in India's history.
- However, a similar **no-confidence motion** was brought against **Deputy Chairman Harivansh** in 2020 during the contentious **farm bills debate**.

Historical Context: Resolutions Against Lok Sabha Speakers

Instances of resolutions targeting Lok Sabha Speakers **include:**

1. **G. V. Mavalankar (1951)**
2. **Sardar Hukam Singh (1966)**
3. **Balram Jakhar (1987)**

In all cases, the resolutions were discussed and eventually **negated by the House**.

Conclusion:

The opposition's move against Vice President Dhankhar reflects **rising political tensions** and concerns about the functioning of constitutional offices. While it lacks the numerical strength to succeed, the initiative emphasizes **symbolic dissent** in an evolving political landscape.

GS Paper 2 – Government Policies and Interventions, Education

5 UGC's New Guidelines to Foster Lifelong Learning

Context: The **University Grants Commission (UGC)** has unveiled new guidelines titled **"Recognition of Prior Learning (RPL) in Higher Education"** to bridge the gap between informal learning and formal education. These guidelines aim to **enhance accessibility**, promote **lifelong learning**, and address the needs of India's **informal workforce**.

What is Recognition of Prior Learning (RPL)?

RPL is a structured process to evaluate and acknowledge the **skills, knowledge, and experience** individuals acquire through **informal, non-formal, or experiential learning.**

- It offers **formal recognition** for prior learning, enabling individuals to gain qualifications and boost their **career prospects** and **employability**.

How RPL Aligns with NEP 2020:

The initiative is aligned with the goals of the **National Education Policy (NEP) 2020**, which emphasizes **inclusive and skill-based education.**

- Supported by the **National Credit Framework (NCrF)**, RPL allows individuals to **convert their skills into academic credits**, recognizing various forms of learning—academic, vocational, or experiential.
- **UGC Chairman M. Jagadesh Kumar** highlighted its importance in fostering inclusivity and expanding access to higher education.

Key Objectives of the Guidelines:

1. Increasing Accessibility:

- **Enable learners** with informal competencies to join higher education programs.
- Offer **flexible pathways** for individuals from diverse professional and educational backgrounds.

2. Promoting Lifelong Learning:

- Equip individuals with **up-to-date skills** to thrive in evolving job markets.
- Encourage **continuous learning** to create an adaptable workforce.

3. Encouraging Social Equity:

- **Recognize informal learning** to empower **marginalized and disadvantaged communities**.
- Foster **equity and inclusion** in higher education by bridging socio-economic divides.

Benefits of RPL:

- **Boosts Economic Growth**: Builds a skilled workforce to drive **national development**.
- **Advances Careers**: Provides formal qualifications, improving **employment opportunities**.
- **Bridges Knowledge Gaps**: Integrates **real-world experiences** with formal education for better professional alignment.

Implementation Priorities:

1. Governance and Collaboration:

- **Policymakers, institutions, and employers** must work together to maintain fairness and ensure proper implementation.

2. Ensuring Quality:

- Develop systems to uphold **reliability and integrity** in assessing prior learning.

3. Inclusive Opportunities:

- Special focus on **marginalized groups**, ensuring equal access to RPL opportunities.

Impact of the Guidelines:

The RPL framework seeks to:

- Build a **competent workforce** ready to meet dynamic industry demands.
- Promote **career mobility**, **lifelong learning**, and **social equity** by valuing prior experience.
- **Empower individuals** through skill recognition, contributing to a more inclusive and resilient society.

Conclusion:

The UGC's **Recognition of Prior Learning (RPL)** guidelines are a transformative step toward creating an **inclusive, skill-oriented education system** in India.

By **recognizing diverse learning experiences** and promoting **lifelong education**, the initiative not only addresses societal challenges but also prepares the workforce for a rapidly evolving job market, fostering a **more equitable and empowered nation**.

GS Paper 3 – Economic Issues

6 Tensions Between RBI Governors and the Indian Government: A Persistent Power Struggle

Context: As **Shaktikanta Das** concludes his tenure as the **Governor of the Reserve Bank of India (RBI)** on **December 10, 2024**, his leadership period has highlighted ongoing tensions between the **RBI and the government**. This friction—especially over **monetary policy decisions**—is not new and continues to reflect a **longstanding struggle for balance** between the two institutions.

Historical Conflicts: RBI Governors vs. Government:

1. YV Reddy (2003–2008)
    - **Clashes with Finance Ministry**: Disagreements with then-Finance Minister **P. Chidambaram**, particularly on **financial market development** and a ₹60,000 crore **farm loan waiver**.
    - **Forex Reserves Debate**: Opposed the use of India's growing foreign exchange reserves for **government lending**, ensuring **fiscal discipline** remained intact.

2. D Subbarao (2008–2013):
- **Anti-Inflation Stance**: Subbarao frequently resisted pressures from Finance Ministers **Pranab Mukherjee** and **Chidambaram**, who criticized his cautious approach to growth.
- **FSDC Opposition**: Objected to the creation of the **Financial Stability and Development Council (FSDC)**, arguing it undermined the RBI's role in ensuring financial stability.

3. Raghuram Rajan (2013–2016):
- **Defending Autonomy**: Rajan strongly advocated for the RBI's independence, resisting moves to shift **money market regulation to SEBI.**
- **Demonetisation Warning**: He advised against hastily implementing **demonetisation**, cautioning about its costs and the preparation required—advice that went unheeded.

4. Urjit Patel (2016–2018):
- **Surplus Dispute**: Patel stood firm against the government's demand to dip into the RBI's **excess reserves.**
- **Resignation Amid Pressure**: Resigned citing personal reasons after the government invoked **Section 7 of the RBI Act**, which allows it to direct the RBI on matters of public interest.

Key Issues During Shaktikanta Das' Tenure:

Policy Rate Standoff:
- The government pressured the RBI to **cut policy rates** to address economic slowdown.
- However, Das maintained the **repo rate at 6.50%** to control **inflation**, prioritizing price stability over growth.
- This decision was opposed by **Finance Minister Nirmala Sitharaman** and **Commerce Minister Piyush Goyal**, highlighting diverging priorities.

Recurring Themes in RBI-Government Conflicts:
1. **Autonomy vs. Control:** The government often pushes for accommodative monetary policies, while the RBI prioritizes **fiscal discipline** and **inflation control**.
2. **Interest Rate Disputes:** Governments seek **rate cuts** to spur economic growth, while the RBI exercises caution to mitigate inflationary risks.
3. **Regulatory Jurisdiction:** Conflicts over the RBI's **authority on financial reforms** and its handling of **surplus reserves** are recurring points of contention.
4. **Divergent Priorities:** While governments focus on **short-term economic gains**, the RBI aims to safeguard **long-term economic stability**.

Meet the 26th RBI Governor:

The **Appointments Committee of the Cabinet** has approved **Sanjay Malhotra** as the **26th RBI Governor**, effective **December 11, 2024**. Currently serving as the **Revenue Secretary**, Malhotra will lead the RBI for a term of **three years**.

Conclusion:

The recurring tensions between the **RBI and the government** highlight the delicate task of maintaining the **central bank's autonomy** while addressing **economic and fiscal imperatives**. As **Sanjay Malhotra** steps into the role, he inherits not just a prestigious position but also the responsibility of **navigating the complex relationship** between the RBI and the government. This dynamic remains crucial in ensuring India's **financial stability** and **economic growth**.