

**GOVERNANCE- WELFARE SCHEMES, E-GOVERNANCE, SERVICES ETC.****Nirvik Scheme**

The Finance Minister announced the NIRVIK scheme in the Union Budget 2020-21 in Parliament.

**About:**

- To achieve higher export credit disbursement, a new scheme NIRVIK is being launched which provides for high insurance cover, reduction in premium for small exporters and simplified procedures for claim, settlement
- The Scheme is being prepared by the Commerce and Industry Ministry.
- Under the Scheme, also called the Export Credit Insurance Scheme (ECIS), the insurance guarantee could cover up to 90% of the principal and interest.

**Related Info:** India's exports contracted for a fifth month in a row by 1.8 percent in December 2019 to USD 27.36 billion and imports declined 8.9 percent to USD 357.39 billion, leaving a trade deficit of USD 118.10 billion.

**INTERNATIONAL AFFAIRS- BILATERAL, GROUPINGS, ORGANISATIONS****Beijing Declaration And Platform For Action (1995)**

To mark of 25 years of the adoption of Beijing Platform for Action, Ministry of Women & Child Development (MWCD), organized a National Consultation on the Review of Beijing+25.

**About:**

- The 1995 Fourth World Conference on Women, held in Beijing, was one of the largest ever gatherings of the United Nations, and a critical turning point in the world's focus on gender equality and the empowerment of women.
- The Beijing Declaration was a resolution adopted by the UN at the end of the Fourth World Conference on Women. The resolution adopted to promulgate a set of principles concerning the equality of men and women.
- 2020 marks the 25th anniversary of the Fourth World Conference on Women and adoption of the Beijing Declaration and Platform for Action (1995), (Beijing + 25).

**SOCIO-ECONOMIC DEVELOPMENT****Macro-Economic Framework Statement (MFS) 2020-21**

Macro-economic Framework Statement (MFS) 2020-21 predicts rebound in GDP growth from first quarter of 2020-21.

**About:**

- The Macro-economic Framework Statement (MFS) 2020-21 describes the return path of fiscal consolidation without compromising the needs of investment out of public funds.
- The government has revised the fiscal roadmap in the near term and limited the fiscal deficit to 3.8% of the GDP in RE 2019-20 and 3.5% in 2020-21.
- The consumer price inflation has remained within the targeted limits set by the Monetary Policy Committee (MPC) of the RBI and the government is expected to return to the glide path of fiscal consolidation in the medium term.
- The Finance Minister proposed a 21% increase in capital expenditure for the FY 2020-21. Level of expenditure has been kept at Rs. 30.42 lakh crores in BE 2020-21, as compared to Rs. 26.98 lakh crores in RE 2019-20.
- To improve the physical quality of life, the Government has also announced the National Infrastructure Pipeline (NIP) of projects worth Rs. 102 lakh crores, which would commence in phases from 2020-21 to 2024-25.
- Global economic growth is expected to pick up in 2020 which could also support India's growth. In view of a positive outlook on economic rebound, the MFS predicts the nominal growth of the economy at 10% in FY 2020-21.

**Agriculture, Irrigation and Rural Development**

Union minister of Finance in her budget speech proposed 16 action points focusing on doubling Farmers income, Horticulture sector, Food storage, Animal Husbandry and Blue economy.

**About:**

- The Finance Minister said that more than Rs 2.83 lakh crore would be spent on Agriculture, Rural Development, Irrigation and allied activities.
- Agriculture credit target for the year 2020-21 has been set at Rs 15 lakh crore. All eligible beneficiaries of Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) will be covered under the Kisan Credit Card (KCC) scheme.

- It is proposed to expand PM-KUSUM to 20 lakh farmers for setting up stand alone solar pumps and help another 15 lakh farmers solarise their grid connected pump sets.
- It is proposed to integrate negotiable warehousing receipts (e-NWR) and National Agricultural Market (e-NAM).
- The portal on “Jaivik kheti” – online national organic products market will also be strengthened.”
- To build a seamless national cold supply chain for perishables, inclusive of milk, meat, Indian Railways will set up Kisan Rail-through PPP arrangements. To help improve value realization especially in North-East and tribal districts Krishi Udaan will be launched by the Ministry of Civil Aviation
- Foot and Mouth disease, brucellosis in cattle and also peste des petits ruminants(PPR) in sheep and goat to be eliminated by 2025, Coverage of artificial insemination to be increased from the present 30% to 70% and doubling of milk processing capacity from 53.5 million MT to 108 million MT by 2025 to be facilitated.
- In the Blue Economy, raising of fish production to 200 lakh tonnes is proposed by 2022-23. Youth to be involved in fishery extension through 3477 Sagar Mitras and 500 Fish Farmer Producer Organisations. Fishery exports hoped to be raised to Rs 1 lakh crore by 2024-25.

### **Taxation Proposals**

Following tax proposals were announced by the finance minister in the Union Budget.

#### **About:**

- Concessional tax rate for Electricity generation companies: In order to attract investment in power sector, the Union Budget proposes to extend the concessional corporate tax rate of 15% to new domestic companies engaged in the generation of electricity.
- Tax concession for foreign investments: To incentivize the investment by the Sovereign Wealth Fund of foreign Governments in the priority sectors, the Budget proposed to grant 100% tax exemption to the interest, dividend and capital gains income wrt investment made in infrastructure before 31st March, 2024 and with a minimum lock-in period of 3 years.

#### **Concessional tax rate for Cooperatives:**

- The Union Budget proposed to provide an option to cooperative societies to be taxed at 22% + 10% surcharge and 4% cess with no exemption/deductions. These cooperatives are currently taxed at a rate of 30% with surcharge and cess.
- The Finance Minister also proposed to exempt these cooperative societies from Alternate Minimum Tax (AMT) just like Companies which under the new tax regime are exempted from the Minimum Alternate Tax (MAT).

### **Dividend Distribution Tax (DDT)**

In order to increase the attractiveness of the Indian Equity Market, to provide relief to a large class of investors and to make India an attractive destination for investment, the Union Budget proposed to remove the Dividend Distribution Tax.

#### **About:**

- The dividend shall be taxed only in the hands of the recipients at their applicable rates. It is also proposed to allow deduction for the dividend received by holding company from its subsidiary.
- The removal of DDT will lead to estimated annual revenue forgone of Rs. 25,000 crore.

#### **Related Info:**

- Currently, companies are required to pay DDT on the dividend paid to its shareholders at the rate of 15% plus applicable surcharge and cess in addition to the tax payable by the company on its profits.
- It has been argued that the system of levying DDT results in increase in tax burden for investors and specially those who are liable to pay tax less than the rate of DDT, if the dividend income is included in their income.
- Further, non-availability of credit of DDT to most of the foreign investors in their home country results in reduction of rate of return on equity capital for them.

### **Investment**

Finance Minister proposes setting up of 'Investment Clearance Cell' for young entrepreneurs.

#### **About:**

- The Union Finance Minister proposed setting up of an Investment Clearance Cell that will provide “end to end” facilitation and support to create more opportunities to youth and remove roadblocks.
- Government will examine suggestions of further opening up of FDI in aviation, media and insurance sectors in consultation with all stakeholders. 100 % FDI will be permitted for insurance intermediaries and local sourcing norms will be eased for FDI in single brand retail sector.

### **Logistics**

A National Logistics Policy will be released soon to clarify the roles of the Union Government, State Governments and key regulators. The policy will create a single window e-logistics market and focus on generation of employment, skills and make MSMEs competitive.

About:

- India's logistics sector is highly defragmented and the aim is to reduce the logistics cost from the present 14% of GDP to less than 10% by 2022.
- India's logistics sector is very complex with more than 20 government agencies, 40 PGAs, 37 export promotion councils, 500 certifications, 10000 commodities, 160 billion market size.
- The Indian logistics sector provides livelihood to more than 22 million people and improving the sector will facilitate 10 % decrease in indirect logistics cost leading to the growth of 5 to 8% in exports.

### **Thalinomics**

The Economic Survey 2019-20 states that affordability of vegetarian Thalies improved 29 per cent from 2006-07 to 2019-20 while that for non-vegetarian Thalies by 18 per cent.

About:

- The conclusion has been drawn on the basis of "Thalinomics: the Economics of a plate of food in India" – an attempt to quantify what a common person pays for a Thali across India.
- Using the dietary guidelines for Indians, the price of Thalies are constructed. Price data from the Consumer Price Index for industrial workers for around 80 centers in 25 States and UTs from April 2006 to October 2019 has been used for the study.
- The Survey states that across India and also the 4 regions- North, South, East and West- it is found that the absolute prices of a vegetarian Thali have decreased significantly since 2015-16 though the price has increased in 2019.
- As a result, an average household of 5 individuals that eats two vegetarian Thalies a day, gained around Rupees 10887, on average per year, while a non-vegetarian household gained Rupees 11787, on average per year.

### **Integrate 'Assemble in India' Into Make in India**

Giving a new dimension to 'Make in India', the Economic Survey 2019-20 suggested that the government should integrate 'Assemble in India for the world' into 'Make in India' to boost exports and generate jobs.

About:

- Survey says India has unprecedented opportunity to chart a China-like, labour-intensive, export trajectory.
- By integrating "Assemble in India for the world" into Make in India, India can:
  - Raise its export market share to about 3.5 % by 2025 and 6 % by 2030.
  - Create 4 crore well-paid jobs by 2025 and 8 crore by 2030.
- Exports of network products can provide one-quarter of the increase in value added required for making India a \$5 trillion economy by 2025.
- Survey suggests a strategy similar to one used by China to grab this opportunity:
  - Specialization at large scale in labour-intensive sectors, especially network products.
  - Laser-like focus on enabling assembling operations at mammoth scale in network products.
  - Export primarily to markets in rich countries.
  - Trade policy must be an enabler.
- Survey analyses the impact of India's trade agreements on overall trade balance:
  - India's exports increased by 13.4 % for manufactured products and 10.9 % for total merchandise.
  - Imports increased by 12.7 % for manufactured products and 8.6 per cent for total merchandise.
  - India gained 0.7 % increase in trade surplus per year for manufactured products and 2.3 % per year for total merchandise.

### **First Revised Estimates of National Income**

The National Statistical Office (NSO), Ministry of Statistics and Programme Implementation has released the First Revised Estimates of National Income, Consumption Expenditure, Saving and Capital Formation for the financial year 2018-19 (with Base Year 2011-12) as per the revision policy.

About:

- Gross Domestic Product:
  - Nominal GDP or GDP at current prices for the year 2018-19 is estimated as ₹ 189.71 lakh crore against ₹ 170.98 lakh crore for the year 2017-18, showing a growth of 11.0 % during 2018-19 as compared to 11.1 % during 2017-18.

- Real GDP or GDP at constant (2011-12) prices for the year 2018-19 stand at ₹ 139.81 lakh crore showing growth of 6.1 % during 2018-19.
- Industry-wise Analysis:
  - At the aggregate level, nominal GVA at basic prices has grown by 11.1 % during 2017-18 against 10.5 % during 2018-19.
  - In terms of real GVA i.e. GVA at constant (2011-12) basic prices, there has been a growth of 6.0 % in 2018-19, as against 6.6 % in 2017-18.
  - During 2018-19, at constant prices, the growth rates of Primary, Secondary and Tertiary sectors have been estimated as 1.0 %, 6.0 % and 7.7 as against a growth of 5.8 %, 6.5 % and 6.9 %, respectively, in the previous year.
- Nominal Net National Income (NNI) at current prices for the year 2018-19 stands at ₹ 167.89 lakh crore as against ₹ 151.50 lakh crore in 2017-18, showing growth of 10.8 % during 2018-19 as against 11.2 % in the previous year.
- Gross National Disposable Income (GNDI) at current prices is estimated as ₹ 63 lakh crore for the year 2018-19 showing a growth of 11.2 % for year 2018-19.
- Gross Saving during 2018-19 is estimated at ₹ 57.13 lakh crore against ₹ 55.38 lakh crore during 2017-18. Rate of Gross Saving to GNDI for 2018-19 is estimated at 29.7 % against 32.0 % for 2017-18.
- Gross Capital Formation (GCF) at current prices is estimated at ₹ 61.09 lakh crore for the year 2018-19 compared to ₹ 58.49 lakh crore during 2017-18. The rate of GCF to GDP is 34.2 % during 2017-18 as against 32.2 % in the 2018-19.

### **Service Sector**

According to the Economic Survey 2019-20, Services Sector is growing in its significance.

#### **About:**

- The Services Sector accounted for about 55 percent of the economy and Gross Value Added (GVA) growth, two-thirds of total FDI inflows into India and about 38 percent of the total exports.
- The sector's share now exceeds 50 per cent of the Gross State Value Added in 15 out of the 33 states and UTs.
- The services sector saw a 33 per cent jump in the gross FDI equity inflows during April – September 2019, touching US\$ 17.58 billion.
- Services exports have outperformed goods exports in the recent years, due to which India's share in world's commercial services exports has reached 3.5 per cent in 2018, twice the share in world's merchandise exports at 1.7 percent.
- Foreign tourist arrivals to India on e-visas have increased from 4.45 lakh in 2015 to 23.69 lakh in 2018 and stood at 21.75 lakh in January-October 2019, recording nearly 21 per cent year-on-year growth.
- The turnaround time of ships, which is a key indicator of efficiency of the ports sector, has been on a continuous decline, almost halving between 2010-11 and 2018-19, from 4.67 days to 2.48 days.

### **SCIENCE AND TECHNOLOGY- EVERYDAY SCIENCE, SPACE, NUCLEAR, DEFENCE ETC**

#### **National Mission On Quantum Technologies & Applications (NM-QTA)**

The government in its budget 2020 has announced a National Mission on Quantum Technologies & Applications (NM-QTA) with a total budget outlay of Rs 8000 Crore for a period of five years to be implemented by the Department of Science & Technology (DST).

#### **About:**

- Quantum Technology is based on the principles of quantum theory, which explains the nature of energy and matter on the atomic and subatomic level.
- Quantum computers store and process information using quantum two level systems (quantum bits or qubits) which unlike classical bits, can be prepared in superposition states.
- Implementation of the mission would help develop and bring quantum computers, secured communications through fibre and free space, quantum encryption and crypt-analysis and associated technologies within reach in the country.

#### **National Technical Textiles Mission**

A National Technical Textiles Mission is proposed in Union Budget.

#### **About:**

- The Union Minister for Finance has announced a proposal to set up a National Technical Textiles Mission with a four-year implementation period from 2020-21 to 2023-24 at an estimated outlay of Rs. 1480 crore to position India as a global leader in Technical Textiles.

- Technical textiles are material and products manufactured primarily for their technical properties and functional requirements rather than for aesthetic characteristics.
- The scope of use of technical textiles encompasses a wide range of applications such as agro-textiles, medical textiles, geo-textiles, protection-textiles, industrial-textiles, sports-textiles and many other usages.

**DAILY ANSWER WRITING PRACTICE**

**Qns Despite India's outstanding growth in the last two decades, low pay and wage inequality remain serious obstacles towards achieving inclusive growth. Examine. (250 words)**

**Ans:**

From 1950 to 1980, Indian real GDP grew at an annual average rate of 3.6%. However with Indian growth turnaround, the average growth rate from the 1980s have been around 6.1%. India's GDP has risen by more than US\$1tr, in the process bringing millions of citizens into a new cohort, called the emerging middle class. India's per capita GDP has seen a 6% Compound Annual Growth Rate (CAGR) since 2000, up from 3% during 1980-2000. Real wages almost doubled over 18 years between 1993-94 and 2011-12 and GDP grew four-fold. Despite having a strong growth rate over the past two decades, low pay and wage inequality persists in India manifested in the facts as mentioned below:

- Regular workers in urban areas earn an average of Rs 449 per day, 49% more than their peers in rural areas who take home Rs 300.
- India has huge wage gaps between rural and urban, male and female, and regular and casual workers.
- Only a limited number of regular/salaried workers, mostly in urban areas, and highly skilled professionals earn substantially higher average wages.
- Daily wages in urban areas remain more than twice as high as wages in rural areas.
- Regional disparities in average wages have actually increased over time, with wages rising more rapidly in high-wage States than in low-wage ones.
- The gender wage gap was 34.5% in India while globally it was a much lower 20% according to the Global Wage Report 2018-19.

Reasons for low pay and wage inequality in India

- Most of the employment in the last two decades was generated in the services sector. The services sector is much less labour-intensive and simultaneously more productive than the primary and secondary sectors.
- The cleavage between value addition and job creation is perhaps best exemplified by the fact that the number of 'direct' jobs created by the Information Technology (IT) and Information Technology Enabled Services (ITES) sub-sectors was only around three million as of 2013.
- The present minimum wage system in India is extremely complex and geospatial variation is very high.
- Only 66% of workers are covered by the Minimum Wage Act. The remaining 34% not in "scheduled occupations" remain outside the scope of the minimum-wage law.

This generally leads to migration, consequently decreasing the bargaining power of workers. The problem of the minimum wage is further compounded by the unavailability of a statutory body.

- A national minimum wage was introduced in 1991, but its application is not legally binding. In 2009, 15% of regular workers and 41% of casual workers earned less than this minimum daily wage.
- The Indian labour market remains characterized by high levels of segmentation and informality, with around 93% of the working population involved in the informal sector.
- More casual and contractual jobs are being added to the organised sector but there has been a lack of substantial growth of regular jobs after 1991.

Addressing the problem of low pay and wage inequality

- Simplifying minimum wage structures, extending the scope of the law to all wage workers and creating a statutory authority for enforcement of minimum wage law are key steps to closing earning disparities.
- The government should facilitate a transformation from low-productivity to high-productivity sectors by focussing on skill accumulation and increasing the supply of more skilled workers.
- Increasing the proportion of higher-skilled workers may increase the wages of lower-skilled workers and thus reduce inequality.

Conclusion : Wage inequality can adversely affect political and economic stability and also challenge the notion of social justice and undermine social cohesion. A low pay and wage inequality will inhibit India's path to achieve decent working conditions and inclusive growth. Therefore it is imperative to address the issue of low pay and wage inequality in time.



**DAILY CURRENT AFFAIRS MCQs**

1. 'Beijing Declaration and Platform for Action', often seen in the news, is
  - (a) a strategy to tackle the regional terrorism, an outcome of a meeting of the Shanghai Cooperation Organization
  - (b) a plan of action for sustainable economic growth in the Asia-Pacific Region, an outcome of the deliberations of the Asia-Pacific Economic Forum
  - (c) **an agenda for women's empowerment, an outcome of a World Conference convened by the United Nations**
  - (d) a strategy to combat wildlife trafficking, a declaration of the East Asia Summit
2. With reference to the First Revised Estimates of National Income, consider the following statements:
  1. It was released by National Statistical Office (NSO), Ministry of Finance.
  2. At the aggregate level, nominal GVA at basic prices has grown by 11.1 % during 2017-18 against 10.5 % during 2018-19.
 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
3. With reference to the Logistics, consider the following statements:
  1. India's logistics sector is highly defragmented and the aim is to reduce the logistics cost from the present 14% of GDP to less than 10% by 2022.
  2. A National Logistics Policy will be released soon to create a single window e-logistics market and focus on generation of employment, skills and make MSMEs competitive.
 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+
4. With reference to the 'Investment Clearance Cell', consider the following statements:
  1. The Union Finance Minister proposed setting up of an Investment Clearance Cell for young entrepreneurs.
  2. It will provide "end to end" facilitation and support to create more opportunities to youth and remove roadblocks.
 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
5. With reference to the NIRVIK scheme, consider the following statements:
  1. It provides for high insurance cover, reduction in premium for small exporters and simplified procedures for claim & settlement.
  2. The Scheme is being prepared by the Ministry of Finance.
 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
6. With reference to the Macro-economic Framework Statement (MFS) 2020-21, consider the following statements:
  1. It describes the return path of fiscal consolidation without compromising the needs of investment out of public funds.
  2. The government has revised the fiscal roadmap in the near term and limited the fiscal deficit to 3% of the GDP in RE 2019-20 and 2.5% in 2020-21.
 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