

UPSC CURRENT AFFAIRS NOTES 30-01-2024

Sloth bear

Karnataka has witnessed instances of human-sloth bear confrontations, raising concerns for both communities and wildlife enthusiasts.

About Sloth bear:



Scientific Name: Melursus ursinus

Sloth bears are one of the **eight bear species** found across the world.

They are **myrmecophagous**, meaning, they find bugs and termites to be their most sought after meal.

Habitat: They live in a variety of **dry and moist forests** and in some tall grasslands, where boulders, scattered shrubs and trees provide shelter.

Distribution: They mainly inhabit the region of **India, Nepal, Sri Lanka** and presumably Bhutan.

Appearance: They have long, shaggy dark brown or black fur and curved claws, which are the longest out of any of the bear species.

Conservation Status

IUCN: Vulnerable

Wildlife Protection Act, 1972: Schedule 1

Key to mitigate human-sloth bear confrontations: Enhancing habitat connectivity, minimising human-wildlife interaction zones, and implementing responsible waste management practices.

Sloth Bear Sanctuaries in India: Daroji Sloth Bear Sanctuary (Karnataka), Jessore Sloth Bear Sanctuary (Gujarat).

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) is an international agreement between governments to ensure that international trade in specimens of wild animals and plants does not threaten the survival of the species.

Laughing gull

Recently, Laughing gull, a migratory bird from North America, has been sighted for the first time in the country at the Chittari estuary in Kasaragod district.

About Laughing gull:

- The bird is known for its **unique laughter-like calls** which resemble human laughter.
- **Habitat:** These are a coastal species and are only occasionally seen very far inland.
- **Distribution:** These birds are mainly found on the **Atlantic coast of North America, the Caribbean, and northern South America.**
- **Diet:** They are opportunistic carnivores and scavengers. They eat mainly fish, shellfish, crabs, mollusks, insects, bird eggs, and young birds.
- **Features**

These are medium-sized gulls with fairly long wings and long legs that impart a graceful look when they are flying or walking. They have stout, fairly long bills.

They take 2-3 years to gain adult plumage.

Conservation Status

IUCN: Least Concern

What is an estuary?

- An estuary is an area where a **freshwater river or stream meets the ocean.**
- When freshwater and seawater combine, the water becomes brackish, or slightly salty.

Types of Estuaries

Coastal plain estuaries: These are created when sea levels rise and fill in an existing river valley.

Tectonic estuaries: It is formed due to the shifting together and rifting apart of the Earth's crust.

Bar-built estuaries: When a lagoon or bay is protected from the ocean by a sandbar or barrier island, it is called a bar-built estuary.

Fjord estuaries: These are a type of estuary **created by glaciers.** Fjord estuaries occur when glaciers carve out a deep, steep valley.

SUBSIDIES IN INDIA





The increase in the subsidy bill for the government's second term compared to the first term can be attributed to several factors, including changes in global economic conditions, policy decisions, and external events like the COVID-19 pandemic and the Russia-Ukraine war.

Key Highlights

2014-2019

- **During 2014-2019, there was a focus on launching schemes aimed at universal access to essential goods and services like housing, sanitation, banking, electricity, and cooking gas connections.** This period saw what was termed "new welfarism," where public funding increased for these services.
- **Despite increased funding for welfare schemes, the subsidy bill decreased in absolute terms and relative to GDP from 2014 to 2019.** This reduction was primarily due to benign international oil and fertiliser prices, which allowed the government to trim fuel and fertiliser subsidies.

After 2019

- **The subsidy bill started increasing during 2019-24 due to policy decisions.** The government decided to fully fund food and fertiliser subsidies, which were previously only partially funded. This led to a spike in the overall subsidy tab in 2020-21.
- The Finance Minister made a one-time provision to help entities like the Food Corporation of India (FCI) and fertiliser firms clear their outstanding loans, resulting in increased subsidy spending.

Impact of COVID-19 Pandemic

- **The COVID-19 pandemic led to economic distress, prompting the government to increase support through subsidies and transfers.** There was a record offtake of rice and wheat through the public distribution system (PDS), with the government doubling the monthly grain quota for beneficiaries.
- Spending on schemes like the Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) also rose significantly as the government aimed to provide employment opportunities during the economic downturn caused by the pandemic.



Russia-Ukraine War

- The Russia-Ukraine war had an impact on international fertiliser prices. Prices of imported fertilisers surged significantly during this period.
- To shield farmers from the impact of rising fertiliser prices, the government chose not to pass on the increased costs, leading to a near-doubling of the fertiliser subsidy between 2020-21 and 2022-23.

The increase in the subsidy bill can be attributed to a combination of policy decisions, external factors like the COVID-19 pandemic and the Russia-Ukraine war, and the government's commitment to supporting farmers and vulnerable sections of society through subsidies and transfers.

Future Outlook

- The government is unlikely to tamper with certain prices, such as those of urea, wheat, and rice, in the upcoming Interim Budget for 2024-25.
- There may be considerations to increase direct benefit transfers (DBT) under schemes like PM-Kisan ahead of the Lok Sabha polls, but any significant rationalisation of subsidies may be deferred to the next government.

Subsidies

- Subsidies in India play a crucial role in supporting various sectors of the economy, promoting social welfare, and ensuring equitable development. They are financial assistance provided by the government to individuals, industries, or sectors to encourage specific activities or to address particular challenges.

Types of Subsidies

- **Agricultural Subsidies:** The government provides subsidies on fertilizers to make them affordable for farmers, aiming to boost agricultural productivity. To protect farmers from crop failures and natural disasters, the government subsidizes premiums for crop insurance schemes.
- **Food Subsidies:** The government provides subsidized food grains (rice, wheat, etc.) to eligible households through a network of fair-price shops. Subsidies are provided to ensure that school children receive nutritious meals, promoting both education and nutrition.



- **Petroleum Subsidies:** The government subsidizes cooking gas (LPG) to make it affordable for households. Subsidies on kerosene are provided to ensure affordable lighting and cooking options for rural households.
- **Fertilizer Subsidy:** Introduced to promote balanced fertilizer use, this subsidy is given based on the nutrient content of fertilizers.
- **Export Subsidies:** Certain sectors receive subsidies to boost exports and enhance global competitiveness.
- **Industry-specific Subsidies:** Given to promote the textile industry and enhance its global competitiveness. Micro, Small, and Medium Enterprises receive various subsidies to encourage entrepreneurship and economic growth.
- **Housing Subsidies:** Subsidies are provided to eligible beneficiaries for the construction or purchase of affordable housing.

Implementation Mechanisms

- **Direct Benefit Transfer (DBT):** Many subsidies are now directly transferred to the beneficiaries' bank accounts using DBT to reduce leakages and corruption.
- **Targeted Subsidies:** Subsidies are often targeted towards specific sections of the population, such as farmers, low-income households, or small businesses.
- **Price Support Mechanisms:** Subsidies may be implemented through price support mechanisms, ensuring that essential commodities are available at affordable prices.

Challenges and Criticisms

- **Fiscal Burden:** Subsidies can strain the government's fiscal resources, leading to budgetary challenges.
- **Inefficiencies and Leakages:** There have been issues of inefficiencies and leakages in the distribution of subsidies, resulting in benefits not reaching the intended beneficiaries.
- **Distortions in the Market:** Subsidies can sometimes lead to market distortions and disincentives for efficiency and innovation.

- **Environmental Concerns:** Fertilizer subsidies, in particular, have been criticized for contributing to overuse and environmental degradation.

Reforms and Initiatives

- **Aadhaar Integration:** Aadhaar, India's unique identification system, has been integrated into subsidy schemes to improve targeting and reduce leakages.
- **Phasing out of Diesel Subsidy:** The government has taken steps to gradually reduce and eliminate diesel subsidies to address fiscal concerns.
- **Direct Benefit Transfer (DBT) Expansion:** The DBT mechanism is being expanded to cover more subsidy programs for efficient and targeted delivery.
- **Rationalization of Fertilizer Subsidies:** Efforts are being made to rationalize fertilizer subsidies through the promotion of nutrient-based subsidy schemes.

Current Status of Subsidies in India

Overall:

- **Rising Costs:** The total subsidy bill for FY24 is expected to reach Rs. 4.53 lakh crore, a significant increase from the previous year's Rs. 4.03 lakh crore. This rise is mainly attributed to increased expenditure on fertilizer, cooking gas, and food security.
- **Food & Fertilizers:** These remain the most significant subsidy areas, with the food subsidy alone pegged at Rs. 1.97 lakh crore for FY24. However, higher procurement costs and potential extension of the free foodgrain scheme may further inflate this figure.
- **Fuel & Energy:** LPG subsidies have seen a substantial decrease in recent years due to direct benefit transfer (DBT) schemes. However, kerosene and electricity subsidies continue to be significant.
- **Reform Efforts:** The government is actively pursuing reforms to improve targeting, reduce leakages, and promote efficiency in subsidy delivery. Direct cash transfers, Aadhaar-based authentication, and digital payments are key tools in this process.

Key Developments:

- **Potential Hike in Food Subsidy:** The government may need to allocate an additional Rs. 15,000 crore for the food subsidy due to higher procurement costs and possible extension of the free foodgrain scheme.
- **LPG Subsidy Rationalization:** The government is considering further reducing LPG subsidies for higher income households to target the benefits more effectively.
- **Kerosene Subsidy Phase-out:** Plans are underway to gradually phase out kerosene subsidies in favor of cleaner cooking fuels.
- **Fertilizer Subsidy Reforms:** The government is exploring ways to rationalize fertilizer subsidies and improve their utilization by farmers.
- **DBT Expansion:** The government is expanding the use of DBT for various subsidy schemes to increase transparency and reduce leakages.

RBI'S GUIDELINES ON STATE 'GUARANTEES'



The Reserve Bank of India (RBI) has issued new guidelines on state guarantees to address the risks associated with them.

Details

- **The Working Group, appointed by the Reserve Bank of India (RBI) recommended several measures to address the challenges posed by State government guarantees.** These included proposing a standardized reporting system and expanding the definition of 'guarantee.'
- The report aimed to establish a comprehensive and consistent framework for managing the risks and liabilities associated with such guarantees.

Key Highlights of the recommendations made by a working group

Definition of Guarantee

- **A 'guarantee' is described as a contingent liability of a State,** processed by an accessory contract, protecting the lender/investor from the risk of borrower default.
- It involves three parties: the 'creditor' (entity receiving the guarantee), the 'principal debtor' (defaulting entity on whose behalf the guarantee is given), and the 'surety' (entity giving the guarantee, in this context, State governments).
- **Guarantees are provided to protect against the risk of debt default** and the guarantor pledges to be answerable for the debt, default, or miscarriage of the principal debtor.

Expansion of Guarantee Definition

- The Working Group recommends using the term 'guarantee' in a broader sense, encompassing all instruments, regardless of their names, that create an obligation on the guarantor (State) to make a payment on behalf of the borrower in the future.
- No distinction should be made between conditional or unconditional, financial or performance guarantees when assessing fiscal risk.

Restrictions on According Guarantees

- **Government guarantees should not be used to obtain finance through State-owned entities, substituting budgetary resources.**
- Guarantees should not create direct liability/de facto liability on the State.
- Adherence to Government of India guidelines is recommended, including guarantees only for the principal amount and normal interest component of the underlying loan.
- Guarantees should not be extended for external commercial borrowings, should not exceed 80% of the project loan, and should not be provided to private sector companies/institutions.

Risk Determination

- States are advised to assign appropriate risk weights (indicative of the lender's holding to adjust associated risk) before extending guarantees.
- Categorization of guarantees into high, medium, or low risk is suggested, considering records of defaults.

Ceiling on Issuance of Guarantees

- The report deems a **ceiling on the issuance of guarantees as "desirable" to manage potential fiscal stress on the State government.**
- For incremental guarantees issued during a year, a proposed ceiling is set at 5% of Revenue Receipts or 0.5% of GSDP, whichever is less.

EXERCISE SADA TANSEEQ



The inaugural edition of **India-Saudi Arabia** Joint Military Exercise ‘SADA TANSEEQ’ commenced at Mahajan, Rajasthan.

Details

Participants

- **Saudi Arabian Contingent:** Royal Saudi Land Forces, 45 personnel
- **Indian Army Contingent:** A Battalion from the Brigade of the Guards (Mechanised Infantry), 45 personnel

Objective

- Train troops of both sides for Joint Operations in Semi Desert terrain under Chapter VII of the United Nations Charter.

Key Focus Areas:

- **Tactics, Techniques, and Procedures:** Share best practices in the tactics, techniques, and procedures of conducting operations in sub-conventional domains.
- **Interoperability:** Develop interoperability between the two contingents.
- **Bond and Camaraderie:** Facilitate bonhomie and camaraderie between troops from both sides.

Other exercises

- **Exercise Al-Mohad Al-Hindi:** India and Saudi Arabia recently conducted their first naval joint exercise Al-Mohad Al-Hindi.

Economic Community of West African States (ECOWAS)

Recently, the military regimes in Burkina Faso, Mali and Niger announced their immediate withdrawal from the West African bloc ECOWAS.

About Economic Community of West African States:

It is also known as CEDEAO in French.

It is the regional group which was established in 1975 through the Lagos Treaty.

Mandate: Promoting economic integration among its members.

The vision of ECOWAS is the creation of a “borderless region” that is well-integrated and governed in accordance with the principles of democracy, rule of law and good governance.

Members: Benin, Cape Verde, Cote d’Ivoire, The Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Nigeria, Sierra Leone, Senegal and Togo.

ECOWAS’ larger aims are to have a single common currency and create a single, large trading bloc in areas of industry, transport, telecommunications, energy, financial issues, and social and cultural matters.

Along with the goals of economic cooperation, it has attempted to quell military conflicts in the region.

It also operated a regional peacekeeping operation known as ECOMOG, led by Nigeria in the 1990s and early 2000s.

Headquarter: **Abuja, Nigeria.**

The Economic Community of West African States created a military branch called ECOWAS Monitoring Group ECOMOG. It was created to perform peacekeeping operations in the ECOWAS countries in crises. Since its establishment, ECOMOG has been deployed in Liberia, Sierra-Leone and Guinea-Eissau.