

PERFECT 7

WEEKLY

CURRENT AFFAIRS

July: 2019 / Issue-04

Special Issue

ECONOMIC SURVEY

2018-19

Volume - 2

- State of the Economy in 2018-19 : A Macro View
- Monetary Management & Financial Intermediation
- Prices & Inflation: Monitoring and Managing
- Sustainable Development & Climate Change
- Agriculture & Food Management: An Overview
- Fledgling Industry and Infrastructure
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DHYEYA IAS : AN INTRODUCTION



The guiding philosophy of the institute, throughout, has been creation of knowledge base. Dhyeya IAS inculcates human values and professional ethics in the students, which help them make decisions and create path that are good not only for them, but also for the society, for the nation, and for the world as whole. To fulfill its mission in new and powerful ways, each student is motivated to strive towards achieving excellence in every endeavor. It is done by making continuous improvements in curricula and pedagogical tools.

The rigorous syllabi not only instills in them, a passion for knowledge but also attempts to teach them how to apply that knowledge in real-life situations. The programmes lay emphasis on well-rounded personality development of the students and also in inculcating the values of honesty and integrity in them.

Vinay Kumar Singh
CEO and Founder
Dhyeya IAS



Dhyeya IAS is an institution that aims at the complete development of the student. Our faculty are hand-picked and highly qualified to ensure that the students are given every possible support in all their academic endeavors. It is a multi-disciplinary institution which ensures that the students have ready access to a wide range of academic material.

Our brand of education has broad horizons as we believe in exposure. Our students are encouraged to widen their knowledge base and study beyond the confinements of the syllabus. We aim to lend a gentle guiding hand to make our students recognize their inner potential and grow on their own accord into stalwarts of tomorrow's society.

Q H Khan
Managing Director
Dhyeya IAS

PERFECT 7 : AN INTRODUCTION



With immense pleasure and gratitude I want to inform you that the new version of 'Perfect-7', from the Dhyeya IAS, is coming with more information in a very attractive manner. Heartily congratulations to the editorial team. The 'Perfect-7' invites a wider readership in the Institute. The name and fame of an institute depends on the caliber and achievements of the students and teachers. The role of the teacher is to nurture the skills and talents of the students as a facilitator. This magazine is going to showcase the strength of our Institute. Let this be a forum to exhibit the potential of faculties, eminent writers, authors and students with their literary skills and innovative ideas.

I extend best wishes for the success of this endeavor.

Qurban Ali

Chief Editor

Dhyeya IAS

(Ex Editor- Rajya Sabha TV)



We have not only given the name 'Perfect 7' to our magazine, but also left no stone unturned to keep it 'near to perfect'. We all know that beginning of a task is most challenging as well as most important thing. So we met the same fate.

Publishing 'Perfect 7' provided us various challenges because from the beginning itself we kept our bar too high to ensure the quality. Right from the very first issue we had a daunting task to save aspirants from the 'overdose of information'. Focusing on civil services exams 'Perfect 7' embodies in itself rightful friend and guide in your preparation. This weapon is built to be precise yet comprehensive. It is not about bombardment of mindless facts rather an analysis of various facets of the issues, selected in a systematic manner. We adopted the 'Multi Filter' and 'Six Sigma' approach, in which a subject or an issue is selected after diligent discussion on various levels so that the questions in the examination could be covered with high probability.

Being a weekly magazine there is a constant challenge to provide qualitative study material in a time bound approach. It is our humble achievement that we feel proud to make delivered our promise of quality consistently without missing any issue since its inception.

The new 'avatar' of 'Perfect 7' is a result of your love and affection. We feel inspired to continue our efforts to deliver effective and valuable content in interesting manner. Our promise of quality has reached you in around 100 issues and more are yet to come.

Ashutosh Singh

Managing Editor

Dhyeya IAS



PREFACE

Dhyeya family feels honoured to present you a pandora box 'Perfect 7'. 'Perfect7' is an outstanding compilation of current affairs topics as per the new pattern of Civil Service examination (CSE). It presents weekly analysis of information and issues (national and international) in the form of articles, news analysis, brain boosters, PIB highlights and graphical information, which helps to understand and retain the information comprehensively. Hence, 'Perfect 7' will build in-depth understanding of various issues in different facets.

'Perfect7' is our genuine effort to provide correct, concise and concrete information, which helps students to crack the civil service examination. This magazine is the result of the efforts of the eminent scholars and the experts from different fields.

'Perfect 7' is surely a force multiplier in your effort and plugs the loopholes in the preparation.

We believe in environment of continuous improvement and learning. Your constructive suggestions and comments are always welcome, which could guide us in further revision of this magazine.

Omveer Singh Chaudhary
Editor
Dhyeya IAS

Perfect 7

The Weekly Issue

Perfect 7

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Our other initiative



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by Mr. Qurban Ali
(Ex. Editor Rajya Sabha, TV) & by Team Dhyeya IAS
(Broadcasted on YouTube & Dhyeya-TV)

SEVEN IMPORTANT ISSUES

1. STATE OF THE ECONOMY IN 2018-2019: A MACRO VIEW

Why in News?

The Economic Survey 2018-19 has projected India's Financial Year 20 (FY20) economic growth rate at 7%. The Survey also revealed signs of India's economic revival and challenges ahead. It showcased the health of various indicators like jobs, farm sector, manufacturing, services, education, etc.

Introduction

India continues to remain the fastest growing major economy in the world in 2018-19, despite a slight moderation in its Gross Domestic Product (GDP) growth from 7.2% in 2017-18 to 6.8% in 2018-19. On the other hand, the world output growth declined from 3.8% in 2017 to 3.6% in 2018. The slowdown in the world economy and Emerging Market and Developing Economies (EMDEs) in 2018 followed the escalation of US-China trade tensions, tighter credit policies in China and financial tightening alongside the normalization of monetary policy in the larger advanced economies. In 2019, when the world economy and EMDEs are projected to slow down by 0.3 and 0.1 percentage points respectively, growth of Indian economy is forecast to increase. As per, World Economic Outlook (WEO), India forms part of 30% of the global economy, whose growth is not projected to decline in 2019.

India is the seventh largest economy in terms of GDP in current US\$ and has emerged as the fastest

growing major economy. The average growth rate of India was not only higher than China's during 2014-15 to 2017-18 but much higher than that of other top major economies (measured in terms of GDP at current US\$ terms) as well. With Purchasing Power Parity (PPP) adjustments, India's GDP at current international dollar, ranks third in the world.

The contribution of the Indian economy to the GDP of EMDEs and world economy has increased consistently over the years. In a span of less than a decade, India's contribution to EMDEs' GDP has increased by around 1.3 percentage points and to the world economy by around 0.7 percentage points. India's share in GDP of EMDEs stood at 8% in 2018. As per the WEO, going forward, the growth of world economy will be bolstered mainly by growth in China and India and their increasing weights in world income. In EMDEs group, India and China are the major drivers of growth. The global economy—in particular the global growth powerhouse, China—is rebalancing, leading to an increasing role for India. Hence, India's contribution has become much more valuable to the global economy.

Overview: Indian Economy

The government has projected the real GDP growth for the year 2019-20 at 7%, on the back of anticipated pickup in the growth of investment and acceleration in the growth of consumption.

- ◆ India's growth of real GDP has been high with average growth of 7.5% in the last 5 years. The Indian economy grew at 6.8% in 2018-19, thereby experiencing some moderation in growth when compared to the previous year.
- ◆ Acreage in 2018-19 for the rabi crop was marginally lower than last year, which affected agricultural performance. The contraction in food prices may have contributed to inducing farmers to produce less.
- ◆ On the external front, current account deficit (CAD) increased from 1.9% of GDP in 2017-18 to 2.6% in April-December 2018. The widening of the CAD was largely on account of a higher trade deficit driven by rise in international crude oil prices (Indian basket).
- ◆ The trade deficit increased from US\$ 162.1 billion in 2017-18 to US\$ 184 billion in 2018-19. Merchandise imports reduced from 21.1% to 10.4%. Growth in service exports and imports in US dollar terms declined to 5.5% and 6.7% respectively in 2018-19, from 18.8% and 22.6% respectively in 2017-18.
- ◆ The foreign exchange reserves in nominal terms (including the valuation effects) decreased by US\$ 11.6 billion March end 2019 from March 2018.

- ◆ Net Foreign Direct Investment (FDI) inflows grew by 14.2% in 2018-19. Among the top sectors attracting Foreign Direct Investment (FDI) equity inflows, services, automobiles and chemicals were the major categories.
- ◆ Indian banking sector has been dealing with twin balance sheet problem, which refers to stressed, corporate and bank balance sheets. The increase in Non-Performing Assets (NPA) of banks led to stress on balance sheets of banks, with the Public Sector Banks (PSBs) taking in more stress.
- ◆ Decline in investment rate and fixed investment rate since 2011-12, seems to have bottomed out with some early signs of recovery since 2017-18. Fixed investment growth picked up from 8.3% in 2016-17 to 9.3% in 2017-18 and further to 10.0% in 2018-19. The decline in fixed investment until 2016-17 was mainly by the household sector, with fixed investment by public sector and private corporate sector remaining almost at same levels.
- ◆ Green shoots in the investment activity appear to be taking hold as also seen in the pickup in credit growth to industry. Credit to, both, large and micro, small and medium enterprises has seen pickup in growth. The growth of bank credit to micro, small and medium enterprises was contracting in 2016 and 2017, but has started picking up in 2018.
- ◆ Service sector is the most dynamic sector in the economy and has remained the key driver of economic growth and India's total exports increasing manifold, from Rs. 0.746 lakh crore in 2000-01 to Rs. 14.389 lakh crore in 2018-19, raising its share in total exports from 26.8% to 38.4%.
- ◆ Real growth in 'Agriculture & allied' sector was lower in 2018-19 at 2.9%, after two years of good agriculture growth.
- ◆ Growth in the industry accelerated during 2018-19 on the strength of improving manufacturing and construction activity, which have more than offset the deceleration in the other two sub sectors, 'Mining & quarrying' and 'Electricity, gas, water supply & other utility services'. Manufacturing accounted for 16.4% in total Gross Value Added (GVA) in 2018-19, marginally higher than that of 'Agriculture & allied' sector.
- ◆ Construction sector growth is estimated using growth of production of cement and consumption of finished steel. Production of cement and consumption of finished steel grew at 13.3% and 7.5% respectively in 2018-19, higher than their growth rates in 2017-18 and this reflects in higher growth of construction sector in 2018-19.
- ◆ The 'Financial, real estate and professional services' sector grew at 7.4% in 2018-19, higher as compared to 6.2% in 2017-18. This sector amounts for more than 20% of overall GVA of the economy.

Drivers of Growth

Consumption has always been a strong and major driver of growth in the economy. Within total final consumption, it is the private final consumption expenditure that has a major share (close to 60%) in the economy's GDP, with its growth rate mostly being higher than the overall GDP growth rate. 1.25 The second component of consumption is the government final consumption expenditure (GFCE). Growth of GFCE decelerated from 15.0% in 2017-18 to 9.2% in 2018-19. GFCE is calculated using growth of revenue

expenditure net of interest payments and subsidies. GFCE comprises government's (revenue) expenditure on compensation of employees, net purchase of goods and services and consumption of fixed capital.

The third major component of demand is investment. Investment (Gross Capital Formation) accounts for nearly 32% of GDP, within which fixed investment (Gross fixed capital formation) accounts for about 29% of GDP.

The fourth component of demand is net exports. Exports are the external component of demand of domestic goods, and imports are a leakage of income of the country for demand of products from other countries. The contribution of exports and imports to GDP would matter in rupee terms for national accounting purposes rather than US dollar.

Supply side of the Economy

Gross Value Added (GVA), reflects the supply or production side of the economy to which net indirect taxes on products are added to get GDP at market prices. Growth of GVA reflected a decline in economic activity, registering a growth of 6.6% in 2018-19, lower than 6.9% in 2017-18. Growth of net indirect taxes was 8.8% in 2018-19, lower than that of 2017-18, on account of loss of momentum of economic activity.

Outlook of the Economy

The year 2019-20 has delivered a huge political mandate for the government, which augurs well for the prospects of high economic growth. Real GDP growth for the year 2019-20 is projected at 7%, reflecting a recovery in the economy after a deceleration in the growth momentum throughout 2018-19. The growth in the economy is expected to pick up in 2019-20 as macroeconomic conditions continue to be stable while structural reforms

initiated in the previous few years are continuing on course. However, both downside risks and upside prospects persist in 2019-20. Investment rate, which was declining from 2011-12 seems to have bottomed out. It is expected to pick up further in the year 2019-20 on the back of higher credit growth and improved demand.

The political stability in the country should push the animal spirits of the economy, while the higher capacity utilization and uptick in business expectations should increase investment activity in 2019-20. Accommodative monetary policy in the beginning of the year should help in decreasing real lending rates, more so, if the transmission mechanism improves. There are signs of continuing resolution of stressed assets in the banking sector as reflected in decline in Non-performing assets (NPA) to gross advances ratio as on December 2018, which should push the capex cycle.

The performance of consumption will be crucial in deciding the growth path of economy. Rural wages growth which was started to increase since mid-2018. Further, growth in rural wages should help spur rural demand.

Pick up in food prices should help in increasing rural incomes and spending demand. PM-KISAN Scheme was announced by the government to provide an income support of 6000/- per year to small and marginal farmers families having combined land holding/ ownership of upto 2 hectares. The oil prices increased in 2018-19 by around 14 \$/bbl. However, oil prices are expected to decline in 2019-20 from the current level (based on the oil futures price for 2019-20). This should provide a positive push to consumption.

However, downside risks to consumption remain. The extent of recovery in farm sector and farm prices will decide the push to rural consumption, which is also dependent on the situation of monsoon. If the impact of stress in the NBFC sector spills over to this year as well, it may lead to lower credit offtake from NBFCs, which may dampen growth in consumption.

Way Forward

Prospects of export growth remain weak for 2019-20 if status quo is maintained. However, reorientation of export policies to target countries/ markets based on our own relative

comparative advantage and the importing country's exposure to Indian goods can foster export performance.

Under status quo, the outlook for the global economy is bleak in 2019, with most of the countries projected to slow down. The major threat facing the world economy is the increase in trade tensions between US and China, which could lead to large disruptions in global value chains, outcome of Brexit and downside risk to China's growth. The lower global growth and the increased uncertainty about trade tensions may negatively affect export demand, including that of India's, which in turn will further lower GDP growth rates of several countries. On balance, the prospects of the economy should improve with growth of the economy expected to be 7% in 2019-20.

General Studies Paper- III

Topic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.



2. MONETARY MANAGEMENT & FINANCIAL INTERMEDIATION

Why in News?

The Economic Survey 2018-19 has highlighted that the performance of the banking system has improved as Non- Performing Asset (NPA) ratios declined and credit growth accelerated. However, financial flows to the economy remained constrained because of decline in the amount of equity finance raised from capital markets and stress in Non-Banking Financial Companies (NBFC) Sector.

Introduction

The Indian banking sector has been at the forefront of driving the economic

growth of the country. In the last several years, however, the sector has been plagued by growing NPAs on account of various reasons. The total stressed assets pool reached about 10.6 lakh crore for PSBs and 12-13 lakh crore for the overall banking system as on March 31, 2018. Resolving stressed assets requires significant and concerted efforts. Since 2014, many steps have been taken by the government, the Reserve Bank of India (RBI) and individual banks to enable rescue and revival. A robust, modern and sophisticated insolvency framework was established with the enactment of

the Insolvency and Bankruptcy Code, 2016 (IBC). The IBC seeks to achieve resolution of corporate debtors (CDs) in distress and failing that, its liquidation in a time-bound manner under the non-intrusive oversight of the National Company Law Tribunal (NCLT). The Financial Creditors (FC) have been provided with greater role and powers through the committee of creditors.

Monetary Developments During 2018-19

The Monetary Policy Committee (MPC) of the RBI, at the time of writing, had met six times in 2018-19 and twice

in 2019-20. With the perceived risk to inflation from increase in crude oil prices as well as expectation of tightening of monetary policy by the Federal Reserve, the MPC in the Second and Third Bi-monthly Monetary Policy Statement, decided to increase the policy repo rate by 25 bps each while keeping the policy stance as neutral.

♦ **Liquidity Conditions and its Management:** In 2018-19, liquidity conditions were comfortable till August 2018 but has been systematically tight since September 2018. Liquidity situation, on average, moved in the deficit zone in the last two quarters of 2018-19 as well as in first quarter of 2019-20. The banking system faced huge shortage of liquidity for the first time in the fiscal between September 15 and 26 and the deficit was nearly Rs. 1.18 lakh crore. The RBI, consequently, announced open market operations (OMOs) of Rs. 30,000 crore. This move did ease liquidity temporarily but the liquidity shortage has been persistent.

♦ **Developments in the government securities (G-Sec) Market:** During 2018-19, the 10-year benchmark G-Sec yields were volatile and closely tracked the movement in oil prices, domestic liquidity and rupee exchange rate.

♦ **Banking Sector:** The performance of the banking sector (domestic operations), Public Sector Banks (PSBs) in particular, improved in 2018-19. The Gross Non-Performing Advances (GNPA) ratio of Scheduled Commercial banks (SCBs) decreased from 11.5% to 10.1% between March 2018 and December 2018. Their Restructured Standard Advances (RSA) ratio declined from 0.7% to 0.4%. The Stressed Advances (SA) ratio decreased from 12.1% to 10.5% during the same period.

GNPA ratio of PSBs decreased from 15.5% to 13.9% between March 2018 and December 2018.

♦ **Credit Growth:** Growth in non-food bank credit (NFC), which remained sluggish in last few years, showed improvement in 2018-19. The average NFC growth in 2018-19 improved to 11.2% vis-a-vis 7.7% in 2017-18. Bank credit to large industry and services segments were the main drivers of overall NFC growth in 2018-19.

♦ **Non-Banking Financial Sector:** In the recent past, the NBFCs have played increasingly important role in resource mobilization and credit intermediation, thereby helping commercial sector to make up for low bank credit growth.

However, the NBFCs experienced difficult times in 2018-19 in the aftermath of the ratings downgrades and default of IL&FS Group.

Developments in Capital Market

Primary Market: Overall, total public issue declined by 50% from Rs. 1,10,269 crore in 2017-18 to Rs. 54,915 crore in 2018-19. During 2018-19, Indian corporates preferred private placement route to gear up the capital requirement.

Investment by Foreign Portfolio Investors (FPIs): Total cumulative investment by FPIs decreased as on March 31 2019 as against March 31 2018. The assets of the FPIs in India, as reported by the custodians, increased to Rs. 33,42,680 crore as on March 31 2019 from Rs. 31,48,349 crore as on March 31 2018. However, the notional value of offshore derivative instruments (including offshore derivative instruments (ODIs) on derivatives) decreased to Rs. 77,287 crore from Rs. 1,02,726 crore during the same period.

Insurance Sector: The potential and performance of the insurance sector are generally assessed on the basis of two parameters, viz., insurance penetration and insurance density. The measure of insurance penetration and density reflects the level of development of insurance sector in a country. While insurance penetration is measured as the percentage of insurance premium to GDP, insurance density is calculated as the ratio of premium to population (measured in US\$ for convenience of international comparison). Insurance penetration which was 2.71% in 2001, has steadily increased to 3.69% in 2017 (Life 2.76% and Non-Life 0.93%). Insurance penetration in some of the emerging economies in Asia, i.e., Malaysia, Thailand and China during the same year were 4.77, 5.29 and 4.57% respectively.

What is Financial Intermediary?

Financial intermediary is an institution that acts as a middleman between two parties for the purposes of improving economic activities through the supply of capital from savers to investors. Financial intermediaries, such as commercial bank, investment banks, mutual funds and pension funds provides service that is beneficial to the average consumer, including safety, liquidity, and economies of scale which give cost advantages to enterprises including investment banking and asset management obtain due to their scale of operation. Although in some areas like investment, advancement in technology has threatened to destroy intermediary role of financial system. But this disintermediation has been found to be much less of a threat in areas like finance, including banking and insurance.

Resolving Corporate Stress in a Changed Paradigm

Resolving stressed assets requires significant and concerted efforts. Since 2014, many steps have been taken by the government, the RBI and individual banks to enable rescue and revival. A robust, modern and sophisticated insolvency framework was established with the enactment of the IBC in 2016.

The IBC seeks to achieve resolution of corporate debtors (CDs) in distress and failing that, its liquidation in a time-bound manner under the non-intrusive oversight of the National Company Law Tribunal (NCLT).

Although based on global principles, the IBC has been customized for Indian conditions to make it compatible with local conditions. It is one of the most important economic reforms of recent times designed to effectively deal with non-performing CDs and the resultant logjam in the availability of credit.

In June 2017, the RBI substituted harmonized and simplified generic framework for resolution of stressed assets. 'Sashakt' - the resolution scheme to resolve the problem of NPAs through a market-led approach, was introduced in July 2018. 'Sashakt' entails participating banks to work together under an Inter-Creditor Agreement (ICA). As of March 31, 2019, 35 banks had signed the ICA. Further, the notification on "Prudential Framework for Resolution of Stressed Assets" was released by RBI dated June 7, 2019.

As a concerted effort made in the enactment and implementation of the IBC, India improved its 'Resolving Insolvency' ranking from 134 in 2014 to 108 in 2019. This is a significant jump given that the country was stagnating in earlier position for many years. India

won the Global Restructuring Review (GRR) award for the most improved jurisdiction in 2018.

Reforms in Pipeline

Cross Border Insolvency

The United Nations Commission on International Trade Law (UNCITRAL) Model Law on Cross-Border Insolvency (Model Law) is the most widely accepted blueprint to effectively deal with cross-border insolvency issues while ensuring the least intrusion into each country's internal insolvency and bankruptcy laws. India has initiated the steps to adopt the Model Law.

Group Insolvency

Presently, the insolvency of different companies belonging to the same group is dealt with through separate insolvency proceedings for each company. A coherent approach can address information asymmetry, provide coordination and prevent delay and clogging up of insolvency infrastructure. Recognising the need for a legal framework to deal with insolvency of group companies, the IBBI has recently set up a working group under former SEBI Chairman

Mr. U. K. Sinha to recommend a complete regulatory framework to facilitate insolvency resolution and liquidation of debtors in a corporate group.

Insolvency and Bankruptcy of Individuals

Implementing insolvency law for individuals and partnership firms poses distinct challenges. Recognising the complexities involved, a Working Group under the chairmanship of Mr. P. K. Malhotra, has been set up by the Insolvency and Bankruptcy Board of India (IBBI) to recommend the strategy and approach for implementation of the provisions of IBC dealing with insolvency and bankruptcy of individuals.

Way Forward

The performance of the banking system has improved as NPA ratios declined and credit growth accelerated. However, financial flows to the economy remained constrained because of decline in the amount of equity finance raised from capital markets and stress in the NBFC sector. The ecosystem for insolvency and bankruptcy is getting systematically built out. It has already led to recovery and resolution of significant amount of distressed assets as well as palpably improved business culture.

General Studies Paper- III

Topic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Topic: Investment models.

○○○

3. PRICES & INFLATION: MONITORING AND MANAGING

Why in News?

Recently, the government of India has come up with the Economic Survey 2018-19. Among various other aspects of the economy the Survey throws some light on the issues of superintendence of the prices and inflation.

Summary Observations

The Survey noted that during Financial Year (FY) 19 headline Consumer Price Index – Combined (CPI-C) inflation continued its downward trajectory on the back of low food inflation. Core inflation which was above 6% in the six

out of first seven months of FY 19 has started to moderate from November onwards. Services and goods are observed to be trending differently. Rural inflation moderated but urban inflation rose in 2018-19 over the previous year. States too witnessed decline in inflation during the year.

As per the Economic Survey, Indian economy has witnessed a gradual transition from a period of high and variable inflation to more stable and low level of inflation in the last five years. Headline inflation based on the CPI-C has been declining continuously for the last five years. Headline CPI inflation declined to 3.4% in 2018-19 from 3.6% in 2017-18, 4.5% in 2016-17, 4.9% in 2015-16 and 5.9% in 2014-15. It stood at 2.9% in April 2019 as compared to 4.6% in April 2018.

Food inflation based on Consumer Food Price Index (CFPI) declined to a low of 0.1% during the FY 2018-19. Inflation based on Wholesale Price Index (WPI) remained moderate at 3.0% in 2017-18 compared to 1.7% in 2016-17, (-) 3.7% in 2015-16 and 1.2% in 2014-15. During the FY 2018-19, WPI inflation stood at 4.3%.

Recent Trends in Inflation

The average CPI-C headline inflation declined to 3.4% in 2018-19, which is the lowest average since the new series of CPI-C is in use. Headline CPI-C inflation has remained below 4.0% for two consecutive years. The decline in the inflation in the FY 2018-19 was mainly due to low food inflation which ranged between (-) 2.6 to 3.1%. The moderate inflation rate of less than 4% was maintained for straight 8 months during the FY 2018-19. The CPI-C inflation for the month of April 2019 stood at 2.9% same as in March 2019 as compared to 4.6% in April 2018.

Food Inflation

In the country has been extremely gentle. Even globally, food inflation has been moderate. Food inflation based on CFPI declined to 1.8% in 2017-18 from 4.2% in 2016-17, 4.9% in 2015-16 and 6.4% in 2014-15. Average food inflation for the financial year 2018-19 declined to a low of 0.1%. Food inflation stood at 1.1% in April 2019 compared to 0.3% in March 2019 and 2.8% in April 2018. The food deflation in the second half of

FY 2018-19 is mainly due to deflation in vegetables, fruits, pulses and products, sugar & confectionery and eggs, which together account for 13.1% weight in overall CPI-C. Vegetables, which account for 6.04% weightage in overall CPI-C, recorded deflation of 5.2% during 2018-19. Pulses and products, which account for 2.4% weightage, too recorded deflation during FY 2018-19 at 8.3%. Volatility in prices of pulses has been low.

Food inflation based on WPI too declined over the last two financial years. It was over 0.6% in 2018-19. The decline in WPI food inflation during 2018-19 is mainly due to deflation in pulses, vegetables, fruits and sugar, which together account for 5.2% weight in the overall WPI basket. WPI food inflation was at 4.9% in April 2019 as compared to 3.9% in March, 2019 and 0.8% in April 2018.

Core Inflation

Core Inflation is that part of inflation which is observed to be continued for a long period. Thus, core inflation captures the underlying trend of inflation. This is the reason for its stability. Unlike the non-core component of inflation, core inflation is not affected by temporary shocks. In India, core inflation is generally measured by excluding highly volatile components from the headline inflation. By their very nature, food and fuel have been highly volatile. Therefore, core inflation is calculated by removing food and fuel components from the headline inflation. As headline inflation exhibits volatility due to short run shocks, Central banks in many countries focus on core inflation.

The survey has observed that CPI-C based core inflation, which equals CPI excluding the food and fuel group, has remained above 4% since the start of new series of CPI-C. Core inflation based on CPI-C increased to 5.8% in 2018-19 from 4.6% in 2017-18. However, it has declined from 5.7% in

November 2018 to 4.5% in April 2019.

Refined Core Inflation: Refined core inflation is actually CPI excluding food and fuel group, petrol & diesel. This too has moved closely with core inflation; it was 5.7% in 2018-19 as compared to 4.6% in 2017-18 and stood at 4.8% in April 2019.

Drivers of Inflation

At the all India level, CPI-C inflation during FY 2018-19 was driven mainly by miscellaneous group followed by housing as well as fuel and light group. In contrast, services inflation, which accounts for a weight of 23.4%, was 6.3% during FY 2018-19 when compared to 5.0% during 2017-18.

Services inflation has been higher than goods inflation and the gap between the two is growing. In recent times, services inflation has influenced headline inflation as it has contributed more than its weight. 40 items of services account for 23.37% weight in CPI-C. Housing has the highest weight amongst services which is (10.07%), followed by transport and communication (4.59%), education (3.51%) and health (1.82%). Contribution of health, education, transport and communication in driving services inflation has gained prominence across rural and urban areas.

Inflation in health is more prominent in rural than urban areas probably owing to supply side constraints.

Rural – Urban Inflation

The current phase of low inflation is also marked by reduction in both urban and rural inflation. However, the trend of lower urban inflation when compared to rural inflation seems to be getting moderated/ reversed in the FY 2018-19.

The decline in rural inflation is steeper than that of urban inflation since July 2018, resulting in decline in

headline inflation. Fall in rural inflation is due to moderation in food inflation, which has been negative for the last six months (October 2018 to March 2019). The importance of food in determining rural inflation has been declining over the years. In contrast, the role of miscellaneous category i.e. services in determining rural inflation has increased.

Miscellaneous group was the main driver of CPI (Rural) inflation in 2018-19, contributing more than 70% to the overall rural inflation. In urban areas, miscellaneous group and housing have contributed to inflation in equal measure during FY 2018-19.

State-Wise Trends

The following trends have been observed by the Survey regarding inflation in states:

- ◆ Many states have witnessed fall in CPI inflation during 2018-19.
- ◆ Inflation in twenty-three states/ Union Territories (UTs) was below 4% in FY 2018-19.
- ◆ Inflation ranged between (-)1.9% to 8.9% across States in FY 2018-19 compared to 1.5% to 12.4% in FY 2017-18.
- ◆ Sixteen States/UTs had inflation rate lower than all India average for FY 2018-19 with Daman & Diu having the lowest inflation followed by Himachal Pradesh and Andhra Pradesh.
- ◆ In rural areas, among major states/ UTs, sixteen states had recorded inflation of less than 4% in FY 2018-19 as compared to thirteen in FY 2017-18.
- ◆ In the case of urban areas, nine states recorded inflation of less than 4% in FY 2018-19 as against fifteen in 2017-18.

Trends in Global Commodity Prices

Along with making important observations about various aspects of the

price and inflation monitoring in India, the Economic Survey 2018-19 also mentions some important points about global commodity prices. These are listed here as:

- ◆ As per the commodity prices published by the World Bank, energy commodity prices have continued their increasing trend in FY 2018-19. These recorded average inflation of 22.1% in 2018-19 as compared to 16.8% in 2017-18.
- ◆ Movement of 'Fuel & Power' inflation based on All India WPI tracks World Bank Energy price index; it increased at an average of 11.5% in FY 2018-19 when compared to 8.1% in FY 2017-18.
- ◆ Both World Bank food prices as well as Food and Agriculture Organization (FAO) food prices recorded deflation during FY 2018-19. WPI based food inflation too declined during 2018-19.

Efforts to Contain Inflation

Central government monitors the price situation on a regular basis as controlling inflation remains a key area of policy focus. Government has taken a number of measures to control inflation especially food inflation. Inter alia, the measures taken include both general measures and specific measures.

The following general measures are being taken to control inflation:

- ◆ Advisories are being issued, as and when required, to state governments to take strict action against hoarding & black marketing, especially for commodities in short supply.
- ◆ This in line with the enforcement of the Essential Commodities Act, 1955 & the Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities Act, 1980.

- ◆ Regular review meetings on prices and availability of key commodities are held at the highest level, including at the level of Ministers, Committee of Secretaries, Inter-ministerial Committee, Price Stabilization Fund Management Committee (PSFMC), and other Departmental level review meetings to take stock of the prevailing price and availability situation and recommend appropriate policy intervention.
- ◆ Higher Minimum Support Price (MSP) for pulses and other crops has been announced so as to incentivize production and thereby enhance availability of food items, which may help moderate prices.
- ◆ Government has set up Price Stabilization Fund (PSF) for procurement of agri-horticultural commodities including potatoes, onions and pulses for its release during lean period to improve availability and moderate their prices.

Other than the aforesaid measures that the government is still implementing, the Government had taken certain specific measures to put a check on the inflation results of which were in favour. These steps are listed as follows:

- ◆ During lean periods of 2017-18 and 2018-19, to control the rise in onion prices, onions were released at reasonable prices from the stock procured under PSF.
- ◆ Pulses from the buffer are utilized for strategic market intervention for price management, meeting institutional requirements like supplies to state governments/UTs for Mid-Day Meal Scheme (MDM), Integrated Child Development Services (ICDS) Scheme, and Public Distribution System (PDS), and through Open Market Sale, etc.
- ◆ Pulses from the buffer are being utilized to meet the requirement

of Army and Central Para-Military Forces.

- ◆ Prohibition on export has been withdrawn in April 2018 on all varieties of edible oils, except mustard oil.
- ◆ Export of mustard oil in branded consumer packs of up to 5 kgs is permitted with a Minimum Export Price (MEP) of United States Dollar (USD) 900 per million ton (MT).
- ◆ The order empowering states/ UTs to impose controls including stock limits on edible oils and edible oilseeds has been withdrawn.

Conclusion

Headline inflation based on CPI-C continued its declining trend for fifth

straight financial year. It has remained below 4.0% in the last two years. Food inflation based on CFPI too declined over the last five years, and has remained below 2.0% for the last two consecutive years. Main contributors of headline inflation based on CPI-C during FY 2018-19 are miscellaneous, housing, and fuel and light groups. Relative importance of services in shaping up headline inflation has increased.

CPI-C based core inflation (CPI excluding the food and fuel group) increased during FY 2018-19 as compared to FY 2017-18. However, it has started declining since March 2019. Financial Year 2018-19 saw low headline as well as food inflation. The

year witnessed deflation in prices of pulses, vegetables and sugar. Core inflation averaged higher than the previous year.

CPI rural inflation declined during FY 2018-19 over FY 2017-18. However, CPI urban inflation increased marginally during FY 2018-19. Many states witnessed fall in CPI inflation during FY 2018-19.

General Studies Paper- III

Topic: Inclusive growth and issues arising from it.

Topic: Government Budgeting.

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4. SUSTAINABLE DEVELOPMENT & CLIMATE CHANGE

Why in News?

The urgency of the sustainable approach to development and requisite steps to avert climate change cannot be emphasised more. In this regard recently released Economic Survey 2018-2019 also has made an attempt to highlight the various aspects sustainable development and climate change. This article is an attempt to present the crux of what the Survey tries to convey.

Background

The 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) adopted by World leaders in 2015 presents a roadmap for future development trajectory to all nations with focus on poverty eradication, environmental sustainability, peace and prosperity. The achievement of these goals is an imperative for, not just any particular country but the global community as a whole. India's development agenda has for long been based on principles that are closely related to those that

have been propounded in the 2030 Development Agenda.

Climate change requires concerted global efforts and India has been preserving to address the climate challenges along with other developmental imperatives. The need for global cooperation in helping the developing countries in achieving the climate targets cannot be overstated. The country has been making substantial additions to its installation of renewable power capacity. Increasing growth rate and rapid urbanization in India have spurred the demand for natural resources, exerting pressures on the environment and raising sustainability concerns. Air pollution has emerged as a serious issue in India.

Achieving the SDGs

The SDGs are global goals, built upon the erstwhile Millennium Development Goals. They are exhaustive, universal and integrated and emphasize on core areas of poverty and inequality, economic growth, innovation,

sustainable consumption and production, climate change, peace and justice and partnerships.

India's Progress towards the SDGs

Sustainable development requires every nation to prioritize their targets and carefully implement various schemes/programmes in accordance with local challenges, capacities and available resources. India follows a holistic approach for achieving the SDGs by implementing a comprehensive array of schemes. Current flagship policies and programmes of government of India such as:

- ◆ Swachh Bharat Mission (SBM);
- ◆ Beti Bachao Beti Padhao (BBBP);
- ◆ Pradhan Mantri Awas Yojana (PMAY);
- ◆ Pradhan Mantri Jan-Dhan Yojana (PMJDY);
- ◆ Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY) and
- ◆ Pradhan Mantri Ujjwala Yojana (PMUY).

All these schemes and programmes have substantially contributed to India's progress in this regard.

SDG Index

In the federal context of India, programmes and schemes are basically implemented at the level of states and Union Territories. Tracking of progress on different SDGs, therefore, is important for appropriate policy actions and building up a competitive spirit among the states and UTs. NITI Aayog has come up with a single measurable index to track the progress of all the states and UTs across 13 out of 17 SDGs (excluding Goal 12, 13, 14 and 17 on account of unavailability of comparable data across states/UTs). This SDG index provides an aggregate assessment of India's progress. This index helps in informed policy formulations as it captures status of both national and state-level social, economic, and environmental parameters across a set of 62 select indicators. The score varies from 0 to 100.

Evaluation of Progress as per the SDGs

India's growth trajectory for achieving SDG 10 (Reduced Inequality) and SDG 15 (Life on Land) is impressive as compared to the other SDGs as several states have achieved 100 in these SDGs.

This may be due to performance in following meritorious initiatives:

- ◆ PMJDY;
- ◆ Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA);
- ◆ The National Environment Policy;
- ◆ National Agro-forestry Policy and
- ◆ Green Highways Policy.

India is struggling to achieve its targets of SDG 5 (Gender Equality) and SDG11 (Sustainable Cities and Communities) as large number of

states are in the 'Aspirants' category'. Goa, a front runner among all the states and UTs in SDG 11, has been doing exceptionally well in waste management.

A close collaboration between the national and sub-national governments as well as active participation of all other relevant stakeholders are required for meeting the challenges of financing, technical support and continuous monitoring of the progress of each state and UT to achieve the National Sustainable Development Agenda.

Ganga – The Lifeline of India

A key policy priority of the government towards achieving the SDG 6 (Ensure availability and sustainable management of water and sanitation for all) has been the cleanliness of mighty River Ganga through 'Namami Gange Mission'. The mission was launched as a priority programme with a budget outlay of Rs. 20,000 crore for the period 2015-2020.

For effective implementation and proper synchronization with the state and local bodies, 'National Mission for Clean Ganga' (NMCG) was empowered as an Authority under the Environment (Protection) Act, 1986 for fast track implementation and to formulate policies for long term sustainability of the Ganga rejuvenation efforts.

Major Components of Namami Gange Mission are as under:

- ◆ **Sewerage Project Management:** For sewerage projects, the policy decision to use Public-Private Partnership (PPP) approach of Hybrid Annuity Mode (HAM) and 15 years long-term Operation & Maintenance (O&M) included in the project cost and improved governance through 'One City One Operator' approach ensured competitive and positive market participation along with synergy in implementation.

- ◆ **Urban Sanitation:** construction and rehabilitation of Sewage Treatment Plants (STPs), inception and diversion of drains, solid waste management through cleanliness drives on ghats and deployment of skimmers for river surface cleaning.
- ◆ **Water Quality:** 36 Real Time Water Quality Monitoring Stations (RTWQMS) are operational under 'Namami Gange Programme'. Manual water quality monitoring is carried out at 94 locations.
- ◆ **River as Public Space:** Crematories have also been taken up for ensuring safe crematory rituals. Innovative campaigns of 'Paint My City' and other exhibitions to connect people with the city and the river were also organized.
- ◆ **Rural Sanitation:** Under 'Namami Gange', 4,465 villages on the Ganga stem have been declared open defecation free (ODF) with completion of construction of about 11 lakh independent toilets.
- ◆ **Ecosystem Conservation:** Afforestation along banks of Ganga with help of local community.
- ◆ **Urban River Management:** To protect and enhance the status of river health within the city, to prevent their deterioration and to ensure sustainable use of water resources.
- ◆ **Water Use Efficiency:** A market for reuse of treated wastewater is being developed.
- ◆ **Clean Ganga Fund:** Clean Ganga Fund has been set up for encouraging and facilitating corporates and individuals to join the efforts of rejuvenation of Ganga by contributing to this Fund and sponsoring certain projects.

Air Pollution

Air pollution is one of the biggest global environmental challenges of today.

Air pollution is a serious issue in India also. Government is executing National Air Quality Monitoring Programme (NAMP) covering 312 cities/towns in 29 states and 6 Union Territories of the country. Under NAMP, four major air pollutants viz. Sulphur Dioxide (SO_2), Oxides of Nitrogen as NO_2 , Suspended Particulate Matter (PM_{10}) and Fine Particulate Matter ($\text{PM}_{2.5}$) have been identified for regular monitoring at all the locations. The smaller $\text{PM}_{2.5}$ is particularly deadly as it can penetrate deeper into the lungs.

Major Government Initiatives

To tackle the increasing air pollution problem across the country in a comprehensive manner, a number of initiatives have been launched. National Ambient Air Quality Standards (NAAQS) are the standards for ambient air quality with reference to various identified pollutant notified by the Central Pollution Control Board (CPCB) under the Air (Prevention and Control of Pollution) Act, 1981.

Major objectives of NAAQS are:

- (i) To indicate necessary air quality levels and appropriate margins required to ensure the protection of vegetation, health and property.
- (ii) To provide a uniform yardstick for assessment of air quality at the national level.

Air Quality Index (AQI) is a tool for effective communication of air quality status to people in terms, which are easy to understand. It transforms complex air quality data of various pollutants into a single number (index value), nomenclature and colour. There are six AQI categories, namely - Good, Satisfactory, Moderately Polluted, Poor, Very Poor and Severe.

CPCB has issued a comprehensive set of directions under section 18 (1) (b) of Air (Prevention and Control of Pollution) Act, 1986 for implementation of forty-two measures to mitigate air

pollution in major cities including Delhi and National Capital Region (NCR) comprising of action points to counter air pollution.

Climate Change

Since the adoption of United Nations Framework Convention on Climate Change (UNFCCC) in 1992, the global community has strengthened the response mechanisms to the threat of climate change through various milestones. The journey since then witnessed the adoption of various related instruments to address climate change including the adoption of Kyoto Protocol in 1997 and the latest most ambitious one being the Paris Agreement.

Anthropogenic activities have raised the global average temperature. As per the Intergovernmental Panel on Climate Change (IPCC) Special Report on Global warming of 1.5°C , human-induced warming reached approximately 1°C (likely between 0.8°C and 1.2°C) above pre-industrial levels in 2017, increasing at 0.2°C (likely between 0.1°C and 0.3°C) per decade (high confidence). The report has warned of a warmer planet and has raised the demand for unprecedented efforts to reduce green house gas (GHG) emissions. In line with the global trends, during the year 2018, annual mean surface air temperature of India was $+0.41^\circ\text{C}$, significantly above normal. The year 2018 was the sixth warmest year on record since the nation-wide records commenced in 1901.

Katowice Package (Katowice, Poland, 2018)

The key takeaways of Katowice package are the guidance on Nationally Determined Contributions (NDCs) that preserves the nationally determined nature of NDCs and provides for Parties to submit different types of contributions including adaptation. The

overall guidance reflects the principles of the Paris Agreement and recognizes the leadership that developed countries have to display for achieving the objectives of the Paris Agreement.

Climate Finance

Provision of financial support to developing countries is an important pillar of climate change response. UNFCCC mandates that countries in Annex-II (industrialized countries) provide financial resources, including for the transfer of technology, needed by the developing country Parties to take climate actions. Paris Agreement also emphasizes the role of climate finance in strengthening the global response to climate change.

Nationally Determined Contribution (NDC)

An important feature of Paris Agreement is that it seeks to elicit ambitious action by each country by basing it on a country-driven approach with the contribution by each country to the global fight against climate change determined at national level.

India's NDC outlines the post-2020 climate actions India intends to undertake under the Paris Agreement on climate change. At the national level, the roadmap for implementation of India's NDC is being prepared.

India's NDC states, "Preliminary estimates indicate that India would need around US\$206 billion (at 2014-15 prices) between 2015 and 2030 for implementing adaptation and ecosystems."

Conclusion

India has been progressing rapidly towards achieving the SDGs. India's progress in achieving SDG 10 (Reduced Inequality) and SDG 15 (Life on Land) has been impressive. However, there has been a wide variation in the way different states have performed. It is important that in the race towards SDGs

no State is left behind. At the global level, given the myriad developmental challenges faced by the developing economies, lack of adequate resources is a major challenge in achieving the SDGs and international cooperation is essential in achieving these goals.

India's NDC has set clear targets for achieving its climate goals. However, a substantial scaling up of financial resources and technology are needed to implement this target by 2030. The fulfillment of pledges by developed

countries through provision of 'new and additional' financial resources is an important contingent factor. The developing countries like India will endeavor to do the best possible within their own domestic resources, keeping in mind the sustainable development imperatives. It is time for the global community to exhibit the requisite momentum to act upon their responsibilities on establishing the enabling environment for climate action.

General Studies Paper- II

Topic: Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

General Studies Paper- III

Topic: Inclusive growth and issues arising from it.

Topic: Conservation, environmental pollution and degradation, environmental impact assessment.



5. AGRICULTURE & FOOD MANAGEMENT: AN OVERVIEW

Why in News?

The Economic Survey 2018-19 has stressed the need for incentivising farmers to conserve water, especially because cropping pattern in India is highly skewed in favour of crops that are water-intensive. It also suggested the adoption of a resource-efficient, ICT based climate-smart agriculture and adoption of natural, organic and Zero Budget Natural Farming to improve both water use efficiency and soil fertility.

Introduction

Agriculture and allied sectors are critical in terms of employment and livelihoods for the small and marginal farmers, who dominate the agriculture ecosystem in India. To attain the Sustainable Development Goals (SDGs) of ending poverty and bringing in inclusive growth, activities related to agriculture need to be closely integrated with the SDG targets. With decline in the size of landholdings in agriculture, India has to focus on resource efficiency in smallholder farming to meet the SDG targets and also to attain sustainability in agriculture. A combination of resource efficient methods, dynamic cropping

patterns, farming that is responsive to climate change and intensive use of ICTs should be the backbone of smallholder farming in India. For a safe and food secure future, the agriculture landscape has to undergo tremendous transformation and shift from the philosophy of 'green revolution' led productivity to 'green methods' led sustainability in agriculture.

Pattern of Agricultural Landholdings in India

As per Phase-I results of the Agriculture Census, 2015-16, the number of operational holdings, i.e. land put to agricultural use, has increased to 14.6 crore in 2015-16 from 13.8 crore in 2010-11, thereby registering an increase of 5.3%. The share of marginal holdings (less than 1 ha) in total operational holdings increased from 62.9% in 2000-01 to 68.5% in 2015-16, while the share of small holdings (1 ha to 2 ha) decreased from 18.9% to 17.7% during this period. Large holdings (above 4 ha) decreased from 6.5% to 4.3 percent. The area operated by the marginal and small holdings increased from 38.9% in 2000-01 to 47.4% in 2015-16, while that of the large holdings decreased from 37.2% to 20% during this period.

Bringing Resource Efficiency in Smallholder Agriculture

The pattern of agricultural holdings reflects pre-dominance (85%) of small and marginal farmers in agriculture sector. The development strategy for agriculture should prioritise smallholder agriculture in order to promote sustainable livelihoods and for reduction of poverty in India. One of the key aspects which can improve productivity of small farm holdings is improving resource use efficiency. The key factors which will bring resource efficiency in smallholder agriculture in India and lays out the main policy changes that are required to bring about resource efficiency.

Increasing Irrigation Water Productivity (IWP) in Agriculture: In India, according to the Asian Water Development Outlook, 2016, around 89% of groundwater extracted is used for irrigation and crops such as paddy and sugarcane consume more than 60% of irrigation water. Focus should shift from land productivity to 'irrigation water productivity'. Therefore devising policies to incentivize farmers to improve water use should become a national priority. Thrust should be

on micro-irrigation that can improve water use efficiency.

Economizing the Use of Fertilizers and Pesticides: For the small and marginal farmers, the costs of fertilizers are key determinants of profitability of farming. The improvement in fertilizer use efficiency requires farmers' knowledge regarding the right product, dosage, time and method of application. Some of the suggested measures are the use of optimal dose based on soil health status, promotion of neem-coated urea, promotion of micronutrients, promotion of organic fertilizers, and promotion of water-soluble fertilizers.

Increasing Sustainability in Agriculture - Turning to Organic and Natural Farming: The government has been promoting organic farming in the country through the schemes such as Paramparagat Krishi Vikas Yojana (PKVY) and Rashtriya Krishi Vikas Yojana (RKVY). The main aim of 'Zero Budget Natural Farming' (ZBNF) is elimination of chemical pesticides and promotion of good agronomic practices. Organic farming is also being promoted through the scheme 'Mission Organic Value Chain Development for North Eastern Region' (MOVCNDR) under National Mission for Sustainable Agriculture (NMSA).

Adopting Appropriate Technologies for Smallholder Farms: In smallholder farms, resource efficiency can be brought about through adoption of appropriate technologies. However, use of technology, investment in costly farm machinery, or scaling up the existing technology may not be economically feasible for small and marginal farmers. Hence, there is need to promote use of environment-friendly automated farm machinery tools suited to small scale operations.

Improving Infrastructure and Access to Markets: The informal actors like local traders and input dealers are more prominent in the marketing channels of the smallholder farmers. However, if farmers' access to markets are improved through better connectivity to nearby mandis, it will help farmers fetch better prices for their agricultural produce. A combination of enhancing rural infrastructure to improve connectivity, Information & Communication Technology (ICT) to provide timely information about prices, aggregation and storage facilities can help small and marginal farmers in overcoming the marketing bottlenecks.

Allied Sectors

Livestock, poultry, dairying and fisheries is a sub-sector of agriculture that provides livelihood to agricultural households during phases of seasonal unemployment. According to the 19th Livestock Census, India has vast resource of livestock comprising about 300 million bovines, 65.1 million sheep, 135.2 million goats and 10.3 million pigs. Livestock farming in India is part of a composite farming system characterized by crop-livestock interactions.

Diversification of livelihoods is critical for inclusive and sustainable development in agriculture and allied sectors. Policies should focus on Dairying as India is the largest producer of milk. Livestock rearing particularly of small ruminants. Fisheries sector, as India is the second largest producer.

Agricultural Credit

The access to timely credit or finance is a critical determinant of profitability of agriculture. If credit is not available to purchase seeds at the time of sowing, or if lack of credit delays the administering of fertilizers, it can severely impact agricultural productivity. The regional distribution of agricultural credit in India is highly skewed. It is seen that the distribution of agricultural credit is low in North Eastern, Hilly and Eastern States. The share of North Eastern States has been less than one% in total

agricultural credit disbursement. The financial inclusion in the Eastern and North-eastern India is relatively less as compared to the South and West.

Food Security and Food Management in India

Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences to ensure an active and healthy life. The timely availability and affordability of food are critical for a developing country like India.

Food Security

India's food security challenges lie in the areas of low GDP per capita, sufficiency of supply, public expenditure on R&D and protein quality. India ranks No.1 in Nutritional standards. India's overall Food Security Score is 50.1 out of 100 which ranks India 76 out of 113 countries. This reflects the need for India to further improve the management of food supply in various aspects. The Government specifically undertakes the following measures:

1. Announcing Minimum Support Prices (MSP) and Central Issue Price;
2. Undertake procurement of food grains through food corporation of India (FCI) and decentralised procurement by State Agencies;
3. Maintain buffer stocks; and
4. Open market sale of wheat and rice to check inflation.

MSP and Foodgrains Procurement

The objective of MSP is to give guaranteed prices and assured market to the farmers and protect them from price fluctuations. In 2018- 19, the government raised the MSP of both kharif and rabi crops to ensure a return of at least 50% above the cost of production to enhance farmers' income.

Food Subsidy

Food subsidy comprises of two main components.

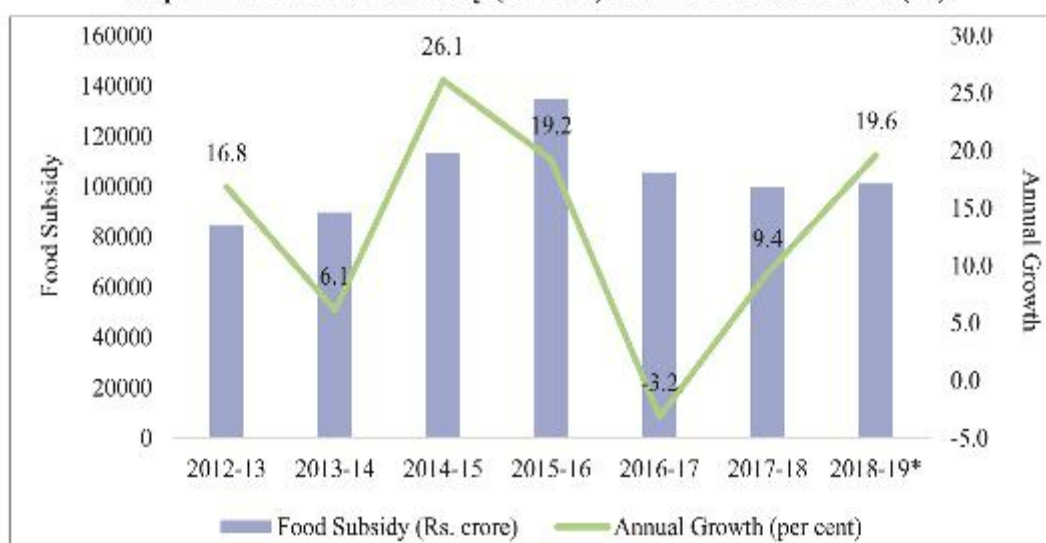
- ◆ The first component includes subsidy provided to the FCI for procurement and distribution of wheat and rice under the National Food Security Act (NFSA), 2013 and other welfare schemes and for maintaining the buffer stock of food grains as a measure of food security.
- ◆ The second component comprises subsidy provided to states undertaking decentralized procurement. The acquisition and distribution costs of procuring food grains for the central pool constitute the economic cost. The difference between the per quintal economic cost and the per quintal Central Issue Price (CIP) gives the quantum of per quintal consumer subsidy.

In order to ensure food security to the vulnerable sections, Government continues with the subsidized pricing under NFSA. The subsidized CIPs of Rs. 3/2/1 per kg for rice, wheat and coarse grains respectively under NFSA were earlier applicable only to the Antyodaya Anna Yojana Families (which constitute about 2.5 crore poorest of the poor households) under the Targeted Public Distribution System (TPDS).

Computerization of Targeted Public Distribution System

The Targeted Public Distribution System (TPDS) is operated under the joint responsibility of the Central and State/UT Governments. To modernize and bring about transparency in the TPDS operations, the Central

Expenditure on Food Subsidy (₹ Crore) & Annual Growth Rate (%)



Source: Department of Food & Public Distribution.

*As on 05.03.2019

Government is implementing the Scheme 'End-to-end Computerisation of TPDS Operations' on cost sharing basis with the States/UTs. Through technology and digital intervention, the TPDS has become more transparent at the FPS. However, there needs to be holistic monitoring along the supply chain to completely prevent the diversions and leakages of foodgrains and also to maintain the quality of foodgrains distributed through the FPS.

Way Forward

The Government is committed to realizing the vision of doubling farmers' income by 2022. Agriculture remains the pre-dominant occupation in India for vast sections of the population. Over the years, several new challenges have emerged before the sector. With fragmentation of agricultural holdings and depletion of water resources, the adoption of a resource-efficient, ICT based climate-smart agriculture can enhance agricultural productivity and sustainability. Smallholder farming can be a lucrative livelihood opportunity with the application of appropriate technologies and adoption of natural, organic and Zero Budget Natural Farming.

To transform the rural economy, greater emphasis should be given to allied sectors with a major focus on dairy, poultry, fisheries and rearing of small ruminants. The rationalisation of food subsidy and greater use of technology in food management will ensure food security for all.

General Studies Paper- III

Topic: Major crops - cropping patterns in various parts of the country, different types of irrigation and irrigation systems - storage, transport and marketing of agricultural produce and issues and related constraints; e-technology in the aid of farmers.

Topic: Issues related to direct and indirect farm subsidies and minimum support prices; Public Distribution System-objectives, functioning, limitations, revamping; issues of buffer stocks and food security; Technology missions; economics of animal-rearing.

Topic: Land reforms in India.



6. FLEDGLING INDUSTRY AND INFRASTRUCTURE

Why in News?

The Economic Survey 2018-19 has highlighted that, a robust and resilient Infrastructure is fundamental and essential for budding industries in India. While India has invested in its infrastructure over the years, the challenge is to mobilize adequate investment in infrastructure sector which runs into several trillions of dollars.

Indian Industry: An Overview

Industry plays a decisive role in determining the overall growth of an economy. The story of economic growth is half-documented without narrating the story of industry-infrastructure nexus. India, being home to more than 133 crore people, needs to build a robust industry with a buoyant and resilient infrastructure.

The industrial sector performance during 2018-19 has improved as compared to 2017-18. As per the provisional estimates of the Annual National Income 2018-19 released by Central Statistics Office (CSO), the growth of industry real Gross Value Added (GVA) was higher at 6.9% in 2018-19 as compared to 5.9% in 2017-18.

Construction and manufacturing sectors have experienced 8.7% and 6.9% growth rate respectively during 2018-19. The mining and quarrying sector has experienced sluggish growth in 2018-19 as compared to 2017-18. Meanwhile, the eight core infrastructure supportive industries have achieved the overall growth rate of 4.3% during 2018-19 similar to the increase achieved in 2017-18.

The government has initiated a number of measures in crucial sectors to accelerate higher manufacturing growth such as 'Start-up India', 'Ease

of doing Business', 'Make in India', 'Foreign Direct Investment Policy reforms'. India has considerably improved its ranking to 77th position in 2018 among 190 countries assessed by the World Bank Doing Business Report, 2019 in which India has leapt 23 ranks over its rank of 100 in 2017.

A robust and resilient Infrastructure is fundamental and essential for budding industries. While India has invested in its infrastructure over the years, the challenge is to mobilize adequate investment in infrastructure sector which runs into several trillions of dollars. The investment gaps in the infrastructure would have to be addressed through various innovative approaches with the collaboration of both public and private sector.

Index of Industrial Production (IIP)

The IIP is a measure of industrial performance which sheds some light on where we stand in terms of industrial growth. The IIP assigns a weight of 77.63% to manufacturing sector, 14.37% to mining sector and 7.99% to electricity sector. The industrial growth rate in terms of IIP was 3.6% in 2018-19 as compared to 4.4% in 2017-18. The Mining, Manufacturing and Electricity sectors registered positive growth rates of 2.9%, 3.6% and 5.2% respectively in 2018-19.

Key Initiatives taken to boost Industrial Sector in India

The government of India has taken several industry specific reform initiatives to improve ease of doing business, the emphasis has been given to simplification and rationalization of the existing rules and introduction of information technology to make governance more efficient and effective. As per the World Bank Doing Business (DB) Report released in October 2018, India has considerably improved its ranking to 77th position among the 190 countries and has leapt 23 ranks over its previous rank of 100.

Key initiatives are:

Start-up India: Start-ups drive economic growth, create employment and foster a culture of innovation. The initiative aims to create an ecosystem that is conducive for the growth of Start-ups. Steps are taken for easing regulations such as exemption from Income tax on investments raised by Start-ups, regulatory reforms implemented to improve 'Ease of Doing Business' for Start-ups, Self-certification regime for six labour laws and three environmental laws. As per industry-wise distribution of recognized start-ups, IT Services accounted for around 15% followed by Healthcare and Life Sciences at around 9% and education at 8%.

Foreign Direct Investment (FDI):

FDI is a major driver of economic growth as it enhances productivity by bringing capital, skills and technology to the host country. The government is playing a proactive role in investment promotion through a liberal FDI policy. During 2018-19, total FDI equity inflows were US\$44.36 billion as compared to US\$44.85 billion during 2017-18.

Sector Wise Issues and Performances

Steel: The steel sector is one of the core industries in the economy that have strong forward and backward linkages in terms of material flows and income generation. Globally, India is the second largest producer of crude steel in the world surpassing Japan with a global share of 6%. India is the third largest consumer of the finished steel after China and USA, however, its per capita consumption is only 69 kg as against the global average of 214 kg. The National Steel Policy, 2017 gives broad policy directives to the industry for encouraging long-term growth for Indian steel on both supply and

demand fronts.

Leather and Footwear: The global demand for footwear is moving towards non leather footwear, while Indian tax policies favour leather footwear production. India faces high tariffs in partner country markets for leather goods and non-leather footwear. In order to address these challenges, a special package of Rs. 2600 crore under the scheme Indian Footwear and Accessories Development Programme is being implemented (2017-20).

Gems and Jewellery: The gem and jewellery sector contributes to exports and employment generation of around 5 million. During the year 2017-18, the gem and jewellery exports were 13.69% of total merchandise exports in the country. With a view to strengthen the sector, and to help organise the small scale based domestic jewellery industry, a Domestic Council for Gems & Jewellery has been envisaged and launched in January 2019.

Micro, Small and Medium Enterprises: The Micro, Small and Medium Enterprises (MSME) sector in India plays a crucial role by providing large employment opportunities, industrialization of rural areas, reducing regional imbalances, etc. Government is committed to supporting this important sector with better credit flow, technology upgradation, ease of doing business and market access.

Textiles and Apparels: Indian textile industry, the second largest manufacturer and exporter in the world, contributes 12.65% to manufacturing and 2.3% to GDP. The sector is the biggest employer after agriculture employing 4.5 crore people directly and another 6 crore people in allied sectors. The sector is perfectly aligned with government's key initiatives viz., 'Make in India', 'Skill India', 'Women Empowerment and Rural Youth Employment'.

Infrastructure

The very success of social and economic transformation of an economy lies in providing inclusive and sustainable infrastructure amenities to the people and the pace of economic growth depends on how competently and judiciously an economy is able to address its infrastructure bottlenecks.

Road Sector: Ministry of Road Transport and Highways (MORTH) declared 2018-19 as the 'Year of Construction', and has been making constant efforts to expand and upgrade the network of National Highways in the country. The major constraints faced are availability of funds for financing large projects, lengthy processes in acquisition of land and payment of compensation to the beneficiaries, environmental concerns, time and cost overruns due to delays in project implementation, procedural delays, lesser traffic growth than expected increasing the riskiness of the projects resulting in stalled or languishing projects and shortfall in funds for maintenance.

Railways: The history of rail transport in India dates back to 1832. Being a cost - effective long distant transport mode, Indian Railways (IR) has witnessed commendable progress. In order to provide safe, secure and comfortable journey to passengers, IR has taken numerous steps such as provision of lifts/escalators, plastic bottle crusher machines, mechanized cleaning and housekeeping etc. at major stations.

Civil Aviation: India's scheduled domestic air transportation for passengers and goods has grown by 14% and 12% respectively in 2018-19. To meet the surging demand and providing air connectivity to remote regions, new Greenfield airports are being rapidly developed. Under "Ude Deshka Aam Naagrik - (UDAN)", a total of 719 routes have been

awarded in three rounds of bidding for regional connectivity, 182 of which are operational. UDAN (International) Scheme has been launched recently, under which Guwahati Airport will be connected to Bangkok and Dhaka shortly.

Shipping: Shipping plays a pivotal role in India's trade dynamics. As per the Indian Shipping Statistics 2018, "India had a fleet strength of 1400 vessels with gross registered tonnage (GRT) of 12.68 million as compared to fleet strength of 1371 vessels with 12.35 million GRT at the end of December 2017".

Ports Sector: Port sector development is very crucial for the development of any economy. Ports handle around 90% of EXIM Cargo by volume and 70% by value. In order to meet the ever increasing trade requirements, expansion of Port Capacity has been accorded the highest priority with implementation of well-conceived infrastructure development projects like 'sagarmala', 'Project Unnati' etc.

Inland Water Transport : India's first inland waterway multimodal terminal (MMT) at Varanasi was inaugurated in November 2018. The main focus of MMT is to promote inland waterways as it is cheap and environment friendly. To enhance the access and establish alternative connectivity to the North East through Indo- Bangladesh Protocol route, dredging works between Ashuganj and Zakiganj and Sirajganj and Daikhawa in Bangladesh through 80:20 sharing (80% by India and 20% by Bangladesh) have been awarded.

India's Mobile Economy: The mobile industry has witnessed exponential growth over the last few years driven by affordable tariffs, wider availability, roll out of Mobile Number Portability (MNP), expanding 3G and

4G coverage, evolving consumption patterns and a conducive policy and regulatory environment. As per a GSMA report, the mobile industry supports about 6.5% of India's GDP. Telecom industry contribution to GDP is expected to reach 8.2% by 2020.

Making India 5G ready by 2020:

The government has constituted 'High Level 5G India 2020 Forum' to articulate the Vision for 5G in India and submitted its report on "Making India 5G Ready" in August, 2018. Based on the recommendations of the forum, seven committees have been constituted for action on Spectrum Policy, Regulatory Policy, Education and Awareness Promotion Program, Application & Use Case Labs, Development of Application Layer Standards, Major Trials & Technology Demonstration and Participation in International Standards for 5G.

Petroleum & Natural Gas: The government aims to "Reform, Perform and Transform" the energy sector of the country by achieving self-sufficiency. India's primary energy demand is expected to grow at a CAGR of 4.21% during 2017-2040, much faster than any major economy in the world. There is thus a need to augment refining capacity to meet growing demand for petroleum fuels and petrochemicals, which play significant role in sustaining GDP.

Power Sector: Power sector in India has witnessed a paradigm shift over the years due to the constant efforts of government to foster investment in the sector. As a result, India improved its ranking in the Energy Transition Index published by World Economic Forum (76th position).

Housing: According to Census 2011, 377.1 million Indians comprising 31.14% of the country's population lived in urban areas, which are projected to

grow more than 600 million by 2031. Urbanization in India has become an important and irreversible process, and it is an important determinant of economic growth and poverty reduction.

Policy Initiatives

- ◆ The Real Estate (Regulation and Development) Act, 2016 (RERA): One of the important concerns in the real estate sector is the legal battle being fought by home buyers against the builders for delaying the housing projects.
- ◆ Pradhan Mantri Awas Yojana (Urban): PMAY was launched on 25 June 2015 with the objective of providing housing facilities to all the eligible families/beneficiaries by 2022. The duration of the Mission is seven years (2015-16 to 2021-22) and has four components: "In-situ" Slum Redevelopment, Credit Linked Subsidy Scheme, Affordable Housing in Partnership with public or private sector and Beneficiary-led individual house construction/enhancements.
- ◆ Ministry of Petroleum & Natural Gas has undertaken a series of reforms and new initiatives. Some of these include Hydrocarbon Exploration Licensing Policy (HELP)/ Open Acreage Licensing Policy (OALP), Discovered Small Field (DSF) Policy, among others.
- ◆ The Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) was launched in October, 2017 with the aim of universal household electrification by providing last mile connectivity and electricity connections to all remaining un-electrified households in rural and all poor households in urban areas.
- ◆ Ministry of Housing and Urban Affairs (MoHUA) addresses various issues relevant to urban sector through appropriate policy guidelines, subordinate legislation and sectoral programmes.

Way Forward

In a fast moving world to maintain growth momentum, India has to develop its industry and infrastructure. As an emerging economy, the scope for Industry 4.0 and next generation infrastructure are enormous. To experience the potential of the perfect blend of Industry 4.0 and next generation infrastructure, it is necessary to clear the decks which are obstructing the way forward. Industry 4.0 encompasses automation in industrial sectors whereas next generation infrastructure brings physical infrastructure and technology like internet of things, automation together to maximize the efficiency of physical infrastructure. For a smooth and fast travelling, India needs adequate and timely investment in quality infrastructure.

In order to create a ten trillion dollar economy by 2032, India needs a robust and resilient infrastructure. Public investment cannot fund the entire infrastructure investment requirements of the country. Further, private players are usually eager to bring their capital into developed Indian states as compared to less developed states. Therefore, the real challenge lies in bringing adequate private investment across the country with the collaboration of public sector. Along with physical infrastructure; provision of social infrastructure is also equally important as these two would determine where India will be placed in the world by 2030.

General Studies Paper- III

Topic: Effects of liberalization on the economy, changes in industrial policy and their effects on industrial growth.

Topic: Infrastructure: Energy, Ports, Roads, Airports, Railways etc.



7. SERVICES SECTOR: A DETAILED DESCRIPTION

Why in News?

As per the Economic Survey 2018-19, despite the recent growth moderation, services sector growth continues to outperform agriculture and manufacturing sector growth, contributing more than 60% to total gross value added (GVA) growth. It also stated that, India's services sector does not generate jobs in proportion to its share in GVA. This contrasts with the international experience.

Introduction

The services sector is not only the dominant sector in India's Gross Domestic Product (GDP), but has also attracted significant foreign investment flows, contributed significantly to exports as well as provided large-scale employment. India's services sector covers a wide variety of activities such as trade, hotel and restaurants, transport, storage and communication, financing, insurance, real estate, business services, community, social and personal services, and services associated with construction.

The services sector accounts for 54% of India's GVA. Its growth rate moderated to 7.5% in 2018-19 from 8.1% in 2017-18. The segments that saw deceleration are tourism, trade, hotels, transport, communication and services related to broadcasting, public administration and defence. Financial, real estate and professional services category accelerated.

India received 10.6 million foreign tourists in 2018-19 as compared to 10.4 million in 2017-18. Foreign exchange earnings from tourism in India stood at US\$ 27.7 billion in 2018-19 compared to US\$28.7 billion in 2017-18. Many of the high frequency indicators, such as bank credit to services sector, decelerated in 2018-19. However,

the (IT-BPM) industry grew by 8.4% in 2017-18 to US\$ 167 billion and is estimated to have reached US\$181 billion in 2018-19.

Services Sector Performance In India: An Overview

- ◆ Services sector (excluding construction) has a share of 54.3% in India's GVA and contributed more than half of GVA growth in 2018-19.
- ◆ The IT-BPM industry grew by 8.4% in 2017-18 to US\$ 167 billion and is estimated to reach US\$ 181 billion in 2018-19.
- ◆ The services sector growth declined marginally to 7.5% in 2018-19 from 8.1% in 2017-18.
 - ◆ **Accelerated sub - sectors:** Financial services, real estate and professional services.
 - ◆ **Decelerated sub-sectors:** Hotels, transport, communication and broadcasting services.
- ◆ Services share in employment is 34% in 2017.
- ◆ Tourism:
 - ◆ 10.6 million foreign tourists received in 2018-19 compared to 10.4 million in 2017-18.
 - ◆ Forex earnings from tourism stood at US\$ 27.7 billion in 2018-19 as compared to US\$ 28.7 billion in 2017-18.

Major Services: Sector-Wise Performance and Some Recent Policies

While sub-sectors within the services sector slowed down in 2018-19, some others accelerated. This section covers some of the important services for India based on their significance in terms of GDP/GVA, exports and future prospects.

Tourism: Tourism sector is a major engine of economic growth that contributes significantly in terms of GDP, foreign exchange earnings and employment. In India, the tourism sector had been performing well with Foreign Tourist Arrivals (FTAs) growing at 14% to 10.4 million and Foreign Exchange Earnings (FEEs) at 20.6% to US\$ 28.7 billion in 2017-18.

Health and Medical Tourism in India

Government has taken various Policy initiatives and measures to promote Health and Medical Tourism in India along with the Public Private Initiatives in the tourism sector. India has emerged as a major medical tourism destination. The Ministry of Tourism has recognized Medical and Wellness Tourism including Ayurveda as a Niche product in order to overcome the aspect of 'seasonality' and to promote India as a 365 days' destination and attract tourists with specific interests. The market size of medical tourism in India is estimated at Rs. 195 billion (US\$ 3 billion) in 2017. The value of medical tourism is forecasted to reach US\$ 9 billion by 2020. India currently has around 18% of the global medical tourism market. In an estimate, it can be a US\$ 9 billion-worth medical tourism destination by having 20% global market share by 2020. Share of Medical Tourists to India is 4.9% out of total FTAs in 2017.

- ◆ The Ministry of Tourism launched the 'National Mission on Pilgrimage Rejuvenation and Spiritual, Heritage Augmentation Drive' (PRASHAD) in January 2015 with the objective of pilgrimage infrastructure at selected important pilgrimage destinations.
- ◆ Under the 'Swadesh Darshan' Scheme, the Ministry of Tourism has identified 15 thematic circuits for development. Under the scheme the Ministry is developing these thematic circuits on the principles of high tourist value, competitiveness and sustainability in an integrated manner with an objective of enriching

tourist experience and enhance employment opportunities.

Hospitality Services: As per the Ministry of Tourism statistics, there has been a growth rate of 75.71% in number of approved hotels to 1961 as on December 2018 from 1116 as on December 2014. Some of the issues relating to tourism sector are briefly stated below:

- ◆ The co-ordination mechanism of various like-minded Ministries and Stakeholders to resolve issues for promotion of tourism in the country needs to be strengthened.
- ◆ State/UT government need sensitization about tourism as a major driver of employment and poverty alleviation.
- ◆ Budgetary allocation for development of tourism infrastructure should be increased.
- ◆ Land should be made available for hotels and reserve land for hotels in all new townships under planning.
- ◆ Fast-track clearances for hotel projects.
- ◆ Increase skill development efforts to train more persons.

- ◆ Make the Taxation regime on Hospitality Industry globally competitive.

IT –BPM Services: The Indian IT-BPM industry grew by 8.4% in 2017-18 to US\$167 billion (excluding e-commerce but including hardware) from US\$154 billion in 2016-17, as per NASSCOM data. It is estimated to have reached US\$181 billion in 2018- 19.

India's digital economy has received a tremendous boost through various government initiatives such as 'Digital India' covering e-Government services, common service centres, BPO promotion schemes, digital payments, electronic manufacturing, Digital Saksharta Abhiyaan, e-commerce, Goods and Service Tax (GST) network, 'Make in India', 'Start-up India', e-health, Smart Cities, and e-agriculture market place/ digital mandis.

Media & Entertainment Services: The Media and Entertainment sector comprises mainly of television, print, radio, films, music, digital advertising, over the top (OTT-film and television content delivered over internet), visual effects (VFX) and gaming. Technology has rapidly changed the profile of this

sector especially in the area of content and carriage.

Private Television Sector: India is the second largest pay-TV market in the world after China. As per FICCI-EY Media & Entertainment Report (2019), TV sector grew at 12.1% to reach Rs. 74,000 crore in 2018 with advertising comprising 41% of the revenue while distribution accounted for the balance.

Print Media: Print accounted for the second largest share of the Indian M&E industry with revenue of Rs. 30,550 crore in 2018 with a growth of 0.7% (FICCI & EY Report 2019). Print Industry is declining all over the world primarily due to huge inroads of internet and TV channels in media industry.

Films: As per FICCI-EY Media & Entertainment Report (2019), India is the world's biggest producer of films with 1,776 domestic film releases in 2018. Indian film industry grew at 12% in 2018 with revenue of Rs. 17,450 thousand crore.

Digital Media: The various segments of digital media include-online video viewing, audios, news through OTT platforms and social

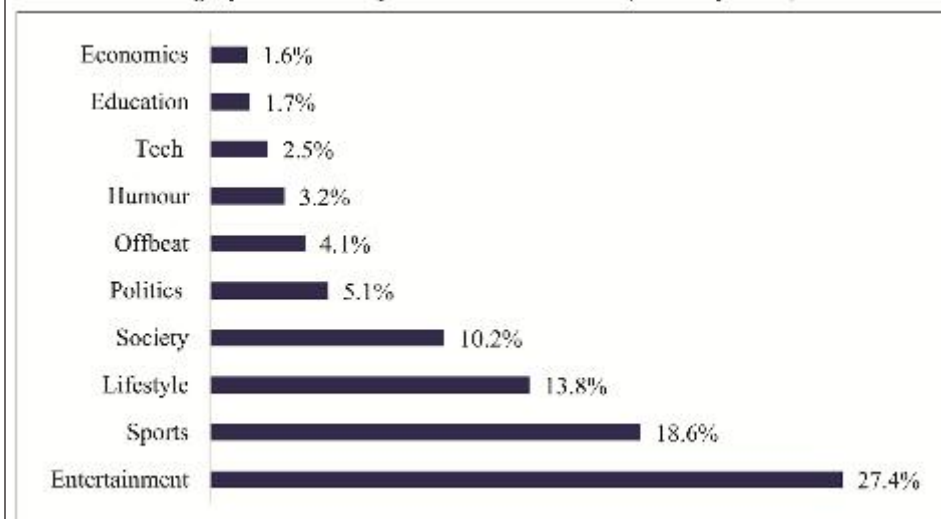
Services Sector Performance in India's GVA

Sector	Share in GVA (per cent)	Growth (per cent YoY)						
		2016-17	2017-18	2018- 19 (P)	2018- 19 (P)			
	2018-19 (P)				Q1	Q2	Q3	Q4
Total Services (Excluding Construction)	54.3	8.4	8.1	7.5	7.1	7.3	7.2	8.4
Trade, hotels, transport, communication and services related to broadcasting	18.3	7.7	7.8	6.9	7.8	6.9	6.9	6
Financial, real estate & professional services	21.3	8.7	6.2	7.4	6.5	7	7.2	9.5
Public administration, defence & other services	14.7	9.2	11.9	8.6	7.5	8.6	7.5	10.7

Source: Central Statistics Office (CSO), Ministry of Statistics and Programme Implementation.

Note: Shares are in current prices and growth in constant 2011-12 prices; P= Provisional Estimates

Category wise consumption of mobile content (Jan - Sept 2018)



Source: FICCI-EY Media & Entertainment Report (2019)

media etc. As per FICCI-EY Media & Entertainment Report (2019), total number of mobile subscribers stood at 1.17 billion in 2018. Smartphone users increased by 39% to reach 340 million in 2018.

Radio Sector: All India Radio (AIR) broadcasts are functional at 479 locations covering nearly 92% of the geographical area and 99.2% of the population of the country. At present, 250 Community Radio stations have been operationalized. It is proposed to establish at least one CRS in each district with priority to coastal districts and aspirational districts.

Emerging Media: As compared to the traditional media, it is the non-linear media comprising of digital media including OTT, animation & VFX, live events, online gaming, etc. that has been witnessing double digit growth in the media & entertainment sector in recent years. The spread of broadband connectivity, fall in data prices, demand for regional language content have triggered the growth of digital media. The Animation, VFX, gaming and comics sector in India is also a thriving business with even Hollywood movies being outsourced to India for work related to post-production which includes video editing, visual effects, animation, 2D-3D conversion, etc. It is one of the sunrise sectors for

India and given the rapid expansion of the sector, the requirement of skilled professionals is also immense.

Space Services

Indian Space Programme contributes to national development, through the application of space technology, comprising of Earth observation, communication and navigation to address issues related to socio-economic development from macro to micro levels. Over the last three decades, space technology has matured

from providing simple mapping applications to development of complex models, decision support and early warning systems, incorporating space and derived inputs. Satellite launch services and satellite database mapping and Geospatial services are areas in which India is making a mark and has huge potential for the future.

India has achieved significant milestones in space transportation capability through the operationalization of Polar Satellite Launch Vehicle (PSLV), Geosynchronous Satellite Launch Vehicle (GSLV) and Geosynchronous Satellite Launch Vehicle Mark-III (GSLV Mk-III) for launching satellites for Earth observation, communication, navigation and space exploration.

Bhuvan Services

Indian Space Research Organisation (ISRO's) Bhuvan Geo-portal provides multi sensor, multi-platform and multi temporal Satellite Imagery, thematic maps and satellite data-derived information related to Earth Observation & Disaster Management Support. Since its launch in 2009, it has

Policy Initiatives

The Media and Entertainment sector needs to be holistically reviewed in the light of technological interventions that have redefined entertainment today. The following initiatives have been taken in the recent years to facilitate Media and Entertainment industry.

- In view of increasing piracy of films by unauthorized recording of films in cinema halls, a Bill has been introduced in the Rajya Sabha in February 2019 to amend the Indian Cinematograph Act, 1952. The Bill has since then referred to the Standing Committee on Information Technology for detailed examination.
- Ministry of Information & Broadcasting is proposing various incentives to promote audio-visual services. These include: Audio-visual co-production with foreign countries, incentives for shooting of foreign films in India, organization of global film summit and promotion of single screens in Tier II and Tier III cities.
- With the objective of imparting world class education in animation, gaming, visual effects and employment generation in the sector, Government of India is in the process of setting up National Centre of Excellence (NCOE) for Animation, Visual Effects, Gaming and Comics. Government of India has taken over the possession of land from Government of Maharashtra in March, 2018 at Goregaon, Mumbai. The project is being executed through Indian Institute of Mass Communication, New Delhi.
- As part of the initiative to encourage talent among youngsters of the North East in the sector of film and television, the Government of India has decided to establish a Film and Television Institute in Arunachal Pradesh. The project has been sanctioned at an estimated cost of Rs. 204.32 crore. Foundation stone for FTI, Arunachal Pradesh was laid in February 2019. A temporary campus has been set up in Itanagar where short courses have been conducted.

grown horizontally in diverse areas of applications, and vertically, in terms of number of images and thematic & disaster services including high-resolution satellite data.

Mapping and Geospatial Services

Satellite data, synchronous with ground data, are used to estimate crop acreage in-season forecasting of production for 8 major crops in the country viz. wheat, rice (kharif & rabi), mustard, rabi sorghum, jute, winter potato, sugarcane, cotton in the country. Using the techniques developed by ISRO, the Mahalanobis National Crop Forecast Centre (under Ministry of Agriculture & Farmers Welfare) regularly generates crop forecasts at district/state/national level and provides to the government for planning and decision making.

Some of the major satellite data based mapping/Geospatial services developed include Horticulture

Crop Inventory, Hydro-informatic products under National Hydrology Project (NHP), Village level Ground Water Prospects, Telegana and Andhra Pradesh Water Resources Information & Management Systems (TWRIS/APWRIMS), Watershed Monitoring under Integrated Watershed Management Programme (IWMP), Monitoring of progress of road construction under Pradhan Mantri Gram Sadak Yojana (PMGSY), GIS implementation of MGNREGA (GeoMGNREGA), Inventory & site Management plans for heritage sites & monuments, Monitoring of stage of construction of beneficiary houses under Housing for All-Urban (PMAY), Geospatial database for Urban Master Plan formulation under AMRUT, etc. Periodic assessment of state of natural resources like vegetation, land cover, snow & glacier and wetland is also being carried out, in addition to national level assessment of status of wastelands and land degradation.

Way Ahead

Services sector growth is governed by both domestic and global factors. The Indian facilities management market is expected to grow at 17% CAGR between 2015 and 2020 and surpass the US\$19 billion mark supported by booming real estate, retail, and hospitality sectors.

The implementation of the Goods and Services Tax (GST) has created a common national market and reduced the overall tax burden on goods. It is expected to reduce costs in the long run on account of availability of GST input credit, which will result in the reduction in prices of services.

General Studies Paper- III

Topic: Effects of liberalization on the economy, changes in industrial policy and their effects on industrial growth.



SEVEN SUBJECTIVE QUESTIONS WITH MODEL ANSWERS

State of the Economy in 2018-2019: A Macro View

Q 1. "India continues to remain the fastest growing major economy in the world in 2018- 19, despite a slight moderation in its Gross Domestic Product (GDP) growth rate". Critically discuss it in the context of Indian economy.

Hints:

- ◆ India continues to remain the fastest growing major economy in the world in 2018- 19, despite a slight moderation in its Gross Domestic Product (GDP) growth from 7.2% in 2017-18 to 6.8% in 2018-19. On the other hand, the world output growth declined from 3.8% in 2017 to 3.6% in 2018.
- ◆ The growth in the economy is expected to pick up in 2019-20 as macroeconomic conditions continue to be stable while structural reforms initiated in the previous few years are continuing on course. However, both downside risks and upside prospects persist in 2019-20.
- ◆ The political stability in the country should push the animal spirits of the economy, while the higher capacity utilization and uptick in business expectations should increase investment activity in 2019-20.
- ◆ The lower global growth and the increased uncertainty about trade tensions may negatively affect export demand, including that of India's, which in turn will further lower GDP growth rates of several countries. On balance, the prospects of the economy should improve with growth of the economy expected to be 7% in 2019-20.

Monetary Management & Financial Intermediation

Q 2. "The Indian banking sector has been at the forefront of driving the economic growth of the country". Discuss it in the context of Indian banking sector.

Hints:

- ◆ Insolvency and Bankruptcy Code led to recovery and resolution of significant amount of distressed assets and improved business culture.
- ◆ The performance of the banking sector (domestic operations), Public Sector Banks (PSBs) in particular, improved in 2018- 19.
- ◆ The performance of the banking system has improved as NPA ratios declined and credit growth accelerated. However, financial flows to the economy remained constrained because of decline in the amount of equity finance raised from capital markets and stress in the NBFC sector.
- ◆ The ecosystem for insolvency and bankruptcy is getting systematically built out. It has already led to recovery and resolution of significant amount of distressed assets as well as palpably improved business culture.

Prices & Inflation: Monitoring and Managing

Q 3. What do you understand by 'Core Inflation'? Highlight the steps taken by the government to sustain the low level of inflation in recent years.

Hints:

- ◆ Core Inflation is that part of inflation which is observed to be continued for a long period. Thus, core inflation captures the underlying trend of inflation. This is the reason for its stability. Unlike the non-core component of inflation, core inflation is not affected by temporary shocks. In India, core inflation is generally measured by excluding highly volatile components from the headline inflation.
- ◆ Advisories are being issued, as and when required, to State Governments to take strict action against hoarding & black marketing, especially for commodities in short supply.
- ◆ Higher Minimum Support Price (MSP) for pulses and other crops has been announced so as to incentivize production and thereby enhance availability of food items, which may help moderate prices.

- ◆ Government has set up Price Stabilization Fund (PSF) for procurement of agri-horticultural commodities including potatoes, onions and pulses for its release during lean period to improve availability and moderate their prices.
- ◆ Prohibition on export has been withdrawn in April 2018 on all varieties of edible oils, except mustard oil.
- ◆ Export of mustard oil in branded consumer packs of up to 5 kgs is permitted with a Minimum Export Price (MEP) of United States Dollar (USD) 900 per million ton (MT).

Sustainable Development & Climate Change

Q 4. What are Sustainable Development Goals (SDGs)? Discuss the efforts and progress made in India in this regard.

Hints:

- ◆ The SDGs are global goals, built upon the erstwhile Millennium Development Goals. They are exhaustive, universal and integrated and emphasize on core areas of poverty and inequality, economic growth, innovation, sustainable consumption and production, climate change, peace and justice and partnerships.
- ◆ India's growth trajectory for achieving SDG 10 (Reduced Inequality) and SDG 15 (Life on Land) is impressive as compared to the other SDGs as several states have achieved 100 in these SDGs.
- ◆ India is struggling to achieve its targets of SDG 5 (Gender Equality) and SDG11 (Sustainable Cities and Communities) as large number of states are in the 'Aspirants' category'. Goa, a front runner among all the States and UTs in SDG 11, has been doing exceptionally well in waste management.
- ◆ A close collaboration between the national and sub-national governments as well as active participation of all other relevant stakeholders are required for meeting the challenges of financing, technical support and continuous monitoring of the progress of each state and UT to achieve the National Sustainable Development Agenda.
- ◆ India has been progressing rapidly towards achieving the SDGs. India's progress in achieving SDG 10 (Reduced Inequality) and SDG 15 (Life on Land) has been impressive. However, there has been a wide variation in the way different states have performed.

It is important that in the race towards SDGs no State is left behind.

Agriculture & Food Management: An Overview

Q 5. Agriculture and allied sectors are critical in terms of employment and livelihoods for the small and marginal farmers, who dominate the agriculture ecosystem in India. Discuss.

Hints:

- ◆ Women's participation in agriculture increased to 13.9% in 2015-16 from 11.7% in 2005-06 and their concentration is highest (28%) among small and marginal farmers.
- ◆ A shift is seen in the number of operational land holdings and area operated by operational land holdings towards small and marginal farmers. 89% of groundwater extracted is used for irrigation. Hence, focus should shift from land productivity to 'irrigation water productivity'. Thrust should be on micro-irrigation to improve water use efficiency.
- ◆ Adopting appropriate technologies through Custom Hiring Centers and implementation of ICT are critical to improve resource-use efficiency among small and marginal farmers.
- ◆ Diversification of livelihoods is critical for inclusive and sustainable development in agriculture and allied sectors.
- ◆ To transform the rural economy, greater emphasis should be given to allied sectors with a major focus on dairy, poultry, fisheries and rearing of small ruminants. The rationalisation of food subsidy and greater use of technology in food management will ensure food security for all.

Fledgling Industry and Infrastructure

Q 6. "Industry plays a decisive role in determining the overall growth of an economy". Discuss it in the context of India's overall industrial growth.

Hints:

- ◆ A robust and resilient Infrastructure is fundamental and essential for budding industries. While India has invested in its infrastructure over the years, the challenge is to mobilize adequate investment in infrastructure sector which runs into several trillions of dollars. The investment gaps in the infrastructure would have to be addressed through various innovative

approaches with the collaboration of both public and private sector.

- ◆ In a fast moving world to maintain growth momentum, India has to develop its industry and infrastructure. As an emerging economy, the scope for Industry 4.0 and next generation infrastructure are enormous.
- ◆ In order to create a ten trillion dollar economy by 2032, India needs a robust and resilient infrastructure. Public investment cannot fund the entire infrastructure investment requirements of the country. Further, private players are usually eager to bring their capital into developed Indian states as compared to less developed states.
- ◆ Therefore, the real challenge lies in bringing adequate private investment across the country with the collaboration of public sector. Along with physical infrastructure; provision of social infrastructure is also equally important as these two would determine where India will be placed in the world by 2030.

Services Sector: A Detailed Description

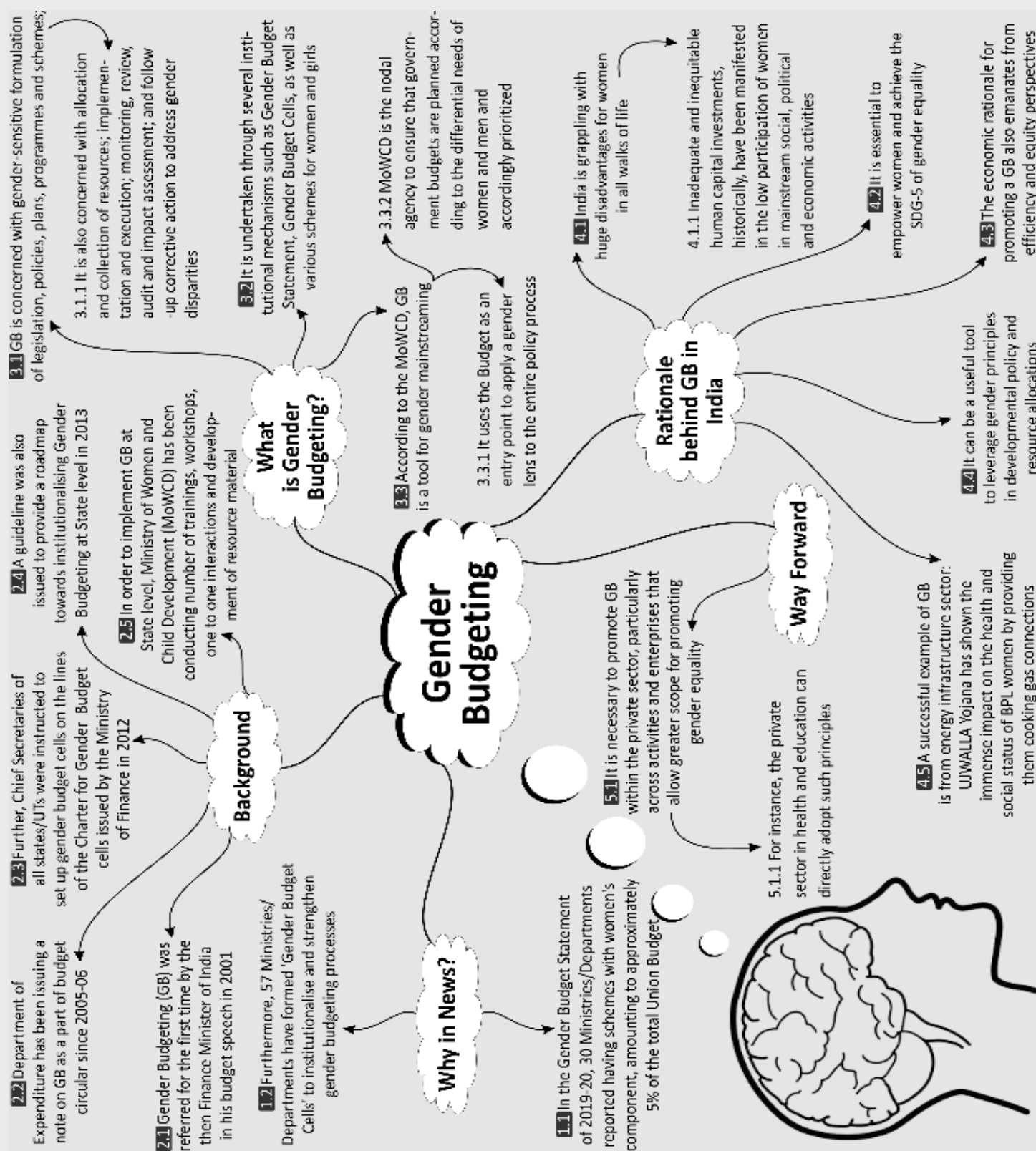
Q 7. "Despite the recent growth moderation, services sector growth continues to outperform agriculture and manufacturing sector growth". Analyse.

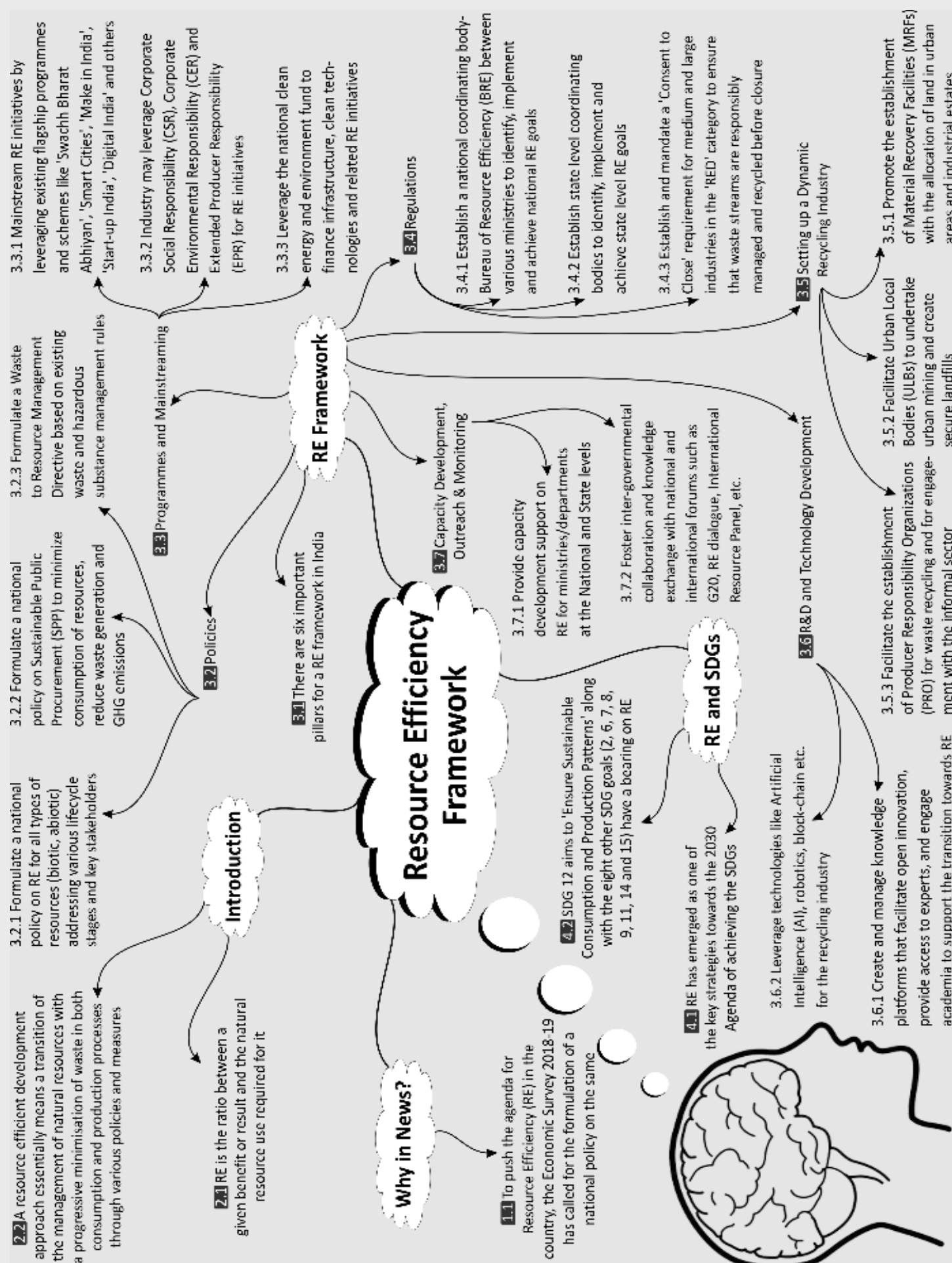
Hints:

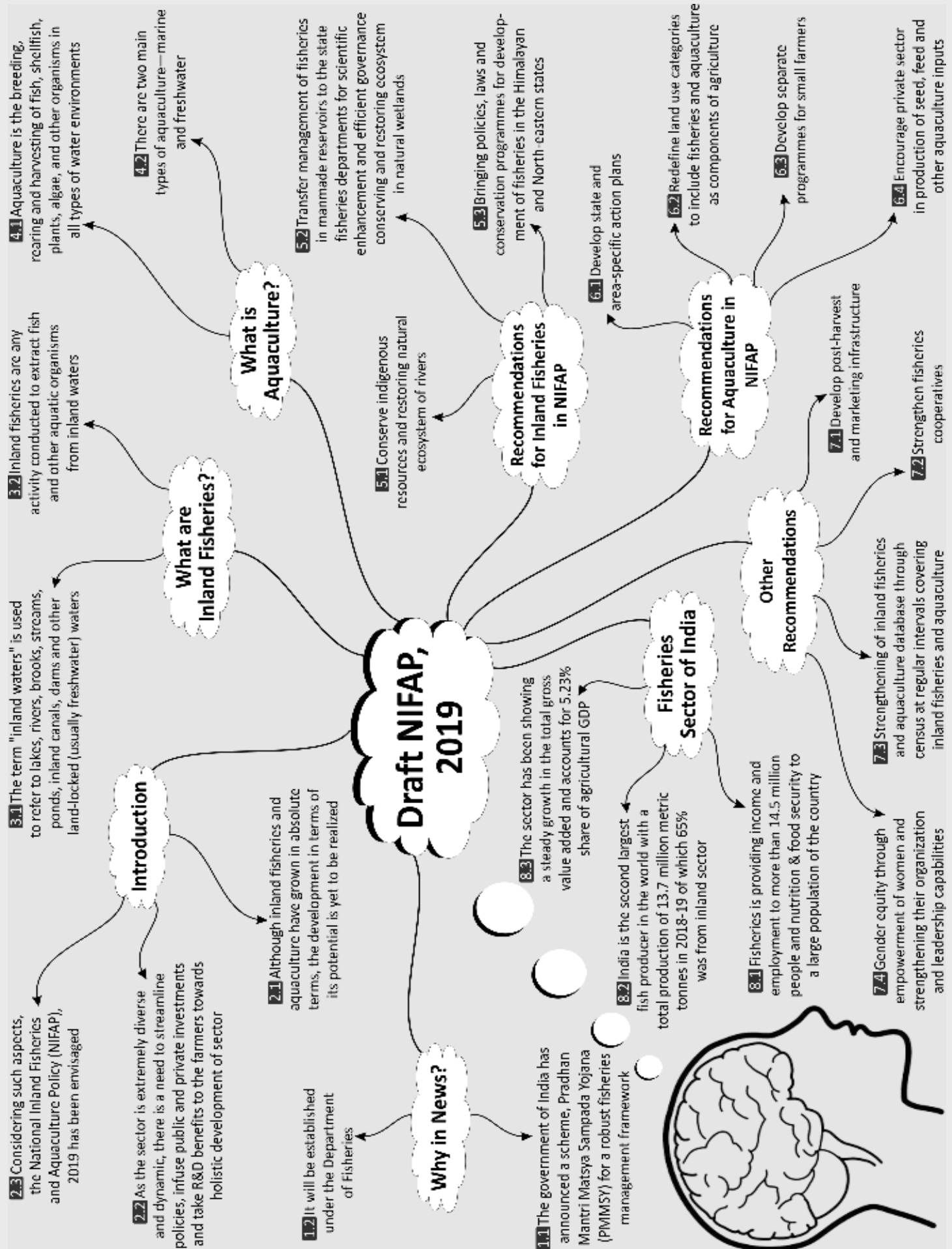
- ◆ The services sector is not only the dominant sector in India's Gross Domestic Product (GDP), but has also attracted significant foreign investment flows, contributed significantly to exports as well as provided large-scale employment. India's services sector covers a wide variety of activities such as trade, hotel and restaurants, transport, storage and communication, financing, insurance, real estate, business services, community, social and personal services, and services associated with construction.
- ◆ Services sector (excluding construction) has a share of 54.3% in India's GVA and contributed more than half of GVA growth in 2018-19.
- ◆ The services sector growth declined marginally to 7.5% in 2018-19 from 8.1% in 2017-18. Accelerated sub - sectors are financial services, real estate and professional services. And decelerated sub - sectors are hotels, transport, communication and broadcasting services.
- ◆ Services sector growth is governed by both domestic and global factors. The Indian facilities management market is expected to grow at 17% CAGR between 2015 and 2020 and surpass the US\$19 billion mark supported by booming real estate, retail, and hospitality sectors.

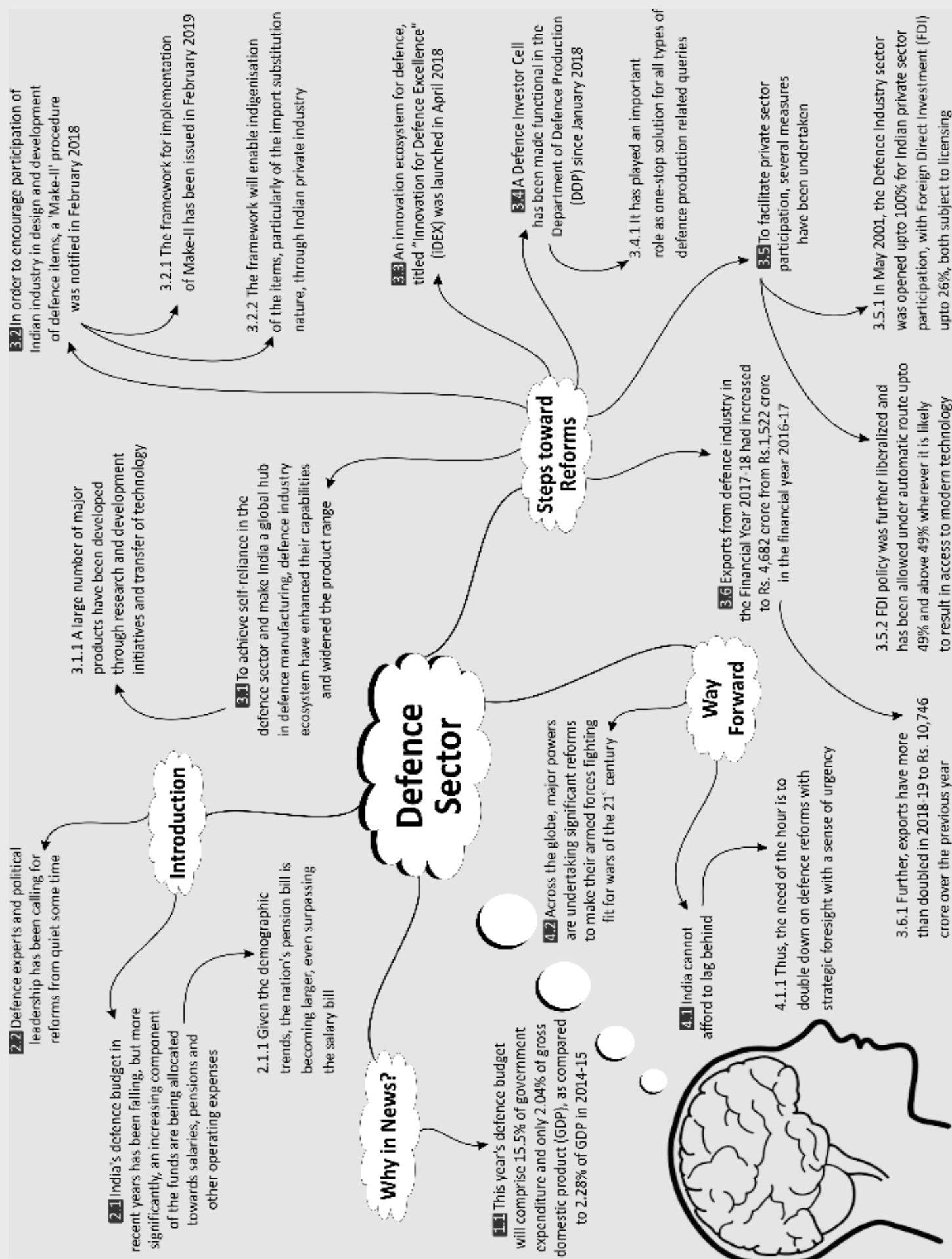
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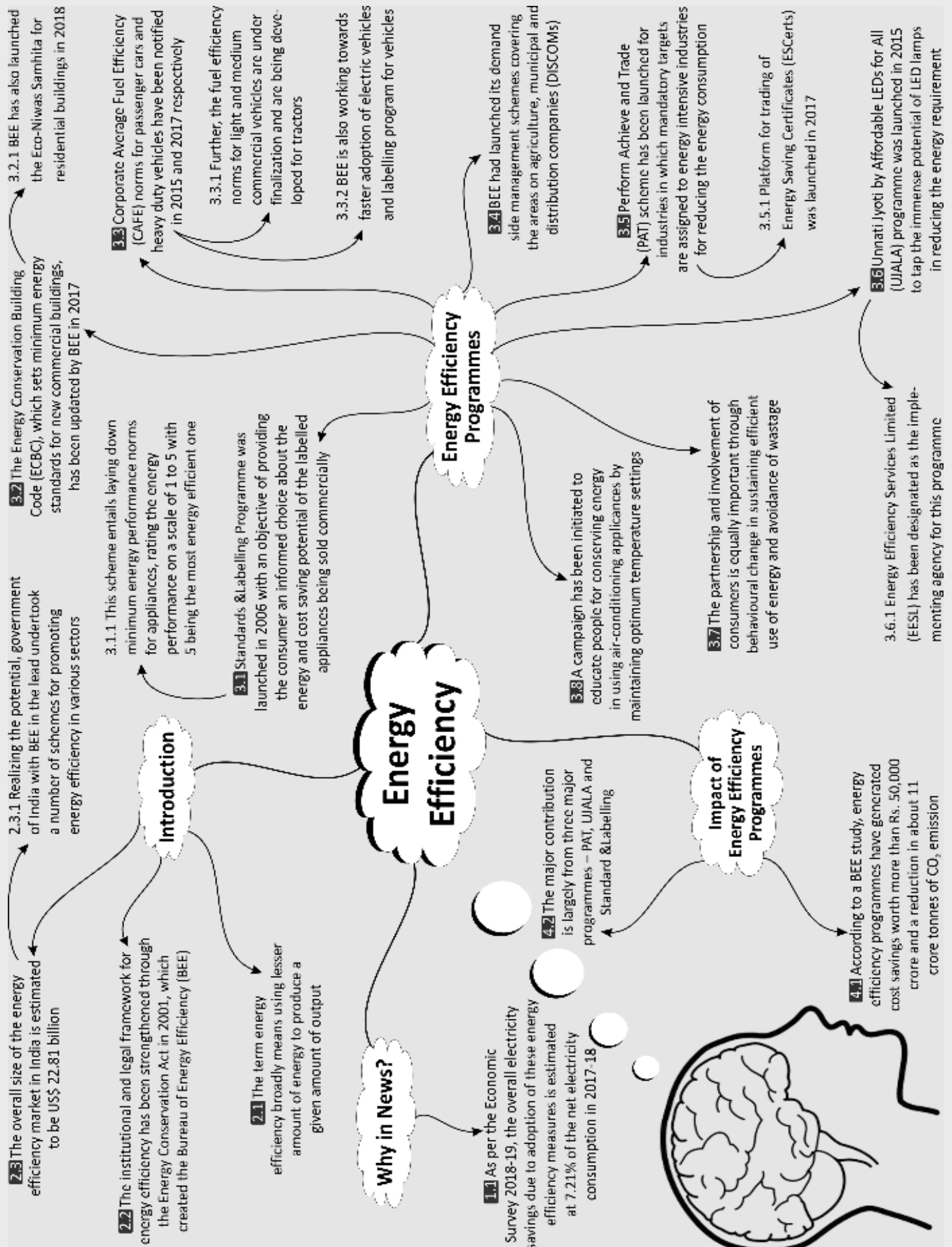
SEVEN BRAIN BOOSTERS

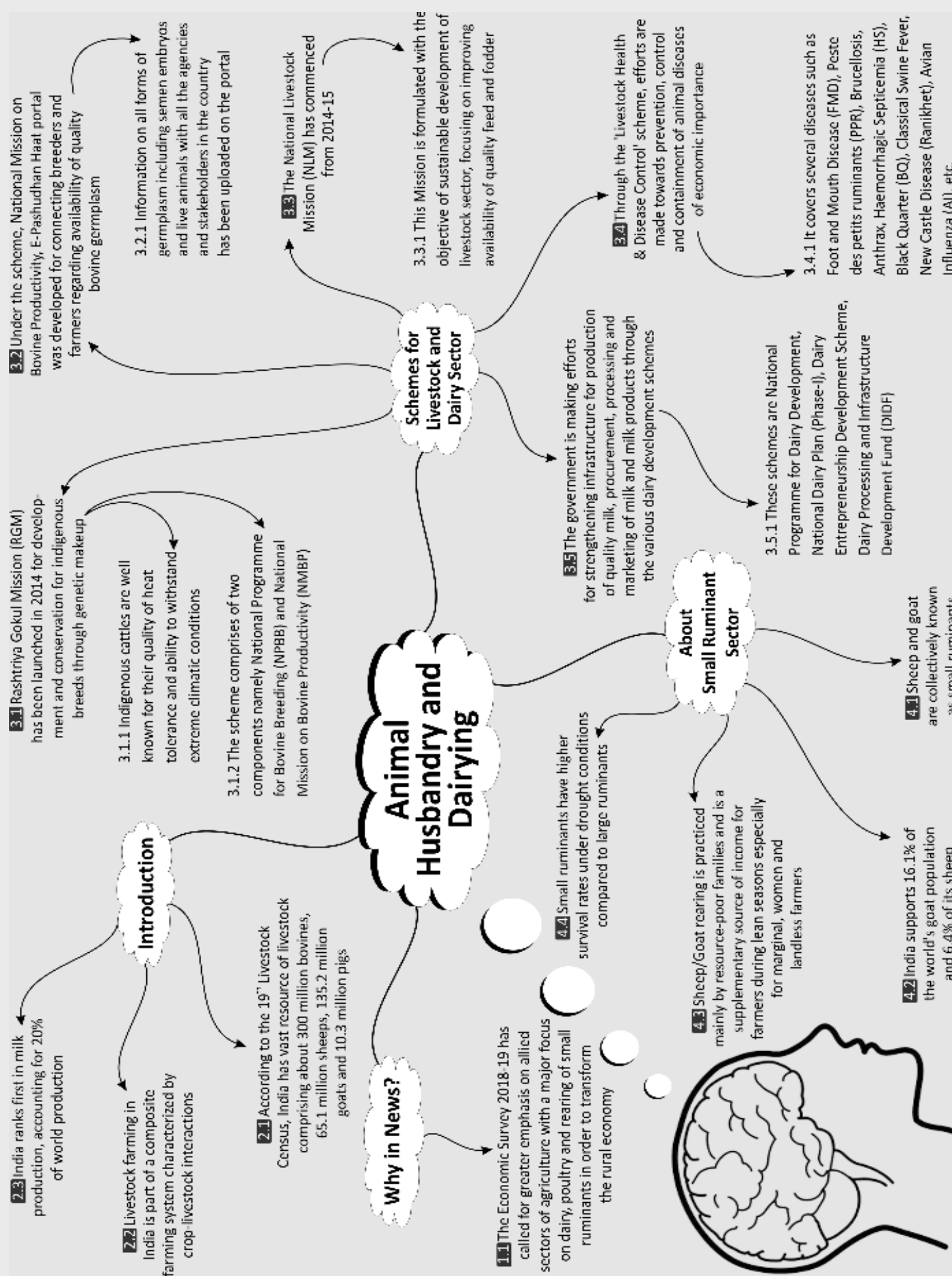


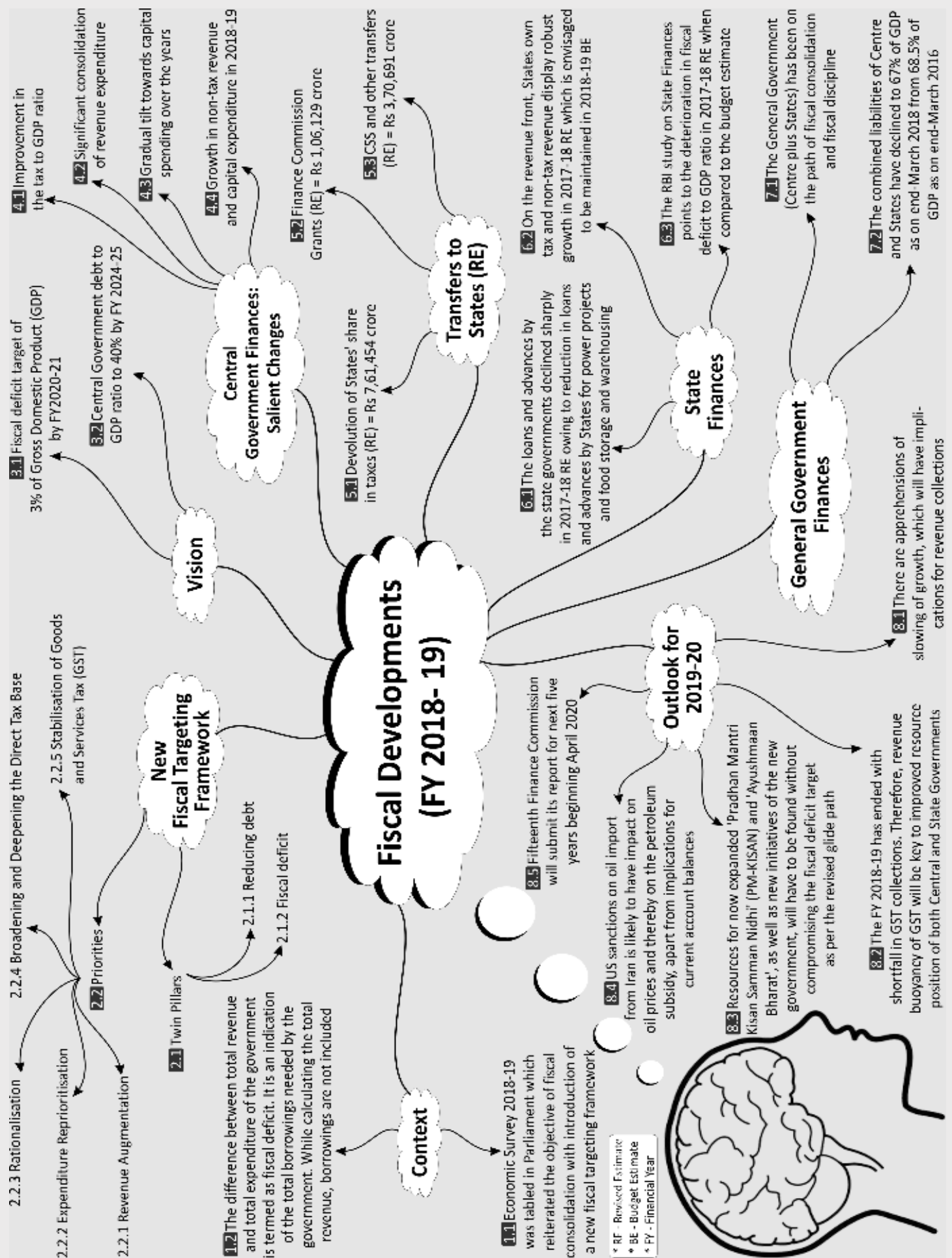












SEVEN MCQ's WITH EXPLANATORY ANSWERS

(Based on Brain Boosters)

Gender Budgeting

Q1. Consider following statements regarding 'Gender Budgeting' in India:

1. Ujjwala Yojana is an example of gender budgeting.
2. Gender Budgeting was first time referred to in Budget 2012
3. Gender Budgeting promotes the SDG-5.
4. In the current Budget, schemes oriented towards Gender Budgeting are less than 10%.

Which of the statements given above is/are not correct?

- a) 1 and 2 only
- b) 2 only
- c) 2, 3 and 4 only
- d) 1 and 3 only

Answer: (b)

Explanation: Statement 1 is correct as Ujjwala Yojana has direct impact on health and social status of women.

Statement 2 is not correct as Gender Budgeting (GB) was referred for the first time by the then Finance Minister of India in budget speech in 2001.

Statement 3 is correct as Gender Budgeting does promote the SDG-5 which is gender equality.

Statement 4 is correct because Ministries/ Departments reported having schemes with women's component, amounting to approximately 5% of the total Union Budget. Hence, (b) is the correct answer.

Resource Efficiency Framework

Q2. Consider following statements regarding 'Resource Efficiency Framework':

1. It is the ratio between a given benefit or result and the natural resource use required for it.
2. Resource Efficiency (RE) is in line with the SDG-12 of Agenda 2030.

Which of the statements given above is/are correct?

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

Answer: (c)

Statement 1 is correct as RE is defined as the ratio between a given benefit or result and the natural resource use required for it.

Statement 2 is also correct because SDG 12 aims to 'Ensure Sustainable Consumption and Production Patterns' along with the eight other SDG goals (2, 6, 7, 8, 9, 11, 14 and 15) have a bearing on RE. Hence, (a) is the correct answer.

Draft NIFAP, 2019

Q3. Consider following statements regarding 'fisheries sector in India':

1. India is the largest fish producer in the world.
2. National Inland Fisheries and Aquaculture Policy (NIFAP), 2019 calls for Gender Equity.
3. Largest contribution to fisheries production comes from Inland Fisheries.

Which of the statements given above is/are correct?

- a) 1 and 3 only
- b) 1 only
- c) 1, 2 and 3
- d) 2 and 3 only

Answer: (d)

Explanation: Statement 1 is not correct as India is the second largest fish producer in the world.

Statement 2 is correct as gender equity through empowerment of women and strengthening their organization and leadership capabilities is one of the recommendations of National Inland Fisheries and Aquaculture Policy (NIFAP), 2019.

Statement 3 is correct as total production of fisheries was 13.7 million metric tonnes (MMT) in 2018-19, of which 65% was from inland sector. Hence, (d) is the correct answer.

Defence Sector

Q4. Consider following statements regarding 'defence sector' in India:

1. FDI policy for investment in defence is liberalized to allow under automatic route up to 49%.
2. Exports from defence industry in the Financial Year 2017-18 has decreased in comparison to previous year.

3. 'Make-II' procedure encourages participation of Indian Industries in design and development.

Which of the statements given above is/are correct?

- a) 1 and 3 only b) 2 only
c) 1, 2 and 3 d) 2 and 3 only

Answer: (a)

Explanation: **Statement 1 is correct** as FDI policy was liberalized and has been allowed under automatic route up to 49% and above 49% wherever it is likely to result in access to modern technology.

Statement 2 is not correct because exports from defence industry in the Financial Year 2017-18 had increased to Rs. 4,682 crore from Rs.1,522 crore in the financial year 2016-17.

Statement 3 is correct because in order to encourage participation of Indian industry in design and development of defence items, a 'Make-II' procedure was notified in February 2018. Hence, (a) is the correct answer.

Energy Efficiency

Q5. Consider the following statements about 'Energy Efficiency'.

1. Perform Achieve and Trade (PAT) scheme has been launched for industries in which mandatory targets are assigned to energy intensive industries for reducing the energy consumption.
2. The institutional and legal framework for energy efficiency has been strengthened through the Energy Conservation Act in 2003, which created the Bureau of Energy Efficiency (BEE).

Which of the statements given above is/are correct?

- (a) 1 only (b) 2 only
(c) Both 1 and 2 (d) Neither 1 nor 2

Answer: (a)

Explanation: **Statement 1 is correct.** Perform Achieve and Trade (PAT) scheme has been launched for industries in which mandatory targets are assigned to energy intensive industries for reducing the energy consumption.

Statement 1 is not correct. The institutional and legal framework for energy efficiency has been strengthened through the Energy Conservation Act in 2001, which created the Bureau of Energy Efficiency (BEE).

Animal Husbandry and Dairying

Q6. Consider following statements regarding 'Animal Husbandry and Dairying' in India:

1. India ranks first in milk production in the world.
2. Goats are known as 'small ruminants'.

3. Rashtriya Gokul Mission (RGM) was launched for development and conservation for foreign breeds.

4. E Pashudhan Haat portal connects breeders and farmers.

Which of the statements given above is/are not correct?

- (a) 1 and 3 only (b) 4 only
(c) 1 and 2 only (d) 2 and 3 only

Answer: (d)

Explanation: **Statement 1 is correct** as India ranks first in milk production, accounting for 20% of world production.

Statement 2 is not correct as Sheep and goat are collectively known as small ruminants not goats alone.

Statement 3 is not correct not because Rashtriya Gokul Mission (RGM) was launched in 2014 for development and conservation for indigenous breeds through genetic makeup and not foreign breeds.

Statement 4 is correct because E-Pashudhan Haat portal was developed for connecting breeders and farmers regarding availability of quality bovine germplasm. Hence, (d) is the correct answer.

Fiscal Developments (FY 2018- 19)

Q7. Consider the following statements about 'Fiscal Development (FY 2018-19)':

1. The New Fiscal Targeting Framework includes Revenue Augmentation, Expenditure Reprioritisation, Rationalisation, Broadening and Deepening the Direct Tax Base, Stabilisation of Goods and Services Tax.
2. The revised fiscal glide path envisages achieving fiscal deficit of 3% of GDP by FY 2020- 21 and Central Government debt to 40% of GDP by 2024- 25.

Which of the statements given above is/are correct?

- (a) 1 only (b) 2 only
(c) Both 1 and 2 (d) Neither 1 nor 2

Answer: (c)

Explanation: **Statement 1 is correct.** The New Fiscal Targeting Framework includes Revenue Augmentation, Expenditure Reprioritisation, Rationalisation, Broadening and Deepening the Direct Tax Base, Stabilisation of Goods and Services Tax.

Statement 2 is correct. The revised fiscal glide path envisages achieving fiscal deficit of 3% of GDP by FY 2020- 21 and Central Government debt to 40% of GDP by 2024- 25.



SEVEN IMPORTANT FACTS FOR PRELIMS

1. 'Namami Gange Mission' is launched as a key policy priority towards achieving the SDG 6, with a Budget outlay of INR 20,000 crore for the period of 2015-2020. What does SDG 6 relates to?

–Ensure Availability & Sustainable Management of Water and Sanitation for all

2. Economic Survey 2018-19 has made a paradigm shift from 'Anglo-Saxon thinking of economy at equilibrium' to economy as a 'virtuous or a vicious cycle'. This 'Virtuous Cycle' comprises of?

–Savings, Investment & Exports

3. Economic Survey 2018-19 has adopted the essence of 'Behavioural Economics' as one of the guiding light towards economic progress. Who is the proponent behind the concept of 'Behavioural Economics'?

–Richard Thaler (2017, Nobel Prize winner in Economic Sciences)

4. Economic Survey was tabled by the Union Finance Minister Smt Nirmala Sitharaman. But it was authored by?

–Krishnamurthy Subramanian (Chief Economic Advisor, Ministry of Finance)

5. Economic Survey presents a vision to make India a \$ 5 trillion economy by 2024-25 by having a sustained real GDP growth rate of 8%. What is the current size of Indian economy?

–\$ 2.8 trillion

6. As per Economic Survey 2018-19, the FY 2018-19 ended up with the fiscal deficit of?

–3.4% of GDP

7. India's GDP has shown a moderated growth in FY 2018-19 and the rate of inflation was also tamed during this period. What was the GDP growth rate & inflation?

–6.8% (GDP); 3.4% (Inflation)

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SEVEN PRACTICE QUESTIONS FOR MAINS EXAM

- Q1. As per World Trade Organisation, the World trade growth slowed down to 3% in 2018 from 4.6% in 2017. Highlight the factors responsible for it and comment on its effects on India's trade deficit?
- Q2. Overall Index of Eight Core Industries registered a growth rate of 4.3% in 2018-19. Write a short note on the 'Index of Eight Core Industries'.
- Q3. "89% of ground water extracted is used for irrigation. Hence, focus should be shifted from land productivity to 'irrigation water productivity". Comment on the above given statement while highlighting the significance of micro-irrigation.
- Q4. Forex earning from tourism stood at US \$ 27.7 billion in 2018-19. What are various schemes and government initiatives to boost the tourism sector?
- Q5. "Public investments in social infrastructure like education, health, housing and connectivity are critical for inclusive development." Comment.
- Q6. Discuss the achievements in CoP 24 in Katowice, Poland in 2018, particularly the flexibilities for developing countries.
- Q7. India's external debt was US \$ 521.1 billion at the end-December 2018 and total liabilities-to-GDP ratio at 38%. Discuss the sustainability of external debt.

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SEVEN IMPORTANT NEWS

1. NIA Amendment Bill, 2019

The National Investigation Agency (Amendment) Bill, 2019 was passed on 15th July 2019 by Lok Sabha today. While replying to the debate on the Bill to give powers to NIA to investigate the terror crimes relating to Indians and Indian interests abroad, today in Lok Sabha, the Home Minister backed a strong NIA to strengthen the legal framework against terrorism. He said that conviction has been achieved in 90% of the cases decided so far, which is one of the finest records in the world.

The Home Minister reassured the House that the agency would not be misused in any way by the Government.

The minister said that the POTA should not have been removed in the first place, as it led to a rise in acts of terror. This has been corroborated by Indian security agencies as well. Home Minister also questioned why the perpetrators of the Samjhauta Express blast were allowed to walk free even when American agencies found their involvement in the act of terror.

Reiterating 'Zero Tolerance' policy of the Government against terrorism, the minister said "Terrorism is Terrorism, it's neither RIGHT nor LEFT. Perpetrators of terrorist acts need to be punished and will get punished."

The Home Minister said that by designating special courts, the cases would be expedited and transfers or delay in appointments of judges would not delay them. While taking part in the debate on the bill, Minister of State for Home Affairs, Shri. G. Kishan Reddy reinforced Government's federal outlook and said that state police teams and other agencies would work in coordination with NIA in terror related matters. There would be no encroachment by the Centre on the activities of the State machinery.

2. 271 Million People Lifted out of Poverty: UN Report

As first reported in the 2018 Multidimensional Poverty Index (MPI), India lifted 271 million people between 2005/06 and 2015/16, with the poorest regions, groups, and children, reducing poverty fastest. India demonstrates the clearest pro-poor pattern at the sub-national level: in absolute terms, the poorest regions reduced multidimensional poverty the fastest. Examples include Jharkhand, where the incidence of multidimensional poverty nearly halved, falling from 74.9 percent in 2005/06 to 46.5 percent in 2015/16.

Of the 10 selected countries for which changes over time were analyzed, India and Cambodia reduced their MPI values the fastest—and they did not leave the poorest groups behind.

Findings from the 2019 global MPI sheds light on disparities in how people experience poverty, revealing vast inequalities among countries and among the poor themselves.

India is among the countries that significantly reduced deprivation in all 10 indicators. The indicators included nutrition, child mortality, years of schooling, school attendance, cooking fuel, sanitation, drinking water, electricity, housing and assets. India strongly improved assets, cooking fuel, sanitation and nutrition between 2005-06 and 2015-16.

Still, despite the massive gains made in reducing multidimensional poverty, 373 million Indians continue to experience acute deprivations. Additionally, 8.8 percent of the population lives in

severe multidimensional poverty and 19.3 percent of the population are vulnerable to multidimensional poverty.

This year's MPI results also show that more than two-thirds of the multidimensionally poor—886 million people—live in middle-income countries like India. A further 440 million live in low-income countries. In both groups, data show, simple national averages can hide enormous inequality in patterns of poverty within countries.

The MPI captures the huge progress India has made in reducing multidimensional poverty across the country, while also providing a more complete picture of who is deprived, how they are deprived, and where they live. That the poorest parts of

the country are more quickly lifting people out of poverty demonstrates India's commitment to ensuring no one is left behind, in line with the

Sustainable Development Goals and the government's own priorities. In India, there is a higher percentage of girls who are multidimensionally poor

and out of school than boys. However, the figures for India are lower than the South Asian average for both boys and girls. ■

3. Stringent Punishment for Sexual Crimes against Children

In a historic decision to protect the children from Sexual offences, the Union Cabinet has approved the Amendments in the Protection of Children from Sexual Offences (POCSO) Act, 2012. It will make punishment more stringent for committing sexual crimes against children including death penalty. The amendments also provide for levy of fines and imprisonment to curb child pornography.

abuse by acting as a deterrent due to strong penal provisions incorporated in the Act.

- ◆ It intends to protect the interest of vulnerable children in times of distress and ensures their safety and dignity.
- ◆ The amendment is aimed to establish clarity regarding the aspects of child abuse and punishment thereof.

of Sexual Assault, Sexual harassment and pornography with due regard for safeguarding the interest and well-being of children. The Act defines a child as any person below eighteen years of age, and regards the best interests and welfare of the child as matter of paramount importance at every stage, to ensure the healthy physical, emotional, intellectual and social development of the child. The act is gender neutral.

Impact

- ◆ The amendment is expected to discourage the trend of child sexual

Background

The POCSO Act, 2012 was enacted to Protect the Children from Offences

4. Visa-Free Entry to Kartarpur Sahib Gurudwara

Pakistan on July 14th agreed to give year-long visa-free access for Indian pilgrims to the holy Gurdwara of Kartarpur Sahib.

The Ministry of External Affairs said in a statement that the agreement was reached at the second formal meeting held at Wagah, at which India took up the presence of Khalistan supporters in Pakistani territory. As per the official statement "it was agreed to allow visa-free travel for the Indian passport-holders and OCI card-holders seven days a week. Throughout the year, 5,000 pilgrims will be allowed to visit the Kartarpur Sahib Gurudwara per day. The pilgrims will be allowed to

travel as individuals or in groups and also on foot".

Permit system

India proposed that the holy shrine be open to Indian citizens of all faiths. However, a message from the government of Pakistan reiterated that there will be provision for a permit system for the pilgrims travelling through the religious corridor.

India urged that at least 5,000 pilgrims be allowed to visit the Gurudwara and insisted that 10,000 more be allowed to visit on special occasions and festivals. India also asked Pakistan to prevent Khalistan

supporters from misusing this historic initiative.

Concerns regarding individuals or organisations based in Pakistan who may try to disrupt the pilgrimage and misuse the opportunity to play with the sentiments of the pilgrims was shared. A dossier was handed over to the Pakistan side to highlight concerns in this regard.

The Indian team, consisting of delegates from the Ministry of External Affairs and the Ministry of Home Affairs, cautioned Pakistan against building an earth-filled embankment that could create flooding problems at Dera Baba Nanak inside India. ■

5. 'The Sikhs for Justice' Outlawed

Pro-Khalistani group The Sikhs for Justice was banned on July 10th by the government for its alleged anti-national activities, officials said. US-

based The Sikhs for Justice (SFJ) pushes for Sikh Referendum 2020 as part of its separatist agenda. A meeting of the Union Cabinet decided to declare SFJ as

outlawed under the Unlawful Activities Prevention Act, a home ministry official said. The official Indian statement came a day after the Ministry of Home

Affairs issued a notification banning the group accusing it of being involved in seditious and violent activities. The spokesperson said India took no "cognisance" of fringe groups like Sikhs for Justice, adding, "this group

has no traction in the mainstream Sikh community. We will continue to make efforts to engage with the Indian community in Canada and other countries in the world." The group's primary objective is to establish an

"independent and sovereign country" in Punjab. It openly espouses the cause of Khalistan and in that process challenges the sovereignty and territorial integrity of India. ■

6. U. S. Bill to Remove Limit on Green Cards

The US lawmakers on July 10th passed a bill aimed at lifting the present seven per cent country-cap on issuing Green Cards, a move which would benefit thousands of highly-skilled Indian IT professionals.

A Green Card allows a person to live and work permanently in the US.

Passed by the US House of Representatives, the bill, on being signed into law, would considerably shorten the agonising wait of talented professionals from countries like India who have applied for permanent residency in the United States. Indian IT professionals, most of whom are highly skilled and come to the US mainly on

the H-1B work visas, are the worst sufferers of the current immigration system which imposes a seven per cent per country quota on allotment of the coveted Green Cards or permanent legal residency.

Lifting the per-country cap would mainly benefit professionals from countries like India, for whom the wait for Green Card is more than a decade. Some of the recent studies have said the waiting period for Indian IT professionals on H-1B visas is more than 70 years.

No more than seven per cent of the visas may be issued to natives of any one independent country in a fiscal

year, according to the US Citizenship and Immigration Services. According to the Congressional Research Service (CRS), this bill increases the per-country cap on family-based immigrant visas from seven per cent of the total number of such visas available that year to 15 per cent and eliminates the seven per cent cap for employment-based immigrant visas.

It also removes an offset that reduced the number of visas for individuals from China. The bill, however, has to be passed by the Senate, wherein the Republicans enjoy a majority, before it can be signed into law by President Donald Trump. ■

7. India Home to 1,256 Orchid Species

The Botanical Survey of India has come up with the first comprehensive census of orchids of India, putting the total number of orchid species or taxa to 1,256.

A Pictorial Guide, a publication detailing all the species of India was unveiled earlier this month (July 2019) by the Ministry of Environment, Forest and Climate Change. The 1,256 species or taxa of orchids belong to 155 genera and 388 species are endemic to India.

About Orchids

Orchids can be broadly categorised into three life forms: epiphytic (plants growing on another plants including

those growing on rock boulders and often termed lithophyte), terrestrial (plants growing on land and climbers) and mycoheterotrophic (plants which derive nutrients from mycorrhizal fungi that are attached to the roots of a vascular plant). About 60% of all orchids found in the country, which is 757 species, are epiphytic, 447 are terrestrial and 43 are mycoheterotrophic.

The epiphytic orchids are abundant up to 1800 m above the sea level and their occurrence decreases with the increase in altitude. Terrestrial orchids, which grow directly on soil, are found in large numbers in

temperate and alpine region whereas mycoheterotrophic orchids, mostly associated with ectomycorrhizal fungi, are found in temperate regions, or are found growing with parasites in tropical regions. Himalayas, North-East parts of the country and Western Ghats are the hot-spots of the beautiful plant species.

Orchid family is listed under appendix II of CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) and hence any trade of wild orchid is banned globally. ■

SEVEN IMPORTANT HIGHLIGHTS FROM PIB

1. Creation of Gaganyaan National Advisory Council

The Gaganyaan project is on track to be realized by the 75th Independence day or earlier. The design and configuration of major sub-systems are finalised. The qualification tests pertaining to human rating of flight systems has commenced and Cryogenic Engine tests are in progress. The crew training plan is finalised and the crew selection process has commenced.

A Gaganyaan National Advisory Council has been created with members from different institutions and industries.

The Gaganyaan Advisory Council comprises of Secretaries of Department of Space, Department of Science and Technology, Department of Defence Research and Development, Department of Scientific and Industrial Research, Principal Scientific Advisor to PM, Senior Officials from Armed Forces, Indian Coast Guard, Former Chairman of ISRO, Member of Space Commission, Former Director of Aeronautical Development Agency, Former Indian

Astronaut, Directors of Premier Academic and Research Institutions and Heads of various Indian Industries.

Gaganyaan, the human space flight Programme green-flagged and set for 2022 by Prime Minister Narendra Modi. The mission is estimated at Rs 9000 crore. Most of the critical technologies and hardware required for the project are ready or have been demonstrated by its centres. ISRO would now stitch them up into a complete project and present a comprehensive project report to get a formal approval of the government. The spacecraft is being designed to carry three people, and a planned upgraded version will be equipped with rendezvous and docking capability. In its maiden crewed mission, Indian Space Research Organisation's largely autonomous 3.7-tonne capsule will orbit the Earth at 400 km (250 mi) altitude for up to seven days with a three-person crew on board. The crewed vehicle is planned to be launched on ISRO's GSLV Mk III in December 2021.

2. National Digital Health Blueprint (NDHB)

Union Minister of Health and Family Welfare released the National Digital Health Blueprint (NDHB) report in the public domain for inputs from various stakeholders. The Union Health Minister said that the Government is committed to ensuring high quality healthcare, accessible to all up to the last mile. According to the Minister, 'the digital health interventions are accelerating this transformation and have a huge potential for supporting Universal Health Coverage (UHC). India has everything that can help it achieve Health for all. the Health Minister also said that the National Digital Health Blueprint is in line with the vision of the Prime Minister to reach each individual of this country with services at their doorstep under Digital India Programme.

Stressing on integration of various digital health services, The Health Minister said that the need of the hour is to create an ecosystem which can integrate the existing health information systems and show a clear path for upcoming programmes for ensuring interoperability of Electronic Health

Record (EHR). "We have made a mark in history by launching Ayushman Bharat Yojana which is operational on a robust IT Platform. Other IT enabled schemes like Reproductive Child Healthcare, NIKSHAY etc. are also benefitting the patients at right time with right service delivery. There is a need to ensure convergence across these IT systems to monitor and provide health services in a robust and efficient manner. Ministry of Health has accordingly initiated efforts in the direction of a comprehensive, nationwide integrated e-Health system under National Digital Health Blueprint.

The vision of NDHB is to create a National Digital Health Eco-system that supports Universal Health Coverage in an efficient, accessible, inclusive, affordable, timely and safe manner, through provision of a wide-range of data, information and infrastructure services, duly leveraging open, interoperable, standards-based digital systems, and ensuring the security, confidentiality and privacy of health-related personal information.

3. Swadhar Greh Scheme

The Ministry of Women and Child Development is implementing the Swadhar Greh Scheme for rehabilitation of women in difficult circumstances. The scheme covers women who are deserted and without any social and economic support, women victims of domestic violence, family tension and natural disaster.

Besides the above, Ministry of Women and Child Development is also implementing Universalisation of Women Helpline Scheme which is envisaged to provide 24 hours emergency and non-emergency response to women affected by violence, both in public and private spaces by linking them with appropriate authorities such as police, One Stop Centres, hospital and legal services.

Under the 'One Stop Centre Scheme', One Stop Centres for violence affected women across the country as part of the Nirbhaya Framework, are established with the help of States/UTs for providing legal and psycho-social counselling along with other facilities including temporary shelter, police

facilitation and medical support to the women needing the same under one roof in an integrated manner. Under the Scheme, Swadhar Greh will be set up in every district with capacity of 30 women with the following objectives:

- ◆ To cater to the primary need of shelter, food, clothing, medical treatment and care of the women in distress and who are without any social and economic support.
- ◆ To enable them to regain their emotional strength that gets hampered due to their encounter with unfortunate circumstances.
- ◆ To provide them with legal aid and guidance to enable them to take steps for their readjustment in family/society.
- ◆ To rehabilitate them economically and emotionally.
- ◆ To act as a support system that understands and meets various requirements of women in distress.
- ◆ To enable them to start their life afresh with dignity and conviction.

4. Indian Cyber Crime Coordination Centre (I4C)

MHA has rolled out a scheme 'Indian Cyber Crime Coordination Centre (I4C)' for the period 2018-2020, to combat cyber crime in the country, in a coordinated and effective manner. It is a 7-Pronged Scheme to Fight Cyber Crime. The scheme has following seven components:

- ◆ National Cybercrime Threat Analytics Unit.
- ◆ National Cybercrime Reporting Portal.
- ◆ Platform for Joint Cybercrime Investigation Team.
- ◆ National Cybercrime Forensic Laboratory Ecosystem.
- ◆ National Cybercrime Training Centre.
- ◆ Cybercrime Ecosystem Management Unit.
- ◆ National Cyber Research and Innovation Centre.

The Central Government has launched Cybercrime Reporting Portal to enable citizens to report online content

pertaining to Child Pornography (CP)/ Child Sexual Abuse Material (CSAM) or sexually explicit content such as Rape/Gang Rape (CP/RGR).

The Central Government has taken steps to spread awareness on cyber crime, issue cyber related alerts/advisories, capacity building/ training of law enforcement officers/ judges/ prosecutors, improving cyber forensics facilities etc. to prevent cyber crime and expedite investigations.

Police' and 'Public order' are State subjects as per the Constitution of India. States/UTs are primarily responsible for prevention, detection, investigation and prosecution of crimes through their law enforcement machinery. The Law Enforcement Agencies take legal action as per provisions of the law against the reported cyber crimes.

5. LaQshya

Government of India has launched "LaQshya" (Labour room Quality improvement Initiative) to improve quality of care in labour room and maternity operation theatres in public health facilities. It's a multipronged approach focused at Intrapartum and immediate postpartum period.

Aim

To reduce preventable maternal and newborn mortality, morbidity and stillbirths associated with the care around delivery in Labour room and Maternity Operation Theatre and ensure respectful maternity care.

Objectives

- i. To reduce maternal and newborn mortality & morbidity due to hemorrhage, retained placenta, preterm, preeclampsia and eclampsia, obstructed labour, puerperal sepsis, newborn asphyxia, and newborn sepsis, etc.
- ii. To improve Quality of care during the delivery and immediate post-partum care, stabilization of complications and ensure timely referrals, and enable an effective two-way follow-up system.
- iii. To enhance satisfaction of beneficiaries visiting the health facilities and provide Respectful Maternity Care

(RMC) to all pregnant women attending the public health facilities.

Following types of healthcare facilities have been identified for implementation of LaQshya program

- i. Government medical college hospitals.
- ii. District Hospitals & equivalent health facilities.
- iii. Designated FRUs and high case load CHCs with over 100 deliveries/month (60 in hills and desert areas)

Till date 2427 Public health facilities across country have been identified for implementation of LaQshya Program.

6. Startup India Programme for MSME Sector

Government has launched the Startup India Initiative with the objective of building strong eco-system for nurturing innovation and startups in the country. The incentives available to Startups under Startup India initiative are given below:

- ◆ Self-Certification under 6 Labour Laws & 3 Environmental Laws.
- ◆ Relaxation in Public Procurement Norms.
- ◆ Faster exit under the Bankruptcy Code.
- ◆ Rebates on Patent & Trademark filing fees, support from facilitators and to expedite examination of Patent application.
- ◆ Exemption from Income Tax on investments received above fair market value.

- ◆ Funding support under the Fund of Funds for Startups.
- ◆ Guidance and facilitation support from Startup India Hub.

Government has notified Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012 under MSMED Act, 2006. The policy mandates 25% annual procurement from MSEs by Central Ministries/ Departments/Public Sector Enterprises (CPSEs). Out of 25% target of annual procurement from MSEs, 4% is earmarked for procurement from MSEs owned by SC/ST entrepreneurs and 3% from MSEs owned by Women Entrepreneurs. In order to monitor effective implementation of this Policy, Ministry of MSME has launched a Portal, namely, MSME "SAMBANDH".

7. New Schemes for Silk Sector

Under the Central Sector Scheme Government of India implementing "Silk Samagra" through Central Silk Board with a total outlay of Rs. 2161.68 crore for three years (2017-2020) for development of sericulture in the country. It focuses on improving quality and productivity of domestic silk thereby reducing the country's dependence on imported silk.

Under the scheme, assistance is extended to sericulture stakeholders for the beneficiary oriented components like, raising of Kissan nursery, plantation with improved Mulberry varieties, Irrigation, chawki rearing centres with incubation facility, construction of rearing houses, rearing equipment, door to door service agents for disinfection and input supply, support for Improved reeling units like Automatic Reeling units, multi-end Reeling machines, Improved Twisting

machines and support for post yarn facilities for quality silk and fabric production.

Under North East Region Textile Promotion Scheme (NERTPS) implemented to promote Textile Industry in the North East Region by the Ministry of Textiles, 38 Sericulture projects have been implemented in the identified potential districts under three broad categories viz., Integrated Sericulture Development Project (ISDP) and Intensive Bivoltine Sericulture Development Project and Aspirational Districts. Total cost of these projects is Rs. 1,106.97 crore, of which Government of India's share is Rs. 955.07 crore. Objective of these projects is to establish sericulture as viable commercial activity in NER by creating necessary infrastructure and imparting skills to the locals for silkworm rearing and allied activities in the value chain.

SEVEN IMPORTANT CONCEPTS THROUGH GRAPHICS

1. Indian Economy : A Snapshot

ECONOMIC SURVEY 2018-19



GDP Growth

At constant prices



*Provisional estimates
**Projected

Fiscal Deficit

% of GDP



*Provisional actual

Inflation

Average, in %



Foreign Trade

Good and Services (%)



*Provisional estimates

Foreign Exchange Reserves

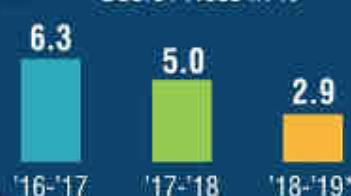
In US \$ billion



March End

Agriculture, Forestry & Fishing

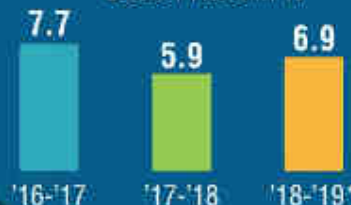
Growth Rate of GVA at Basic Prices in %



*Provisional estimates

Industrial Growth

Growth Rate of GVA at Basic Prices in %



*Provisional estimates

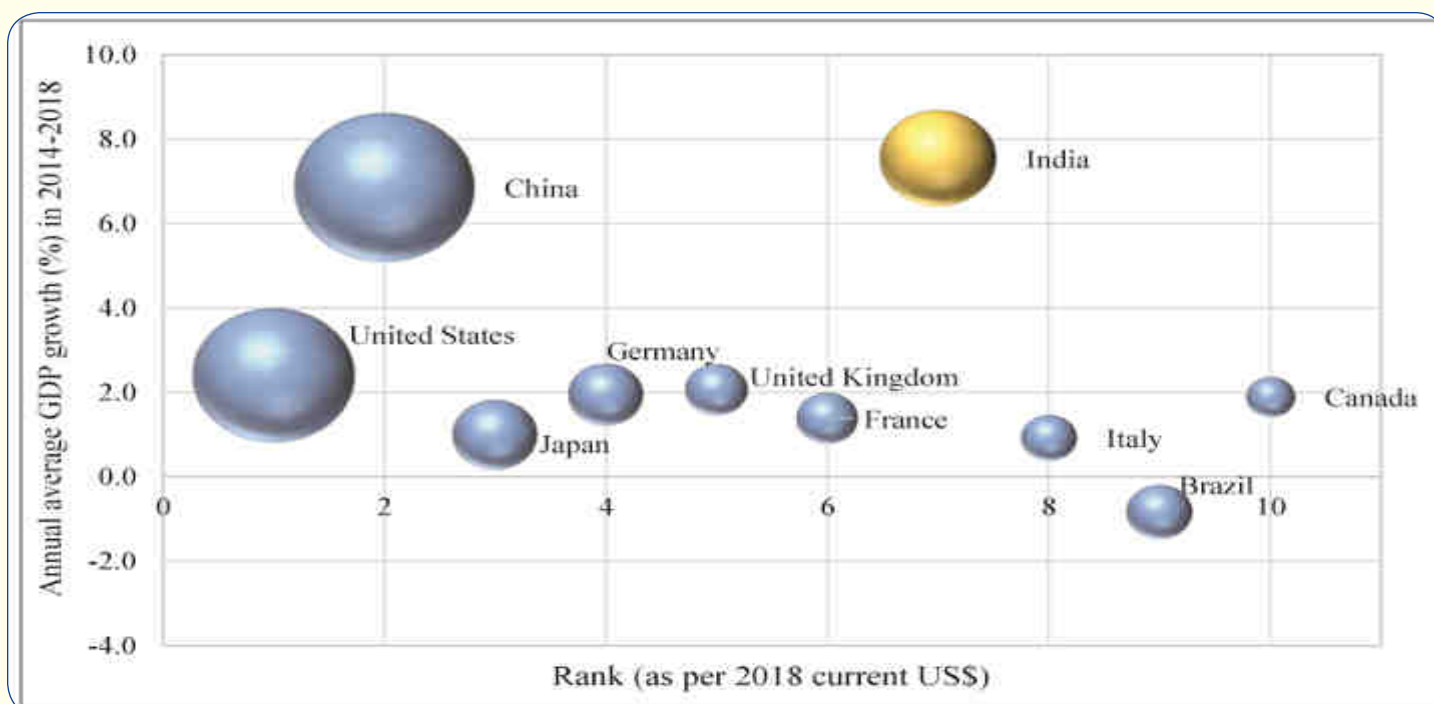
Services

Growth Rate of GVA at Basic Prices in %



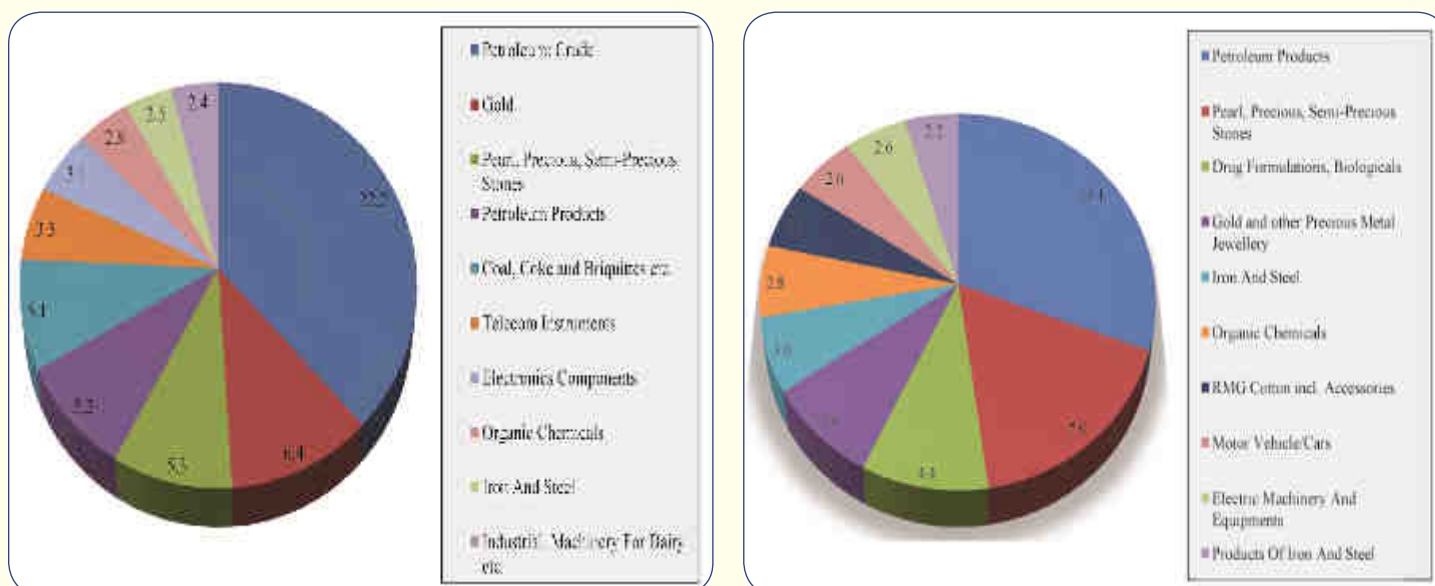
*Provisional estimates

2. Global Comparison among Top Ten Economies



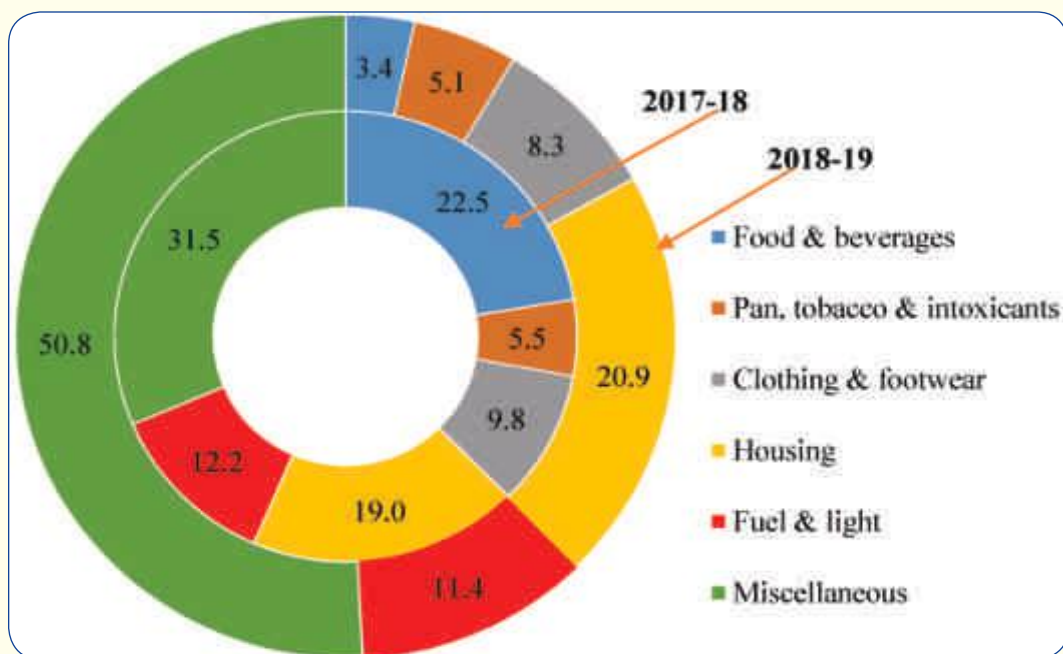
- India is the seventh largest economy in terms of Gross Domestic Product (GDP) in current US\$ and has emerged as the fastest growing major economy. With Purchasing Power Parity (PPP) adjustments, India's GDP at current international dollar, ranks third in the world.
- For France and Italy GDP of the year 2018 is the estimated figure of International Monetary Fund. Size of circle represents GDP (PPP) at current international dollar terms.

3. Commodity-wise Composition of Imports & Exports in 2018-19 (Per cent)



- In 2018-19, petroleum products continued to be the largest exported commodity, in value terms, with a share of 14.1 per cent in the country's export basket. Other major exports included pearls, precious, semi-precious stones as also gold and other precious metal jewelry besides drug formulations, biologicals.
- Exports of organic chemicals which grew the highest at 30.6 per cent in 2018-19.
- In the import basket of 2018-19, petroleum: crude, at 22.2 per cent had the largest share followed by gold and other precious metal Jewelry at 6.4 per cent and pearls precious/semi-precious stones at 5.3 per cent.
- Electronics components grew the fastest at 54.6 per cent in 2018-19, followed by petroleum: crude and iron and steel.

4. Contribution to CPI - Combined inflation 2017-18 & 2018-19 (Share in per cent)

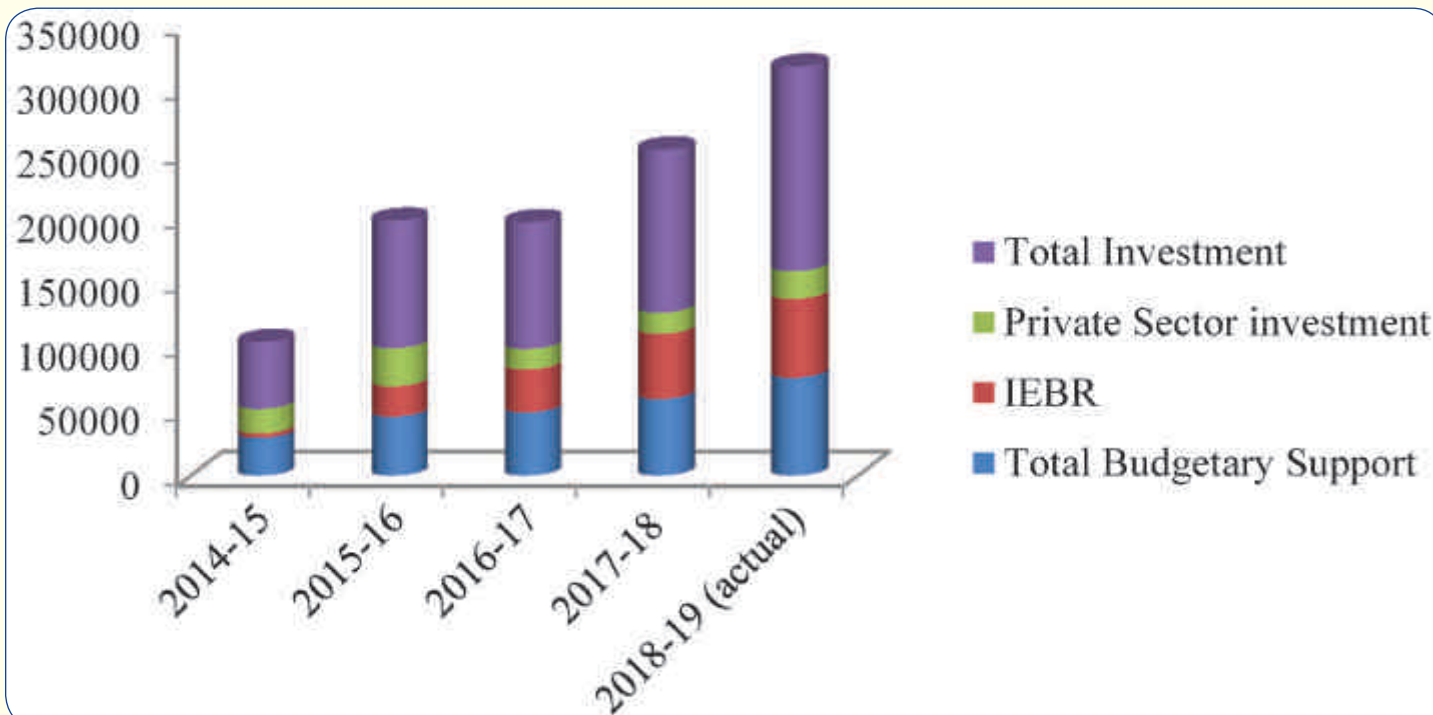


- At the all India level, CPI-C inflation during FY 2018-19 was driven mainly by miscellaneous group followed by housing as well as fuel and light group.
- 40 items of services account for 23.37 per cent weight in CPI-C.
- Housing has the highest weight amongst services which is (10.07 per cent), followed by transport and communication (4.59 per cent), education (3.51 per cent) and health (1.82 per cent).
- Contribution of health, education, transport and communication in driving

services inflation has gained prominence across rural and urban areas.

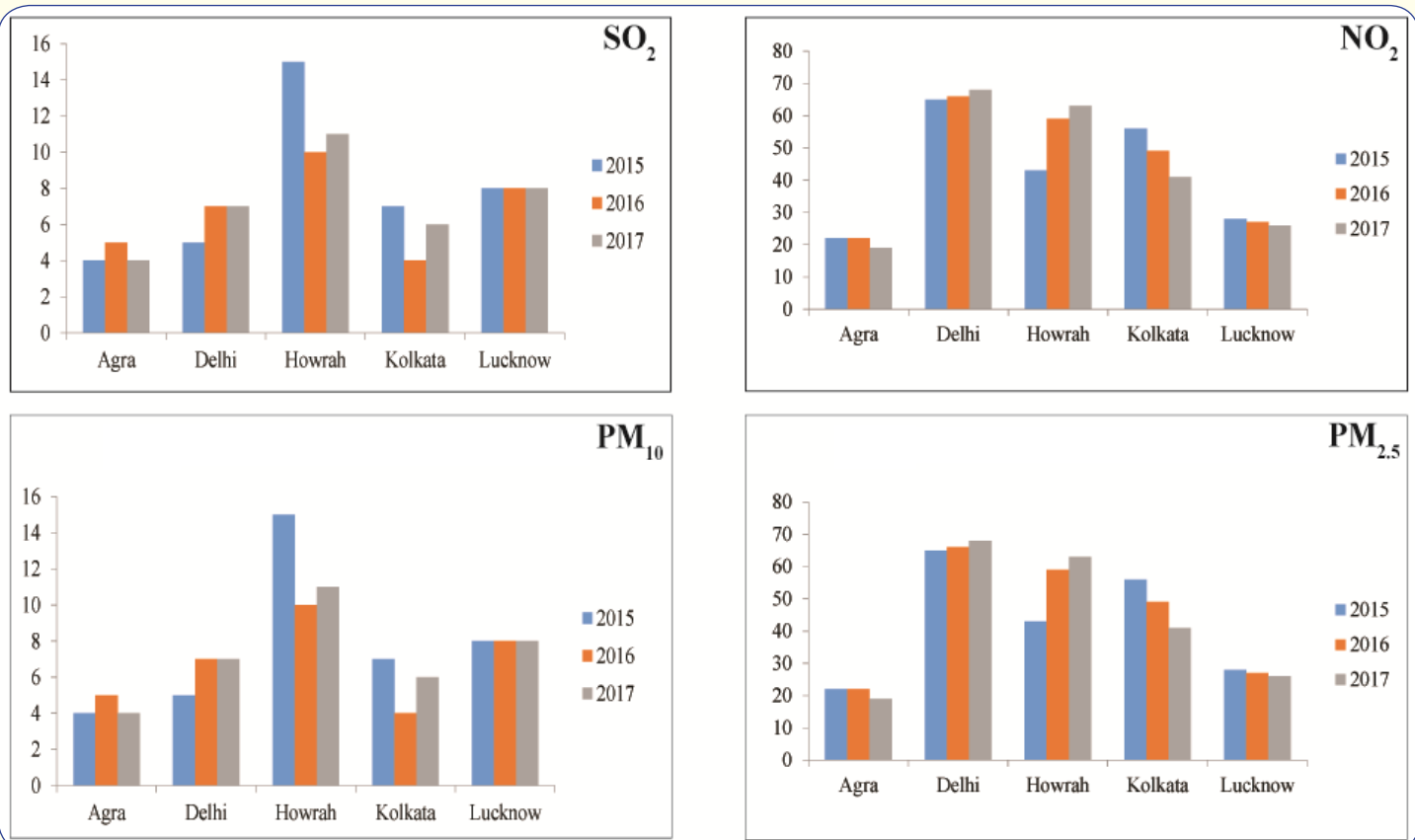
- Inflation in health is more prominent in rural than urban areas probably owing to supply side constraints.
- Miscellaneous group was the main driver of CPI (Rural) inflation in 2018-19, contributing more than 70 per cent to the overall rural inflation.
- In urban areas, miscellaneous group and housing have contributed to inflation in equal measure during FY 2018-19

5. Investment in Road Sector (in Rs. crore)

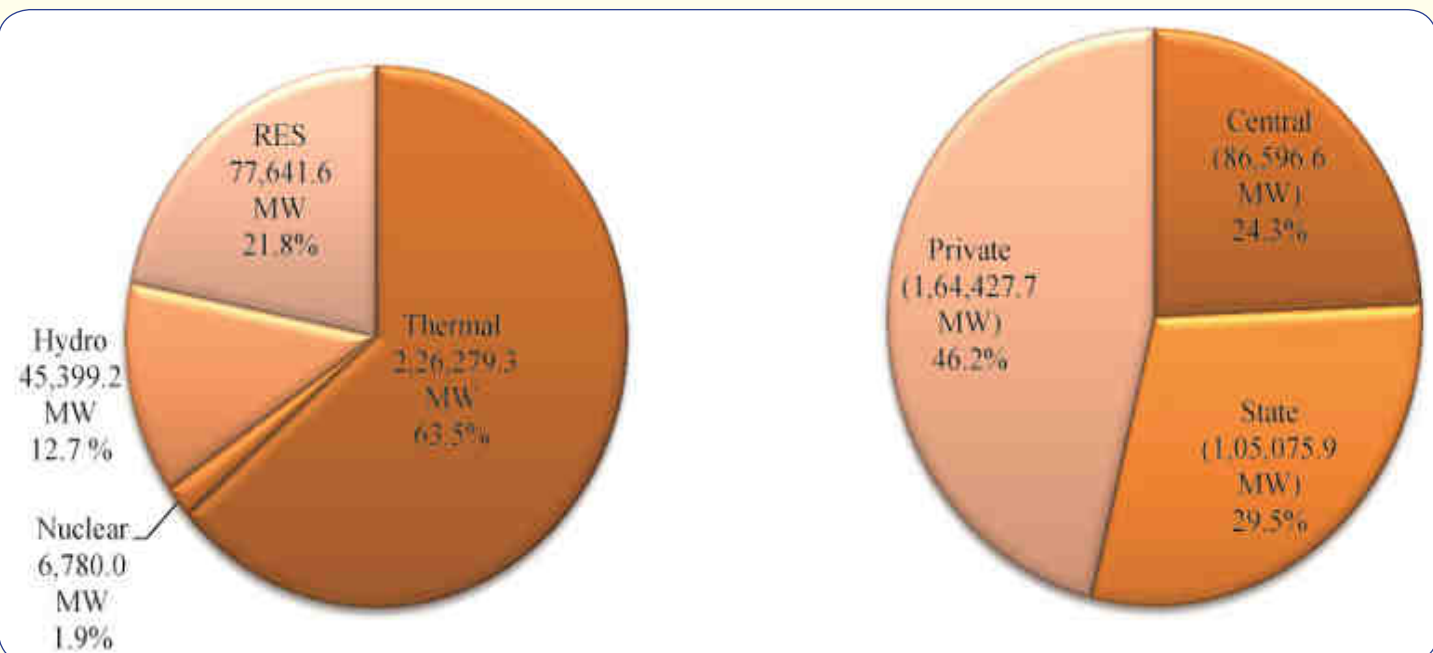


- The major constraints faced are availability of funds for financing large projects, lengthy processes in acquisition of land and payment of compensation to the beneficiaries, environmental concerns, time and cost overruns due to delays in project implementation.
- Central Road Fund (CRF) which is a major source of budgetary support for the Highway sector was also amended by the Finance Act, 2018. It was replaced by Central Road and Infrastructure Fund (CRIF)

6. Concentrations of 4 Major Air Pollutants in Major Cities



7. Total Power Generation Capacity as on April, 2019 (Fuel-wise & Sector-wise)



- Power sector in India has witnessed a paradigm shift over the years due to the constant efforts of Government to foster investment in the sector. The installed capacity has increased from 3,44,002 MW in 2018 to 3,56,100.19 MW in 2019.
- Total generation of energy during 2018-19 was 1376 BU (including imports and renewable sources of energy). The capacity of thermal power is 64 per cent followed by renewable energy.
- The contributions of Centre and States are 24.3% and 29.5% respectively while more than 46 per cent of power generation comes from private sector.



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Quite a large number of students desirous of building a career for themselves are absolutely less equipped for the fairly tough competitive tests they have to appear in. Several others, who have a brilliant academic career, do not know that competitive exams are vartly different from academic examination and call for a systematic and scientifically planned guidance by a team of experts. Here one single move my invariably put one ahead of many others who lag behind. Dhyeya IAS is manned with qualified & experierenced faculties besides especially designed study material that helps the students in achieving the desired goal.

Civil Services Exam requires knowledge base of specified subjects. These subjects though taught in schools and colleges are not necessarily oriented towards the exam approach. Coaching classes at Dhyeya IAS are different from classes conducted in schools and colleges with respect to their orientation. Classes are targeted towards the particular exam. classroom guidance at Dhyeya IAS is about improving the individuals capacity to focus, learn and innovate as we are comfortably aware of the fact that you can't teach a person anything you can only help him find it within himself.

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