UPSC CURRENT AFFAIRS NOTES 04-01-2024

Universal Basic Income Programme

President of a prominent political party told an election rally that if voted to power, his party would implement the NYAY scheme under which women would receive at least Rs 60,000-70,000" annually.

Earlier, in 2018, the then government had rolled out the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) to provide income support of 6,000 per year in the three equal installments to all land holding farmer families.

PM-KISAN was billed as the world's largest Direct Benefit Transfer (DBT) scheme for farmers.

Are Schemes like NYAY and PM-KISAN the same as Universal Basic Income (UBI)?

Under UBI, a government provides a basic income to every member of a population, from richest to the poorest, regardless of whether they are employed or not.

However, the **government withdraws all subsidies** – from food to fertilizes to train tickets to medical bills.

The idea is to give everyone a minimum income, cut the bureaucratic costs of running a large number of welfare programmes, and to tax everyone in a way that the UBI is funded.

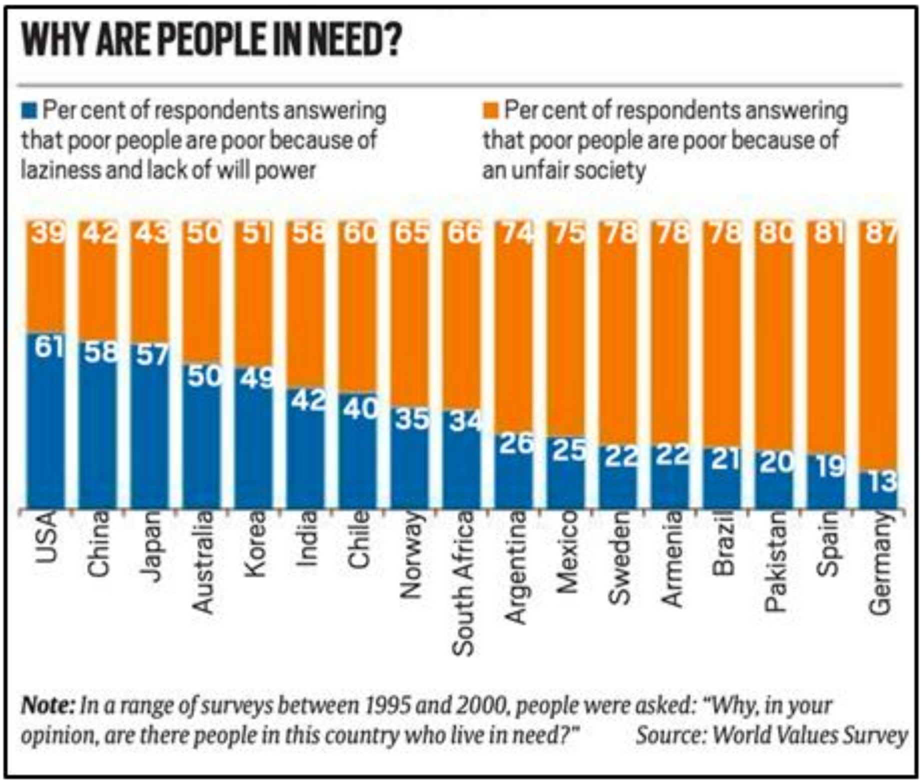
On the other hand, PM-KISAN and NYAY programmes are different.

One, they are not accompanied by the removal of existing subsidies or benefits of other social welfare schemes for their beneficiaries.

Two, the amount is much smaller than what can be considered a minimum or basic income needed to live a decent life.

Three, these schemes are targeted at specific groups of Indians; they are not universal.

Why has UBI not been Implemented in India, and is not Popular elsewhere?



In rich countries like Switzerland, which considered and dropped the idea, the UBI amount be quite a lot, even though the beneficiary population may be small and in poorer countries, the amount would be smaller, but the population perhps too large.

Also, cutting existing subsidies and raising taxes to fund the UBI would be politically unpopular ideas almost everywhere.

Arguments in favour of UBI:

UBI reduces poverty and income inequality, and improves physical and mental health.

UBI leads to positive job growth and lower school dropout rates.

UBI guarantees income for non-working parents and caregivers, thus empowering important traditionally unpaid roles, especially for women.

Arguments against UBI:

UBI takes money from the poor and gives it to everyone, increasing poverty and depriving the poor of much needed targeted support.

UBI is too expensive.

UBI removes the incentive to work, adversely affecting the economy and leading to a labor and skills shortage.

The Dispute on India's Debt Burden

India's economic landscape has recently come under scrutiny following two noteworthy observations by the International Monetary Fund (IMF).

The report **not only recognised India's effective inflation management but also presented a balanced outlook for the country's economic growth.**

While analysing IMF's insights on India's economic situation, **it is crucial to understand the broader global context in which these observations were made.**

IMF's Insights on India's Economic Landscape

Exchange Rate Reclassification

The IMF's decision to reclassify India's exchange rate regime **from floating to a stabilised arrangement** is a pivotal observation.

The term stabilised arrangement implies a level of management that might be viewed as excessive, raising questions about the flexibility of the currency and its alignment with market forces.

This **reclassification suggests a perception that the rupee's movements are subject to a more controlled and stabilised environment**, possibly due to central bank (RBI) interventions.

Debt Sustainability Concerns

The **more significant concern voiced by the IMF** revolves around the **long-term sustainability of India's debts.**The report indicates that, **under adverse circumstances, India's general government debt (encompassing both the central and state governments) could reach 100% of GDP** by fiscal 2028.

This projection **underscores the need for careful debt management strategies,** especially as India faces substantial investment requirements to meet climate change mitigation targets and enhance resilience to climate stresses and natural disasters.

However, **these IMF insights are within the broader global landscape of mounting public debts.** The **report recognises that India's economic**

challenges are not isolated but are part of a complex, interconnected web of economic phenomena.

The Broader Context of Worrying Global Debt Scenario

The Dual Nature of Debt: Accelerator vs. Drag on Development

Government borrowings have played a vital role in fostering development globally, enabling infrastructure projects, social programs, and economic growth.

However, the **IMF's concerns highlight the potential downsides of this strategy.**

The limitations in accessing financing, rising borrowing costs, currency devaluations, and sluggish growth **can transform debt from a catalyst into a hindrance.**

The United Nations' assertion that **countries face the impossible choice between servicing their debt or serving their people** summarises the inherent challenge in managing debt for sustainable development.

Surging Global Public Debt Trends

According to the UN, **global public debt has surged more than fourfold since 2000,** outpacing the tripling of global GDP over the same period.

In 2022, **global public debt reached a staggering USD 92 trillion,** with developing countries contributing almost 30% to the total.

Notably, **China, India, and Brazil account for a significant portion (70 %) of this share.**

The acceleration of debt in developing nations, surpassing the pace in developed countries over the past decade, is **attributed to heightened development financing needs exacerbated by the COVID-19 pandemic**, the cost-of-living crisis, and the impact of climate change.

Asymmetric Burden on Developing Countries

The burden of **debt is not evenly distributed between developed and developing nations.**

Developing countries, even without considering exchange rate fluctuations, **often face higher interest rates compared to their developed counterparts.**

This disparity is well-documented, **with countries in Africa borrowing at rates four times higher than the United States and eight times higher than Germany,** undermining the debt sustainability of developing economies.

Increasing Debt Levels and the IMF's Perspective

The number of countries facing high levels of debt has surged from 22 in 2011 to 59 in 2022, underscoring the persistent debt challenges in developing nations.

The IMF's projections for India should be viewed in this broader context of a global debt conundrum.

Challenges for India

Increasing Public Debt

The central government's debt stood at ₹155.6 trillion, constituting 57.1% of GDP at the end of March 2023 and state government debts accounted for about 28% of GDP.

While the Finance Ministry asserts that India's public debt-to-GDP ratio has only marginally increased from 81% in 2005-06 to 84% in 2021-22, the 2022-23 figures indicate a return to 81%.

However, these levels surpass the targets specified by the Fiscal Responsibility and Budget Management Act (FRBMA).

Balancing Public Debt for Sustainability

One of the primary challenges confronting India is the delicate balance required to ensure that public debt remains within sustainable levels.

The IMF's projections suggest that India's general government debt, inclusive of both the central and state governments, could reach 100% of GDP by fiscal 2028 under adverse circumstances.

This projection emphasises the need for meticulous debt management strategies to prevent the economy from reaching unsustainable levels.

Stagnant Credit Ratings

Despite being lauded as the fastest-growing major economy and a 'bright spot' in the global economic landscape, India's sovereign investment ratings have remained stagnant for an extended period.

Both Fitch Ratings and S&P Global Ratings have maintained India's credit rating at 'BBB-' with a stable outlook since August 2006.

This rating sits at the lowest investment-grade level, and the lack of upward movement suggests persistent challenges.

The stagnancy in credit ratings is attributed to several factors. While India boasts the status of the fastest-growing major economy, the government's weak fiscal performance and burdensome debt stock weigh heavily on its creditworthiness.

Additionally, India's low per capita income contributes to a lower sovereign rating. The correlation between elevated debt levels, substantial servicing costs, and credit ratings becomes apparent, highlighting the intricacies of India's economic landscape.

Emerging Fiscal Challenges

The disruptions caused by the COVID-19 pandemic have contributed to the present high levels of debt-GDP ratio.

Despite robust growth in tax collections, fiscal challenges loom and as per India Ratings and Research (IR&R), there is a possibility of fiscal slippage in FY24, attributing it to increased expenditure on employment guarantee schemes and subsidies.

The budgeted fertiliser subsidy of ₹44,000 crore was nearly exhausted by end-October 2023, prompting an increase to ₹57,360 crore.

Similarly, higher demand for employment under the MGNREGA has led to an overspending of ₹79,770 crore by December 19, 2023, against the budgeted ₹60,000 crore.

Managing Short-Term Challenges and Election Dynamics

As India heads towards general elections, increased subsidies do not come as a surprise.

However, the amplified MNREGA outlay raises questions about employment growth and livelihoods in rural areas.

Navigating these short-term challenges in an election year poses a critical test for maintaining fiscal discipline and avoiding worst-case scenarios.

Kochi-Lakshadweep islands submarine optical fiber connection project

Recently, the Prime Minister of India in Kavaratti, Lakshadweep, inaugurated Kochi-Lakshadweep islands submarine optical fiber connection (KLI-SOFC) project.

About Kochi-Lakshadweep islands submarine optical fiber connection project:

It is the submarine cable connectivity project from **Mainland (Kochi)** to **eleven Lakshadweep Islands** namely, Kavaratti, Agatti, Amini, Kadmat, Chetlet, Kalpeni, Minicoy, Androth, Kiltan, Bangaram and Bitra has been extended.

The project is **funded by Universal Services Obligation Fund** (USOF), Department of Telecommunication.

Bharat Sanchar Nigam Limited (BSNL) was the Project Executing Agency and the work was awarded to M/s NEC Corporation India Pvt Ltd through Global Open Tendering process.

The major activities related to the project include Marine Route Survey, Submarine Cable laying, Civil Construction of CLS stations, Installation, Testing and Commissioning of End Terminals (SLTE).

Significance of the project

The KLI-SOFC project will lead to an **increase in internet speed** unlocking new possibilities & opportunities.

For the first time since independence, Lakshadweep will be connected through Submarine Optic Fibre Cable.

The dedicated submarine OFC will ensure a paradigm shift in **communication infrastructure** in the Lakshadweep islands, enabling faster and more reliable internet services, telemedicine, e-governance, educational initiatives, digital banking, digital currency usage, digital literacy etc.

SMART 2.0 program

The Central Council for Research in Ayurvedic Sciences (CCRAS) along with National Commission for Indian System of Medicine (NCISM) has launched 'SMART 2.0' program.

Scope for Mainstreaming Ayurveda Research among Teaching professionals (SMART) program promotes robust clinical studies in priority areas of Ayurveda with Ayurveda academic institutions/hospitals across the country through mutual collaboration.

The objective of 'SMART 2.0' is to generate a tangible evidence to demonstrate efficacy and safety of Ayurveda interventions using interdisciplinary research methods and translating it into public health care.

The study aims at safety, tolerability and adherence to Ayurveda formulations in the priority research areas of Bal Kasa, malnutrition, insufficient lactation, Abnormal Uterine Bleeding, Osteoporosis in post-menopausal women and Diabetes Mellitus (DM) II.

It is an autonomous body of the Ministry of AYUSH (Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homeopathy), Government of India.

It is an apex body in India for the formulation, coordination, development and promotion of research on scientific lines in Ayurveda and Sowa-Rigpa system of medicine.

Key facts about National Commission for Indian System of Medicine

It is the statutory body constituted under NCISM Act, 2020. An Act to provide for a medical education system that improves access to quality and affordable medical education, ensures availability of adequate and high quality medical professionals of Indian System of Medicine in all parts of the country.

Composition: It consists of 29 members, appointed by the central government. A Search Committee will recommend names to the central government for the post of Chairperson, part time members, and presidents of the four autonomous boards set up under the NCISM.

Functions

Framing policies for regulating medical institutions and medical professionals of Indian System of Medicine

Assessing the requirements of healthcare related human resources and infrastructure.

Ensuring compliance by the State Medical Councils of Indian System of Medicine of the regulations made under the Bill

Ensuring coordination among the autonomous boards.

Fog Pass Devices

Recently, to ensure smooth rail operations, Indian Railways have provisioned 19,742 Fog Pass Devices during the foggy weather.

It is a GPS based navigation device that helps the loco pilot to navigate during dense fog conditions.

It provides on-board real-time information (Display as well as voice guidance) to Loco Pilots regarding location of fixed landmarks such as Signal, Level Crossing gate (Manned & Unmanned), Permanent Speed Restrictions, Neutral Sections etc.

It displays approach indications of next three approaching fixed landmarks in geographical order accompanied with voice message approximately 500m on approach.

General features of Fog Pass Device

Suitable for all types of sections like single line, double line, electrified as well as non electrified sections.

Suitable for all types of electric and diesel locomotives, EMUs/MEMUs/DEMUs.

Suitable for train speeds up to 160 KMPH.

It has built-in re-chargeable battery back-up for 18 hrs.

It is portable, compact in size, light in weight (not more than 1.5 Kg including battery) and of robust design.

Loco Pilot can carry the device easily with him to the locomotive on resuming his duty.

It can be easily placed on the cab desk of locomotive.

It is a standalone system.

It is unaffected by weather conditions like Fog, Rain or Sunshine.