

# 1. Ways and Means Advance

**Topic: Economy**

**In News:** In view of improvement in the pandemic situation, the Reserve Bank decided to reduce the Ways and Means Advances (WMA) for States and Union Territories (UTs).

**More on the Topic:**

- The RBI further said the **Special Drawing Facility (SDF)** availed

of by State governments/ UTs would continue to be linked to the quantum of their investments in **marketable securities** issued by the Government of India, including **Auction Treasury Bills (ATBs)**.

**About Way and Means Advance:**

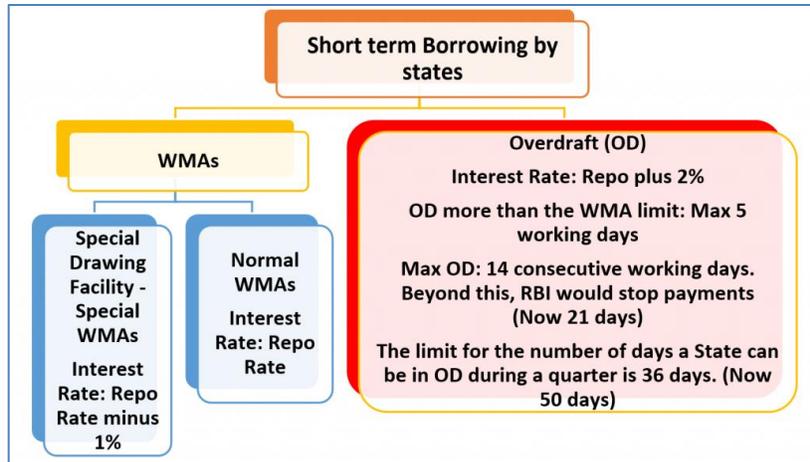
- Simply put, it is a facility for both the Centre and states to borrow from the RBI. These borrowings are meant purely to help them to tide over temporary mismatches in cash flows of their receipts and expenditures.
- In that sense, they aren't a source of finance per se. Section 17(5) of the RBI Act, 1934 authorises the central bank to lend to the Centre and state governments subject to their being repayable "not later than three months from the date of the making of the advance".

**How much does the RBI charge on these advances?**

- The interest rate on WMA is the RBI's repo rate, which is basically the rate at which it lends short-term money to banks. That rate is currently 4.4%.
- The governments are, however, allowed to draw amounts in excess of their WMA limits.
- The interest on such overdraft is 2 percentage points above the repo rate, which now works out to 6.4%. Further, no state can run an overdraft with the RBI for more than a certain period.

**The financial position of states:**

- The proportion of state deficits in the general government deficit has gone up in recent years.
- The financial position of states was precarious even before the lockdown. The gross fiscal deficit of 22 states, as per latest available data, rose from 2.4% of their GSDP (gross state domestic product) in 2018-19 to 2.9% in 2019-20.



- Fiscal slippage in recent years has also led to **deterioration in the quality of expenditure**, with a rise in revenue expenditure (but not Capital Expenditure).
- What this means is that **higher fiscal deficits have not augmented state capacity**, which can push growth.
- One reason for higher expenditure in the last fiscal, for instance, was a **sharp rise in salaries**. States employ more people than the Central government. Further, as per the revised estimates for 2017-18, **debt waivers** dented state governments' budget to the extent of 0.32% of GDP.
- Since state governments are increasingly raising resources from the bond market, higher issuance can complicate fiscal management.

### How to Improve State Finances?

- Factors likely to have significant implications for fiscal consolidation at the States' level include **implementation of GST, States' own efforts towards mobilising non-tax revenues and prioritisation and rationalisation of expenditure**.
- For credible progress towards fiscal consolidation, **States need to amend their FRBM Acts**. They also need to review their tariff policies, especially those relating to the power and irrigation sectors.
- For successful implementation of GST, the Centre and the States need to agree on certain issues and equip themselves with **administrative capacity and IT infrastructure**.
- **Better allocation of expenditure along with improved transparency and accountability** through strict audit procedures is also necessary to ensure improved fiscal management.
- States need to put in place **an effective forecasting and monitoring mechanism for cash inflows and outflows** so that a need-based approach is followed for market borrowings and the interest cost of cash surpluses is minimised.

Source: Indian Express

## 2. Sea Floor Spreading

Topic: Geography

**In News:** According to a recent study Seafloor spreading rates have slowed down by roughly 35 per cent globally,

**More on the Topic:**

- Researchers selected 18 of the world's largest spreading ridges for this study. By studying magnetic records in the

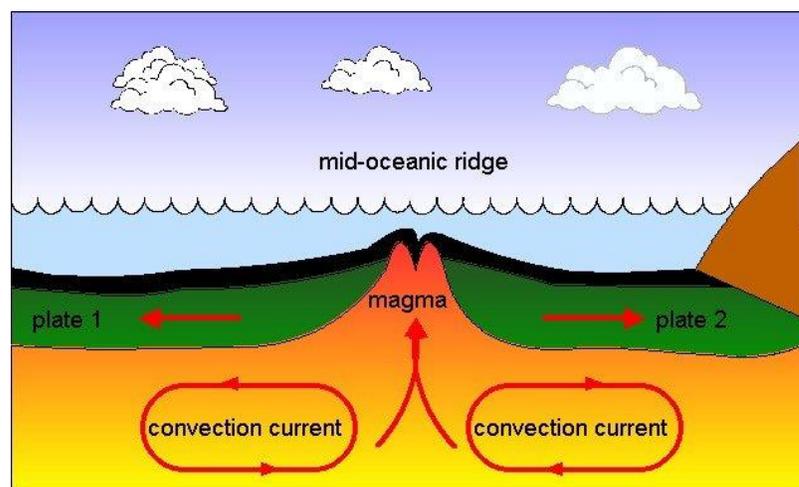


Plate 1 and plate 2 move apart. Magma rises, cools and solidifies forming new igneous rock. This is sea-floor spreading and is a constructive plate boundary.

rocks on the oceanic crust, **they calculated how much oceanic crust had formed over the last 19 million years.**

- Basalt rocks on the oceanic crust contain magnetic properties. Their magnetism is influenced by the Earth's magnetic field when the magma reached the surface and began cooling to form the crust.
- Their analysis of the preserved magnetic records showed that the seafloor is spreading at rates of around **140 millimetres per year, down from around 200 millimetres per year** just 15 million years ago in some places.
- But not all ridges moved alike: Some sped up while others almost slowed down. The effects were particularly pronounced at ridges along the eastern Pacific. Some ridges in the region were roughly 100 millimetres per year slower compared to 19 million years ago, lowering the world's average.
- **Mountain building has contributed to a slowdown** in spreading at the ridges.
- **Changes in mantle convection** could also be playing a role in slowing down seafloor spread. Mantle convection transports heat from the earth's interior to the surface.

#### **Why it is Important to Know rate of Sea Floor Spreading?**

- Determining the rate of sea floor spreading is crucial because seafloor spreading influences sea level and carbon cycle.
- For example, faster rates mean more volcanic activity, which injects greenhouse gases into the atmosphere.

#### **About Sea Floor Spreading:**

- Seafloor spreading is a process that occurs at **mid-ocean ridges, where new oceanic crust is formed through volcanic activity** and then gradually moves away from the ridge.
- According to this theory, the intense heat generated by radioactive substances in the mantle (100-2900 km below the earth surface) seeks **a path to escape and gives rise to the formation of convection currents in the mantle.**
- Wherever rising limbs of these currents meet, oceanic ridges are formed on the seafloor and wherever the falling limbs meet, trenches are formed.
- Seafloor spreading helps **explain continental drift in the theory of plate tectonics.** When oceanic plates diverge, tensional stress causes fractures to occur in the lithosphere.
- **Basaltic magma rises up the fractures and cools on the ocean floor to form new seafloor.**
- Older rocks will be found farther away from the spreading zone while younger rocks will be found nearer to the spreading zone.

**Source: Indian Express**

---

### 3. Vanishing Glaciers

**Topic: Environment and Ecology**

**In News:** Google Doodle associated with Earth day featured ecosystems including Glaciers which are retreating reduced due to Anthropogenic causes.



**More on the Topic:**

- The four locations displayed in the doodle were **Mount Kilimanjaro in Tanzania, Sermersooq in Greenland, Great Barrier Reef in Australia and Harz Forests in Elend, Germany.**
- The team that created the doodle used real time-lapse visuals of these places over a specified period from Google Earth, an online live 3-D model of Earth rendered from satellite images and other sources.
- Mountain glaciers are among the most visible and emblematic indicators of climate change.

**Significance of glaciers:**

- Glacier melt water offers **critical support to sensitive ecosystems such as high-mountain wetlands.**
- The cold runoff from glaciers also **affects downstream water temperatures.**
- Many aquatic species in mountainous environments **require cold water temperatures to survive.**
- Some aquatic insects--fundamental components of the food web--are especially sensitive to stream temperature and cannot survive without the cooling effects of glacial meltwater.
- If all of the glaciers melt, **global sea level would rise approximately 70 meters** (approximately 230 feet), flooding every coastal city on the planet.

**Source: Indian Express**

## 4. Raisina Dialougue

### Topic: International Affairs

**In News:** Prime Minister Narendra Modi will inaugurate the seventh edition of the Raisina Dialogue.

#### More on the Topic:

- The Raisina Dialogue 2022, theme is "Terranova-Impassioned, Impatient, Imperilled", will be modelled along **six thematic pillars**
- **Rethinking Democracy:** trade, technology and ideology;
- **End of Multilateralism:** a networked global order;
- **Water Caucuses:** turbulent tides in the Indo-Pacific;
- **Communities Inc:** first responders to health, development, and planet;
- **Achieving Green Transitions:** common imperative, diverging realities;
- **The persistent and relentless technology wars.**



#### About Raisina Dialogue:

- The Raisina Dialogue is **India's premier foreign policy conference.**
- It is organized along the lines of the **Shangri-La Dialogue held in Singapore, and co-hosted by the ministry of external affairs (MEA) and the Observer Research Foundation.**
- The Dialogue, since its inception, has attracted academics, scholars, researchers, students, journalists and even politicians who are either interested or are working in the field of international relations, geopolitics, security, nuclear issues and Indian foreign policy.

**Source: Indian Express**

## 5. Carbon Tax

### Topic: Environment and Ecology

**In News:** Pennsylvania became the first major fossil fuel-producing state in the US to adopt a carbon pricing policy to address climate change.

#### More on the Topic:

- It is assumed that every ton of carbon dioxide spewed from a power plant or tail pipe today is projected to contribute to \$51 in economic damages in coming years.
- A carbon tax is a tax levied on the carbon emissions required to produce goods and services.
- Carbon taxes are intended to make visible the "hidden" social costs of carbon emissions, which are otherwise felt only in indirect ways like more severe weather events.
- **The government sets a price per ton on carbon**, and then translates it into a tax on electricity, natural gas or oil.
- Because the tax makes **using dirty fuels more- expensive**, it encourages utilities, businesses and individuals to reduce consumption and increase energy efficiency.
- Carbon tax also **makes alternative energy more cost-competitive** with cheaper, polluting fuels like coal, natural gas and oil.

#### Concerns Related to implementing Carbon Tax:

- Production may **shift to countries with no or lower carbon taxes**.
- **Higher taxes may encourage firms to hide carbon emissions**.
- Further a global carbon tax may affect poor developing and least developed countries as they **may not be able to afford costlier fossil fuel as well as utilising renewable energy through technology adoption**.

Source: Business Standard



## 6. The Space Equity Action Plan

### Topic: Science and Technology

**In News:** The National Aeronautics and Space Administration (NASA) has released an equity action plan to “make space more accessible”.

#### More on the Topic:

- NASA’s equity action plan is a response to the U.S. government’s 2021 executive order aimed at “**advancing racial equity and support for underserved communities**”.
- The presidential order inspired NASA to develop the equity action plan under which the space agency plans to **identify and eliminate systemic barriers and ensure representation**.
- The space equity action plan lists four focus areas for underserved communities.
- **Equity in procurements and contracts:** to engaging with contractors in underserved communities.
- **Using earth science and other data to help mitigate environmental challenges:** To make information on earth science easily available to all, NASA will data sets available on the internet, and the full transfer of NASA Earth science data to the cloud will be complete by 2025.
- **Increased external civil rights compliance and access for Limited English Proficient population groups:** To remove knowledge and language barriers.



Source: Hindu



RV Educational Institutions®  
**RV Training Academy**  
(Sardar Vallabh Bhai Academy)

No 18, B.B.M.P Building  
Kanakapura road,  
Tata Silk Farm, Jayanagar,  
Bengaluru, Karnataka-560028

+91 89710 43904

rvta@rvei.edu.in

*Go, change the world*