DHYEYA IAS
most trusted since 2003

DAILY pre PARE
Current affairs summary for prelims

24 July, 2024

Nine Budget Priorities for 'Viksit Bharat'

Context: *Smt. Nirmala Sitharaman, the Union Minister of Finance and Corporate Affairs, presented the Union Budget for 2024-25 in Parliament.*

Prime Minister's Package for Employment and Skilling:

- **Scheme A:** One-month salary (up to ₹15,000) in three installments for first-time employees registered with EPFO
- **Scheme B:** Incentives for job creation in manufacturing, directly affecting EPFO contributions
- **Scheme C:** Reimbursement up to ₹3,000 per month for 2 years towards EPFO contributions for employers of additional employees
- **Skilling Scheme:** Training for 20 lakh youth over 5 years; upgrading 1,000 Industrial Training Institutes
- **Internship Scheme:** 1 crore youth to get internships in 500 top companies over 5 years

Nine Budget Priorities for 'Viksit Bharat':

1. Productivity and Resilience in Agriculture
2. Employment & Skilling
3. Inclusive Human Resource Development and Social Justice
4. Manufacturing & Services
5. Urban Development
6. Energy Security
7. Infrastructure
8. Innovation, Research & Development
9. Next Generation Reforms

Priority 1: Productivity and Resilience in Agriculture

- **Allocation:** ₹1.52 lakh crore for agriculture and allied sectors
- Release of 109 high-yielding, climate-resilient crop varieties
- Initiation of 1 crore farmers into natural farming, with certification and branding in 2 years
- Establishment of 10,000 bio-input resource centers for natural farming
- Implementation of Digital Public Infrastructure (DPI) for Agriculture in 3 years

Priority 2: Employment & Skilling

- Implementation of the three employment-linked schemes from the Prime Minister's package
- Establishment of working women hostels and crèches, women-specific skilling programs, and market access for women SHG enterprises
- Revision of Model Skill Loan Scheme to provide loans up to ₹7.5 lakh
- Financial support for loans up to ₹10 lakh for higher education

Priority 3: Inclusive Human Resource Development and Social Justice

- Development of industrial nodes and power projects under Purvodaya
- Special financial support of ₹15,000 crore for Andhra Pradesh under the Andhra Pradesh Reorganization Act
- Allocation of over ₹3 lakh crore for women and girls' schemes
- Pradhan Mantri Janjatiya Unnat Gram Abhiyan for 5 crore tribal people in 63,000 villages
- Establishment of 100 India Post Payment Bank branches in North East region

Priority 4: Manufacturing & Services

- Introduction of a credit guarantee scheme for MSMEs
- Continuation of bank credit to stressed MSMEs
- Enhancement of Mudra loan limit to ₹20 lakh
- Mandatory onboarding threshold for TReDS reduced to ₹250 crore
- Support for MSME units in food irradiation and quality testing
- Establishment of E-Commerce Export Hubs
- Launch of Critical Mineral Mission and offshore mining of minerals
- Development of DPI applications in various sectors

Priority 5: Urban Development

- Formulation of Transit Oriented Development plans for 14 large cities
- Investment of ₹10 lakh crore under PM Awas Yojana Urban 2.0 for 1 crore urban families
- Support for developing 100 weekly 'haats' annually

Priority 6: Energy Security

- Introduction of Energy Transition Pathways policy
- Development of pumped storage projects and small modular nuclear reactors
- Joint venture for Advanced Ultra Super Critical Thermal Power Plants
- Regulations for transitioning 'hard to abate' industries

Priority 7: Infrastructure

- Allocation of ₹11.11 lakh crore for capital expenditure; ₹1.5 lakh crore for state government loans
- Launch of phase IV of PMGSY for rural connectivity
- Financial support for irrigation and flood mitigation projects
- Development assistance for tourism-related projects

Priority 8: Innovation, Research & Development

- Operationalization of Anusandhan National Research Fund
- Creation of a ₹1 lakh crore financing pool for private sector-driven research
- Venture capital fund of ₹1,000 crore for space economy expansion

Priority 9: Next Generation Reforms

- Implementation of ULPIN for land identification and digitization
- Integration of e-shram portal with other services and development of open architecture databases
- Introduction of NPS-Vatsalya for minor contributions

Types of Deficits in Budget

Context: *The Union Budget revised the fiscal deficit target for 2024-25 to 4.9% of GDP, down from the 5.1% announced in the interim budget.*

Face to Face Centres

DELHI MUKHERJEE NAGAR: 9205274741, 42 | LAXMI NAGAR : 9205212500, 9205962002 | RAJENDRA NAGAR: 9205274743 | UTTAR PRADESH PRAYAGRAJ: 0532-2260189, 8853467068 | LUCKNOW (ALIGANJ): 0522-4025825, 9506256789 | LUCKNOW (GOMTI NAGAR): 7234000501, 7234000502 | GREATER NOIDA: 9205336037, 38 | KANPUR: 7887003962, 7897003962 | GORAKHPUR : 7080847474, 9161947474 | ODISHA BHUBANESWAR: 9818244644/7656949029

dhyeyaias.com

- **Revenue Deficit (RD)**
  - **Definition:** The shortfall between government revenue receipts and revenue expenditure.
  - **Calculation:** RD = Revenue Receipts - Revenue Expenditure.
  - **Implication:** Indicates how much the government's regular income falls short of its operational expenses.
  - **Interpretation:**
  - **Zero RD:** The government's revenue receipts are sufficient to cover its revenue expenditure.
  - Fiscal Responsibility and Budget Management (FRBM) Act: Originally aimed for zero RD to promote fiscal discipline.
  - **Significance:** A zero RD reflects prudent fiscal management, avoiding reliance on borrowing for operational expenses.
- **Effective Revenue Deficit (ERD)**
  - **Definition:** The difference between the revenue deficit and grants used for creating capital assets.
  - **Formula:** ERD = Revenue Deficit - Grants for Creation of Capital Assets.
  - **Purpose:** To assess the quality of revenue expenditures by accounting for capital asset creation, ensuring that capital investments are not compromised.
  - **Key Components:**
  - **Revenue Deficit:** Regular operational expenses shortfall.
  - **Grants for Capital Assets:** Funds provided for infrastructure and other capital projects.
  - **Changes Since 2018-19:** Targets for ERD have been abandoned, reflecting a shift in fiscal priorities.
- **Fiscal Deficit**
  - **Definition:** The gap between total government expenditure and total revenue, including borrowings.
  - **Formula:** Fiscal Deficit = Total Expenditure - Total Revenue.
  - **Gross vs. Net Fiscal Deficit:**
  - **Gross Fiscal Deficit:** Total borrowings for all expenditures.
  - **Net Fiscal Deficit:** Gross Fiscal Deficit minus certain items like loans to states and CPSEs.
  - **Purpose:** To finance expenditures and stimulate economic activity, especially during downturns.
  - Fiscal Responsibility and Budget Management (FRBM) Act: Sets targets for fiscal deficit to ensure fiscal discipline.
- **Budget Deficit**
  - **Definition:** The difference between total expenditures and total revenues, incorporating borrowings.
  - **Formula:** Budget Deficit = Total Expenditure - Total Revenue.
  - **Key Points:**
  - **Borrowings Included:** Modern understanding integrates borrowings from various sources.
  - **Historical Context:** Previous reliance on RBI borrowings and currency printing has been abandoned.
  - **Fiscal Deficit Preference:** Fiscal Deficit provides a more comprehensive measure of financial health.
- **Monetized Deficit**
  - **Definition:** The portion of the fiscal deficit financed through the creation of new money by the central bank.
  - **Key Points:**
  - **Historical Practice:** Previously involved printing currency to cover deficits.
  - **Discontinuation:** Abandoned due to inflationary concerns and the need for prudent fiscal management.
- **Primary Deficit**
  - **Definition:** The fiscal deficit excluding interest payments on previous borrowings.
  - **Formula:** Primary Deficit = Fiscal Deficit - Interest Payments.
  - **Key Points:**
  - **Focus on New Borrowings:** Reflects the government's current fiscal stance excluding past debt servicing.
  - **Significance:** Indicates whether the government's current policies are leading to a growing debt burden or if the fiscal stance is improving.

New Credit Ratings model for MSMEs

Context: *Finance Minister Nirmala Sitharaman proposed a new model for MSME credit in her Budget speech on Tuesday, requiring public sector banks to assess credit eligibility internally rather than relying on external evaluations.*

- **Credit Assessment Model:**
  - PSBs will lead in developing a new credit assessment model based on MSME digital footprints, improving upon traditional asset and turnover-based assessments.
- **Credit Guarantee Scheme Details:**
  - The scheme will cover up to Rs 100 crore per applicant, with fees required for upfront and annual guarantees on reducing loan balances.
  - This scheme aims to enhance technology upgrades for MSMEs without requiring collateral or third-party guarantees.
- **Enhancement of Mudra Yojana:**
  - The increased loan limit of Rs 20 lakh will benefit entrepreneurs with prior successful loan repayments under the 'Tarun' category.
- **TReDS Platform Expansion:**
  - The reduced turnover threshold for mandatory TReDS onboarding will include more buyers, bringing 22 additional CPSEs and 7,000 companies onto the platform.
- **SIDBI Branch Network Expansion:**
  - SIDBI will establish 24 new branches this year, expanding its coverage to 168 major MSME clusters.
- **Budget Allocation Consistency:**
  - The MSME Ministry's budget remains at Rs 22,138 crore for 2024-25, maintaining the previous year's revised level.

- **MSME Growth Package:**
  - A comprehensive package will address financing, regulatory, and technology needs for MSMEs to enhance growth and global competitiveness.
- **Credit Support During Stress:**
  - A new mechanism will facilitate continued credit support to MSMEs during periods of financial stress.
- **Food Irradiation Units Support:**
  - Financial backing will be provided for establishing 50 multi-product food irradiation units within the MSME sector.

NEWS IN BETWEEN THE LINES

Vishnupad Temple

Finance Minister Nirmala Sitharaman announced during her Union Budget speech on July 23, 2024 that corridor projects will be built for the Vishnupad Temple at Gaya in Bihar.

About the Vishnupad Temple:

- The Vishnupad Temple in Gaya, Bihar is an ancient Hindu temple dedicated to Lord Vishnu.
- It is **located on the banks of the Falgu river** (tributary of the river Ganges) in the southern part of Bihar.
- It is believed to have been built on the site where **Vishnu killed the demon Gayasura**.
- The temple is named after the 40-cm-long footprint of Vishnu that is said to be embedded in a **basalt rock**, which is thought to have been left when he stamped his foot on the demon's chest to send him to the underworld.
- The temple was built in **1787 by Queen Ahilyabai Holkar** of Ahmadnagar and is around 100 feet tall with 44 pillars.
- It is a popular destination for pilgrims, especially during pitra paksh, a time in the Hindu calendar when people remember their ancestors.
- Gaya is also **mentioned in the Ramayana** and **Mahabharata** and is said to be the **place where Gautama Buddha became enlightened**.

US-India Strategic Partnership Forum

US-INDIA STRATEGIC PARTNERSHIP FORUM

Recently, the US-India Strategic Partnership Forum (USISPF) praised the inaugural Modi 3.0 Union Budget for 2024-25, highlighting its support for both domestic consumers and foreign investors by enhancing the ease of doing business in India.

About US-India Strategic Partnership Forum:

- The US-India Strategic Partnership Forum (USISPF) is an **independent non-profit**, **non-governmental and non-partisan organization.**
- It was **established in 2017** to strengthen the strategic and economic partnership between the **United States** and **India**.
- The forum **aims to enhance business ties**, **promote economic growth** and improve the overall relationship between the two countries.
- It **connects over 400 global companies** with government entities, bridging the gap between business and government.
- It **promotes closer public-private sector partnerships** across various aspects of the economy and society in both the United States and India.
- According to the forum, India-US bilateral trade is **expected to reach $238 billion by 2025.**
- Its headquarter is located in **Washington, D.C**.

Custom Duty

Recently, the Finance Minister of India announced a reduction in customs duty on input materials like critical minerals, electronics, chemicals, and precious metals, effective July 24.

About the Custom Duty:

- Custom duty, also **known as import/export tariff**, is an **indirect tax** levied on **imported goods** and some **exported items**.
- It is a form of foreign trade control that can protect domestic industry by discouraging foreign competition.
- The Income Tax Department in India sets different types of custom duties and the **Central Board of Excise & Customs** (CBEC) is responsible for all customs duty matters.
- It is usually based on product characteristics.
- In India, the **peak customs duty is around 10%,** which is the highest general rate applied to most imports.

DHYEYA IAS
most trusted since 2003

DAILY pre PARE
Current affairs summary for prelims

24 July, 2024

Namo Drone Didi Scheme

Finance Minister Nirmala Sitharaman has allocated ₹500 crore for Namo Drone Didi scheme.

About the Namo Drone Didi Scheme:

- The Namo (New Agriculture Market Order) Drone Didi scheme is an **initiative to train rural women** to become drone pilots for **agricultural purposes.**
- The scheme is **part of the Sashakt Nari Viksit Bharat** program.
- The Namo Drone Didi scheme **aims to provide drones to 15,000** selected women SHGs during the period **2023-24 to 2025- 2026** for providing rental services to farmers.
- The scheme also aims to modernize agriculture, **employ drone technology** to boost productivity, **create jobs**, **train women in drone operations** for various agricultural purposes, **foster self-reliance** and offer training in drone maintenance, data analysis, and flying.
- The government will provide financial assistance to each **SHG at 80% of the cost of the drone**, including accessories and ancillary charges, but up to a **maximum of ₹8 lakh.**

Place in News

Ethiopia

Recently, the death toll from two landslides in southern Ethiopia has reached 229, with numbers likely to rise as search efforts continue.

Ethiopia (Capital: Addis Ababa)

Location: Ethiopia, officially known as the **Federal Democratic Republic of Ethiopia**, is a **landlocked** country located in the Horn of Africa.
Political Boundaries: Ethiopia shares its borders with **Somalia** (East and Southeast), **South Sudan** (West), **Eritrea** (North), **Djibouti** (Northeast), **Sudan** (Northwest) and **Kenya** (South).

Physical Features:

- **Mount Entoto** is the highest peak in the Entoto Mountains, which are located in Addis Ababa, Ethiopia.
- **Lake Tana** is the largest lake in Ethiopia and a source of the Blue Nile.
- **The Blue Nile**, the **Tekeze** and the **Awash** are the prominent rivers in Ethiopia.
- Ethiopia is rich in minerals such as **gold**, **tantalum**, potash, copper, cobalt, **limestone** and **gemstones.**

POINTS TO PONDER

- Which state government recently introduced the Rajiv Gandhi Civil Abhaya Hastham Scheme? **– Telangana**
- Which institute was awarded the best technology award for its work in horticultural sciences? **– Indian Institute of Spices Research**
- The RoDTEP Scheme, recently in the news, is a WTO-compliant scheme under which ministry? **– Ministry of Commerce**
- Which former Indian tennis players were recently inducted into the International Tennis Hall of Fame in Newport, USA?
  – Vijay Amritraj and Leander Paes
- The Rapid Apophis Mission for Space Safety (RAMSES) is a planetary defense mission of which space agency?
  – European Space Agency (ESA)