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ASSOCHAM-EGROW study on MSME

Context: The ASSOCHAM-EGROW study was conducted recently on MSME of India highlighting the challenges faced by Indian MSMEs (Micro, Small, and Medium Enterprises). The study suggests solutions to support their growth of MSMEs and enhance their role in India's development, particularly in the context of the nation's goal to become a developed country by 2047.

Challenges Faced by MSMEs:

- **Financial Challenges:** MSMEs struggle with access to transparent loan approval processes and face challenges due to high-interest rates and unused credit charges.
- **Compliance Challenges:** The complexity of GST and the burden of Tax Deducted at Source (TDS) make compliance difficult for many MSMEs.

Proposed Solutions:

- **Simplified GST:** A more streamlined GST system is recommended to ease the compliance burden for MSMEs.
- **Reduced TDS:** The study suggests reducing the TDS burden by limiting deductions to essential payments and introducing a unified tax system based on turnover for certain MSMEs.
- **Corporate Tax Reduction:** The corporate income tax rate for MSMEs should be reduced from 25% to 15% to encourage business growth.
- **Financial Solutions:** Introduction of MSME-specific bonds and mutual funds, as well as the expansion of small finance banks to better serve rural and semi-urban areas, could improve financial liquidity.

Focus on MSME Development:

- **MSME-Specific Institutions:** The study advocates for the creation of MSME Universities in each state to provide comprehensive support, including R&D, finance, marketing, and training. This would help address the needs of MSMEs and boost innovation.
- **Skill Development:** The Skill India Mission should be upgraded with state-specific training programs. Enhanced linkages between MSMEs and higher education institutions are recommended to build a

skilled workforce that can support MSME growth.

- **Infrastructure:** The development of integrated infrastructure townships with testing centers, financial institutions, and training hubs can support MSME clusters across India.

Defining MSMEs

- Micro, Small, and Medium Enterprises (MSMEs) are vital to India's economy, contributing significantly to employment, GDP, and exports.
- The classification of MSMEs is based on their investment in plant and machinery or equipment:
 - » **Micro Enterprises:** Investment up to ₹1 crore and turnover up to ₹5 crore.
 - » **Small Enterprises:** Investment between ₹1 crore and ₹10 crore and turnover up to ₹50 crore.
 - » **Medium Enterprises:** Investment between ₹10 crore and ₹50 crore and turnover up to ₹250 crore.

Importance of MSMEs in India's Economic Growth:

- MSMEs contribute about 30% of India's GDP, 45% of manufacturing output, and 46% of exports (as of FY 2024).
- With India's projected GDP growth from \$3.5 trillion to \$22.8 trillion by 2047, MSMEs are expected to play a significant role in this economic transformation, particularly by addressing the growing labor force and providing productive employment.

PRAGATI Platform

Context: India's PRAGATI (Pro-Active Governance and Timely Implementation) platform has been lauded by Oxford University as a transformative example of digital governance.

- The report, "From Gridlock to Growth: How Leadership Enables India's PRAGATI Ecosystem to Power Progress," emphasizes its success in driving infrastructure and social development while enhancing accountability and efficiency in governance.

About PRAGATI:

- Initiated in 2015, PRAGATI integrates advanced technology with governance to address bottlenecks,

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accelerate projects, and foster better coordination between central and state governments.

- It uses tools like video conferencing, real-time data, and drone feeds to facilitate timely decision-making and effective monitoring.

Objectives:

- Speed up project implementation.
- Encourage inter-agency collaboration.
- Strengthen accountability and governance.



Key Features:

- **Technology-Driven:** Utilizes real-time data and monitoring.
- **Direct Oversight:** Enables direct engagement between the Prime Minister and senior officials.
- **Streamlined Processes:** Removes administrative barriers for better coordination.

Economic Impact:

- PRAGATI has been instrumental in bolstering India's economic growth and resilience:
 - » **Multiplier Effect:** Every rupee spent on infrastructure projects under PRAGATI has resulted in GDP gains of 2.5 to 3.5 rupees, showcasing its crucial role in stimulating economic activity.
 - » **Economic Resilience:** Timely execution of projects has strengthened India's economic stability

during global challenges.

- » **Infrastructure Development:** Tackled issues such as land acquisition and inter-ministerial coordination. Facilitated rapid progress in transportation, energy, and urban infrastructure projects.

Social and Environmental Impact:

- Beyond economic benefits, PRAGATI has made significant contributions to social development and environmental sustainability:
 - » **Social Development:** Improved access to essential services like roads, electricity, water, and railways. Focused on reducing regional disparities by prioritizing projects in underdeveloped areas.
 - » **Environmental Sustainability:** Advanced the adoption of green technologies and sustainable practices. Streamlined environmental clearances and incorporated eco-friendly measures in project planning.

A Model for Global Adoption:

- PRAGATI serves as a scalable and replicable framework for emerging economies, offering valuable insights into governance innovation:
 - » **Governance Innovation:** Combines technology and leadership to enhance efficiency, collaboration, and decision-making. Demonstrates how strategic investments in infrastructure can drive sustained growth.
 - » **Addressing Developmental Challenges:** Helps countries overcome bureaucratic inefficiencies and achieve sustainable development. Offers practical solutions to transition from middle-income to high-income status.

Conclusion:

PRAGATI exemplifies the potential of combining technology with governance to drive progress. Its success in expediting projects, fostering collaboration, and delivering results has made it a global model for effective governance. Recognized by Oxford University, PRAGATI continues to inspire nations seeking innovative approaches to sustainable development and inclusive growth.

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Land Degradation: A Growing Threat to Global Sustainability

Context: Land degradation is increasingly compromising the Earth's capacity to support human life, posing a serious challenge for future generations. A recent United Nations (UN) report, *Stepping Back from the Precipice: Transforming Land Management to Stay Within Planetary Boundaries*, provides alarming insights into the extent of land degradation.

Key Findings of the Report

- **Annual Degradation:** A million square kilometers of land are being degraded each year.
- **Total Affected Area:** Approximately 15 million square kilometers have already been impacted by land degradation, which is more than the entire landmass of Antarctica.

What is Land Degradation?

- Land degradation refers to the decline in the biological or economic productivity and complexity of land. It affects various land types, including:
 - » Rainfed and Irrigated Croplands
 - » Rangelands and Pastures
 - » Forests and Woodlands

Consequences of Land Degradation:

- **Food Security:** Reduces the quality and quantity of food production, increasing the risk of malnutrition.
- **Health Risks:** Leads to the spread of water- and food-borne diseases due to inadequate sanitation and water scarcity.
- **Respiratory Issues:** Dust storms and soil erosion contribute to respiratory diseases.
- **Ecosystem Damage:** Eroded soil, along with chemicals like fertilizers and pesticides, washes into water bodies, harming aquatic life and communities dependent on these water sources.

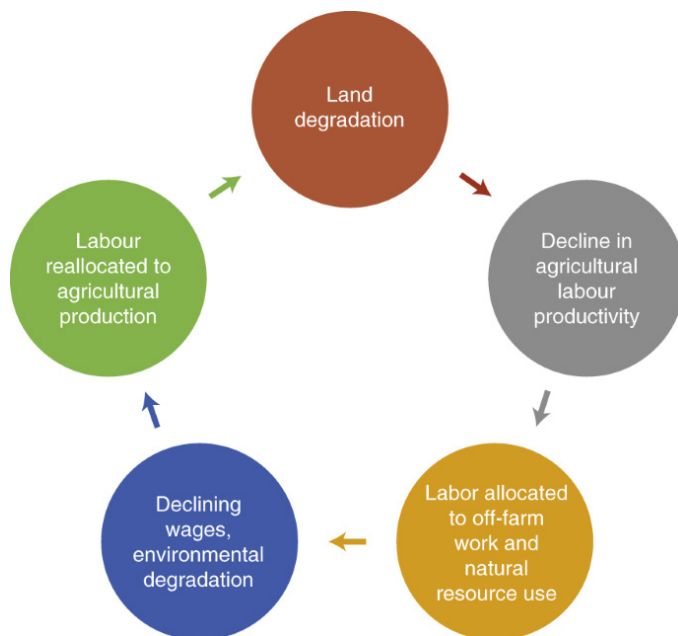
Contribution to Climate Change:

- **Carbon Emissions:** Degraded soils release carbon dioxide and nitrous oxide into the atmosphere.
- **Reduced Carbon Sink Capacity:** The ability of land ecosystems, such as trees and soil, to absorb human-

caused carbon dioxide has decreased by 20% in the last decade.

Causes of Land Degradation:

- **Unsustainable Agriculture:** Overuse of chemical fertilizers, pesticides, and poor irrigation practices leads to deforestation, soil erosion, and pollution.
- **Climate Change:** Increased frequency of extreme weather events, such as heavy rainfall and heat stress, worsens land degradation.
- **Urbanization:** Rapid urban expansion contributes to habitat destruction and pollution, accelerating land degradation.



Geographical Hotspots:

- **Dryland Areas:** South Asia, northern China, the High Plains of the U.S., and the Mediterranean are identified as hotspots.
- **Low-Income Countries:** These areas are disproportionately affected due to lower resilience to withstand the impacts of land degradation.

Conclusion:

- The UN's report emphasizes the urgent need to address land degradation through transformative land management practices. Key strategies include:
 - » **Sustainable Agricultural Practices:** Reducing

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chemical inputs, improving irrigation methods, and preventing deforestation.

- » **Climate Change Mitigation:** Enhancing resilience to extreme weather events.
- » **Protection of Vulnerable Regions:** Focusing on areas in low-income countries that are most at risk.

Ratapani Wildlife Sanctuary Declared a Tiger Reserve

Context: The Ratapani Wildlife Sanctuary in Madhya Pradesh has officially been declared a tiger reserve, following in-principle approval from the Ministry of Environment, Forest, and Climate Change (MoEFCC) through the National Tiger Conservation Authority (NTCA).

About Ratapani Tiger Reserve:

- Located in the Raisen district and situated in the Vindhya hills, the Ratapani Tiger Reserve encompasses a total area of 1,271.4 square kilometers. This includes:
 - » Core Area: 763.8 square kilometers
 - » Buffer Area: 507.6 square kilometers
- The reserve is home to a variety of flora and fauna, with teak forests being a prominent feature.
- Additionally, it holds historical and cultural significance as it includes the Bhimbetka Rock Shelters, a UNESCO World Heritage Site, alongside several other historical and religious destinations.
- The reserve is located less than 50 kilometers from Bhopal, making it accessible and an attractive location for ecotourism.

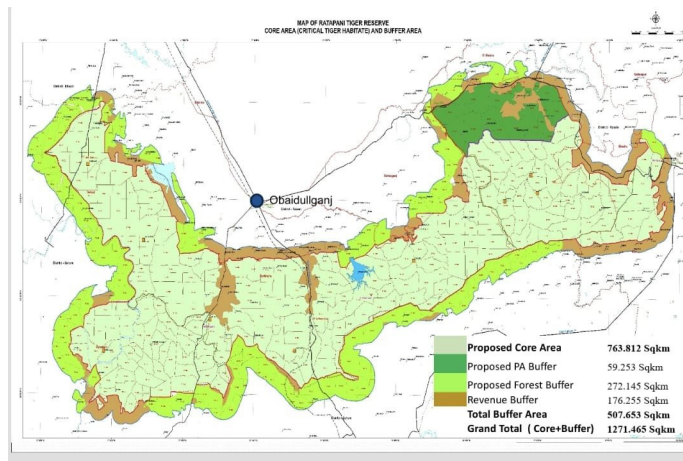
Legislative Framework and Rights of Local Communities:

- The Ratapani Wildlife Sanctuary was officially declared a tiger reserve under Section 38V of the Wildlife (Protection) Act, 1972. This law identifies important tiger habitats and separates them into core and buffer zones to focus on conservation efforts.
- As part of this decision, nine villages, covering an area of 26.947 square kilometers, were added to the buffer zone. Importantly, the rights of the local villagers living in the sanctuary remain protected, ensuring a balance between wildlife conservation and the well-being of the

community.

Implications for Conservation and Development:

- **Enhanced Conservation Efforts:** The NTCA's funding will facilitate better management and conservation of wildlife in the reserve.
- **Promotion of Ecotourism:** The new tiger reserve status is expected to attract tourists, creating economic opportunities and boosting employment for local communities.
- **Eco-Development Programs:** Initiatives aimed at improving livelihoods and fostering sustainable development in the region are set to receive additional support.



Madhya Pradesh: A Leader in Tiger Conservation

- Ratapani's designation as a tiger reserve makes it the eighth tiger reserve in Madhya Pradesh, a state already recognized for its leadership in tiger conservation.
- This development follows the approval of Madhav National Park to also become a tiger reserve, reflecting the state's commitment to expanding its tiger habitats and ensuring ecological balance.

Conclusion:

The declaration of Ratapani Wildlife Sanctuary as a tiger reserve is a significant step toward strengthening wildlife conservation efforts in India. Beyond preserving biodiversity, it integrates local community interests, economic development, and cultural heritage, setting an example of sustainable conservation practices.

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Power Packed News

Exercise HARIMAU SHAKTI

- The 4th edition of Exercise HARIMAU SHAKTI commenced at the Bentong camp in Pahang, Malaysia, marking an important step in strengthening India-Malaysia military ties.
- This joint military exercise, held annually on a rotational basis between India and Malaysia, aims to enhance the joint military capabilities of both nations in counter-insurgency operations within jungle terrain, in line with Chapter VII of the United Nations Mandate.
- This year, the Indian contingent, represented by a Battalion of the MAHAR Regiment, will engage in two phases of training. The first phase will focus on cross-training, with lectures, demonstrations, and jungle terrain drills.
- The second phase will involve simulated exercises, where both armies will practice operations like Anti-MT Ambush, Recce Patrols, and counter-terrorist attacks.
- The exercise, which alternates between India and Malaysia, provides a platform for both sides to exchange best practices, improve interoperability, and foster camaraderie. The last edition, conducted in November 2023 at Umroi Cantonment in India, contributed to deepening military cooperation, building mutual trust, and enhancing operational readiness in counter-insurgency scenarios.

Arjun Erigaisi Reaches 2800 ELO Rating Milestone

- Arjun Erigaisi, a chess player from Warangal, Telangana, has made history by becoming the second Indian to achieve a 2800 ELO rating. On December 1, 2024, Erigaisi reached a rating of 2801, placing him fourth in the world. He is just behind Hikaru Nakamura of the USA, who has a rating of 2802.
- Erigaisi's achievement follows in the footsteps of Viswanathan Anand, the five-time World Chess Champion, who was the first Indian to reach the 2800 rating. Arjun Erigaisi is now the 16th player in the world to reach this milestone.
- In addition to his individual success, Erigaisi recently won an individual gold medal and a team title at the Chess Olympiad. He earned his Grandmaster title at just 14 years, 11 months, and 13 days.
- Another talented Indian player, D. Gukesh, is ranked fifth with a rating of 2783. Magnus Carlsen from Norway is still the world number one with a rating of 2831, followed by Fabiano Caruana of the USA with 2805.



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