

GOVERNANCE**Scheme for Special Assistance to States for Capital Expenditure**

All the States except Tamil Nadu have availed benefits of the scheme for “Special Assistance to States for Capital Expenditure”.

- The scheme was announced by the Ministry of Finance as a part of the Aatmanirbhar Bharat package.

Key Points

- Background: As part of the Aatmanirbhar Bharat Package, the government had announced that the Centre will offer Rs. 12,000 crore special interest-free 50-year loan to states, exclusively for capital expenditure.
- Aim: To boost capital expenditure by the State governments which are facing a difficult financial environment this year due to the shortfall in tax revenue arising from the Covid-19 pandemic.

Three Parts:

- Part-I of the scheme covers the north-eastern region (Rs. 200 crores).
- Part-II is for all other States (Rs. 7500 crores).
- Part-III of the scheme is aimed at pushing various citizen-centric reforms in the States.
- Under this Part, an amount of Rs. 2000 crores is earmarked.
- This amount will be available only to those States which carry out at least three out of the four reforms specified by the Ministry of Finance on the reform-linked additional borrowing permissions.
- Four Reforms: One nation one ration card, ease of doing business, urban local body/ utility reform and power sector reforms.

Status:

- The Ministry of Finance has approved Rs. 9,879.61 crore worth of capital expenditure proposals of 27 States.
- Of this, Rs. 4,939.81 crore has been released as the first instalment.
- The capital expenditure projects have been approved in diverse sectors such as health, rural development, water supply, irrigation, power, transport, education, urban development.

Capital Expenditure**Meaning:**

- Capital expenditure is the money spent by the government on the development of machinery, equipment, building, health facilities, education, etc.
- It also includes the expenditure incurred on acquiring fixed assets like land and investment by the government that gives profits or dividend in future.
- Along with the creation of assets, repayment of loan is also capital expenditure, as it reduces liability.
- Capital spending is associated with investment or development spending, where expenditure has benefits extending years into the future.

Significance:

- Capital expenditure, which leads to the creation of assets are long-term in nature and allow the economy to generate revenue for many years by adding or improving production facilities and boosting operational efficiency.
- It also increases labour participation, takes stock of the economy and raises its capacity to produce more in future.

Different from Revenue Expenditure:

Unlike capital expenditure, which creates assets for the future, revenue expenditure is one that neither creates assets nor reduces any liability of the government.

Salaries of employees, interest payment on past debt, subsidies, pension, etc, fall under the category of revenue expenditure. It is recurring in nature.

INDIAN ECONOMY**North Eastern Region Power System Improvement Project**

The Cabinet Committee on Economic Affairs has approved the Revised Cost Estimate (RCE) of Rs. 6,700 crore for the North Eastern Region Power System Improvement Project (NERPSIP).

This is a major step towards economic development of the North Eastern Region through strengthening of Intra - State Transmission and Distribution systems.

Key Points

The Scheme was initially approved in December 2014 as a Central Sector Scheme of the Ministry of Power.

Funded By:

The assistance of the World Bank fund and by the Government of India through the Budget support of the Ministry of Power on 50:50 basis except for the capacity building component for Rs. 89 crore, which will be entirely funded by the Government of India.

Implemented By:

- The scheme is being implemented through Power Grid Corporation of India Limited (POWERGRID) in association with six beneficiary North Eastern States namely, Assam, Manipur, Meghalaya, Mizoram, Nagaland, and Tripura and is targeted to be commissioned by December 2021.
- POWERGRID is a 'Maharatna' Company operating under Ministry of Power, it is engaged in power transmission business with the responsibility for planning, implementation, operation and maintenance of Inter-State Transmission System (ISTS).

Maintenance:

- After commissioning, the project will be owned and maintained by the respective North Eastern State Utilities.

Objective:

- Government's commitment for the total economic development of the North Eastern Region and to strengthen the Intra-State Transmission & Distribution Infrastructure in the North East Region.

Significance:

- Implementation of this scheme will create a reliable power grid and improve NER States' connectivity to the upcoming load centers, and thus extend the benefits of the grid connected power to all categories of consumers of beneficiaries in the North Eastern Region.
- The scheme shall also increase the per capita power consumption of these States, and shall contribute to the total economic development of the North-Eastern Region.
- Hiring local manpower is generating a lot of employment for skilled and unskilled manpower of North-Eastern Region.

Other Initiatives for North Eastern States:**North-East Industrial Development Scheme (NEIDS):**

- In order to promote employment in the North East States, the Government is incentivizing primarily the MSME Sector through this scheme.

International Tourism Mart (ITM):

- It is organized annually with the objective of showcasing the largely untapped tourism potential of the North East region in the domestic and international markets.
- 10% of the plan allocation of the Ministry of Tourism is marked for the NorthEast region.

There are also plans to hold an NER Tourism Mart where tour operators from all over the country can meet and the regional tourism can be showcased.

National Bamboo Mission:

The Mission envisages promoting holistic growth of the bamboo sector by adopting the area-based, regionally differentiated strategy. It aims to increase the area under bamboo cultivation and marketing.

SCIENCE & TECHNOLOGY**Covid-19 Vaccine Hesitancy**

Various online surveys have been conducted recently to check vaccine acceptance among the general population.

Key Points**Vaccine Hesitancy**

Meaning: It refers to delay in acceptance or refusal of vaccines despite availability of vaccine services. It is complex and context specific varying across time, place and vaccine. It is influenced by factors such as complacency, convenience and confidence.

Reasons for Vaccine Hesitancy: The main issue with vaccine hesitancy is mis-information.

- Religious propaganda that the vaccine may contain microbes, chemicals and animal-derived products which is forbidden by religious laws.

- Social media is used in stirring fear in people by falsely blaming vaccines for unrelated diseases. This is the bedrock of the vaccine hesitancy all across the globe.
- For example, some sections in India have refrained from the polio vaccine. This is due to the misconception that the polio vaccine causes illness, infertility and is ineffective.
- Vaccine-derived diseases: Oral Polio Vaccines (OPV) contains weakened but live poliovirus. This virus from the vaccine is excreted by immunized children which can move from one person to another.
- This allows the virus to stick around and mutate to a more virulent form, raising the threat of vaccine-derived poliovirus (VDPV).
- Inconvenience in accessing vaccines is also the leading cause of vaccine hesitancy.

The Case of Covid-19 Vaccine Hesitancy:

- In an online study conducted by infectious diseases consultants at Apollo Hospital, Chennai, among 1424 health professionals, only 45% said they will take the Covid vaccine as soon as it becomes available.
- 55% will either defer the vaccination or are yet to decide what to do.
- Another recent online survey by the agency Local Circles, where 59% of the public surveyed said they prefer to defer vaccination.

Associated Issue:

- Can have a negative consequence on effort to control the pandemic.
- May lead to massive spread of the disease.

Solution:

- Make Public Aware:
- Give confidence to the public by discussing the robustness of various processes involved in drug/vaccine development - clinical trial designs, monitoring, analysis and the regulatory reviews that happen before it is approved.
- Use Social Media Platforms to counter any mis-information regarding vaccines and spread awareness.

INTERNATIONAL RELATIONS**US Puts India on Currency Watchlist**

Recently, the US treasury has placed India on its currency manipulator watch list. Vietnam and Switzerland have been labelled as currency manipulators.

- In 2019, the US Treasury Department had removed India from its currency manipulator watch list of major trading partners.

Key Points**Currency Manipulators:**

- This is a label given by the US government to countries it feels are engaging in “unfair currency practices” by deliberately devaluing their currency against the dollar.
- The practice would mean that the country in question is artificially lowering the value of its currency to gain an unfair advantage over others. This is because the devaluation would reduce the cost of exports from that country and artificially show a reduction in trade deficits as a result.

Currency Manipulator Watch List:

- The US Department of Treasury releases the semi-annual report where it has to track developments in international economies and inspect foreign exchange rates.
- Criteria: An economy meeting two of the three criteria in the Trade Facilitation and Trade Enforcement Act of 2015 is placed on the Watch List. This includes:
 - A “significant” bilateral trade surplus with the US — one that is at least USD 20 billion over a 12-month period.
 - A material current account surplus equivalent to at least 2% of gross domestic product (GDP) over a 12-month period.
 - “Persistent”, one-sided intervention — when net purchases of foreign currency totalling at least 2% of the country’s GDP over a 12 month period are conducted repeatedly, in at least six out of 12 months.
- Consequence: Inclusion in the list does not subject to any kind of penalty and sanctions but it deteriorates the global financial image of the country in the financial markets in terms of foreign exchange policies including undervaluation of currencies to gain export advantages.

India's Status:

- India, Taiwan and Thailand have been added to seven others already in the watch list.
- Others on the list include China, Japan, Korea, Germany, Italy, Singapore and Malaysia.
- As per the report by the US Treasury, India and Singapore had intervened in the foreign exchange market in a "sustained, asymmetric manner" but did not meet other requirements to warrant designation as manipulators.
- India, which has for several years maintained a "significant" bilateral goods trade surplus with the US, crossed the USD 20 billion mark, according to the latest report.
- Bilateral goods trade surplus totalled USD 22 billion in the first four quarters through June 2020.
- Further, India's net purchases of foreign exchange accelerated notably in the second half of 2019. Following sales during the initial onset of the pandemic, India sustained net purchases for much of the first half of 2020, which pushed net purchases of foreign exchange to USD 64 billion—or 2.4% of GDP—over the four quarters through June 2020.
- According to some experts, the tag could lead to the rupee appreciating as the Reserve Bank of India (RBI) might step back from its dollar purchases.
- Currency appreciation is an increase in the value of one currency in relation to another currency. A currency is strong if it is becoming more valuable relative to another country's currency.

IMPORTANT FACTS FOR PRELIM**India-Indonesia Coordinated Patrol**

Recently, the 35th edition of India-Indonesia Coordinated Patrol (IND-INDO CORPAT) between the Indian Navy and the Indonesian Navy has been conducted.

Key Points

- As part of Government of India's vision of SAGAR (Security And Growth for All in the Region), the Indian Navy has been proactively engaging with countries in the Indian Ocean Region for coordinated patrols, cooperation in Exclusive Economic Zone (EEZ) surveillance, passage exercises and bilateral/ multilateral exercises.
- The main objective is towards enhancing regional maritime security.

IND-INDO CORPAT:

- To reinforce maritime links, the two navies have been carrying out CORPAT along their International Maritime Boundary Line since 2002.

Aim:

- Ensuring safety and security of shipping and international trade in the region.
- CORPATs build up understanding and interoperability between navies and facilitate institution of measures to prevent and suppress Illegal Unreported Unregulated (IUU) fishing, drug trafficking, maritime terrorism, armed robbery and piracy.

Participants in 35th Edition:

- Indian Naval Ship (INS) Kulish - an indigenously built missile corvette and P8I Maritime Patrol Aircraft (MPA) undertook coordinated patrol along with Indonesian ships.
- Significance: The 35th IND-INDO CORPAT will contribute towards the Indian Navy's efforts to consolidate interoperability and forge strong bonds of friendship across the Indo-Pacific.

Other Military Exercises with Indonesia:

Samudra Shakti: A bilateral maritime exercise.

Garuda Shakti: A joint military exercise.

DAILY ANSWER WRITING PRACTICE

Qns "Though Swadeshi movement failed in achieving its immediate objective, yet it played a significant role in the Indian freedom struggle". Discuss (250 words)

Ans:

Indian National Congress initiated the Swadeshi movement in Bengal against the announcement of the partition of Bengal in July 1905 by Lord Curzon. It was launched as a protest movement which also gave a lead to the Boycott movement in the country. It led to the use of goods produced in India and burning British-made goods.

Reasons for Failure

- The movement threw up an entire gamut of techniques that later came to be associated with Gandhian politics—noncooperation, passive resistance, filling of British jails, social reform and constructive work.
- However, the movement failed to create these techniques with a disciplined focus and it lacked an effective organisation or a party structure.
- The movement aroused the people but did not know how to tap the newly released energy or how to find new forms to give expression to popular resentment.
- Surat split: internal squabbles among leaders, magnified by the Surat split (1907), did much harm to the movement.
- Leaderless movement: the movement was rendered leaderless with most of the leaders either arrested or deported by 1908 and with Aurobindo Ghosh and Bipin Chandra Pal retiring from active politics.
- Limited participation: the movement largely remained confined to the upper and middle classes and zamindars, and failed to reach the masses—especially the peasantry.

Impact of Swadeshi Movement

- **Change in strategy:** the movement was a turning point in modern Indian history. It proved to be a “leap forward” in more ways than one.
- The previously untouched sections like students, women, workers, some sections of the urban and rural population participated.
- The trend of the national movement moved from conservative moderation to political extremism, from revolutionary activities to incipient socialism, from petitions and prayers to passive resistance and non-cooperation, emerged during the Swadeshi Movement.
- **Growth of indigenous industries:** the anti-partition agitation paved the way for the development of indigenous industries, for example, Acharya PC Ray’s Bengal Chemical Stores. This inculcated a feeling of self-reliance by reducing the dependence on foreign goods.
- **Growth of national education:** the movement also increased the demand for national education and numerous national schools and colleges came up in various parts.
- In 1906, a National Council of Education was set up. A National College with Aurobindo Ghose as Principal was opened in Kolkata.
- The movement led to the flourishing of the Bengali literature under Rabindranath Tagore, Rajani Kanta Sen etc.
- **Attainment of swaraj:** Swadeshi, as a strategy, was a key focus of Mahatma Gandhi, who described it as the soul of Swaraj (self-rule). It became an important tool for Gandhian movements in Indian National Movement.

Conclusion

The Swadeshi Movement was not successful in reaching its immediate goals but it provided a platform for the national freedom struggle. Later it showed the way to nationalist leaders to prepare the masses for the next phase of struggle under Gandhiji’s leadership.

DAILY QUIZ

1. Consider the following statements regarding Jason Continuity of Service (Jason-CS) mission:
 1. The mission is dedicated to measuring the height of the ocean.
 2. It is a joint effort of the National Aeronautics and Space Administration (NASA) and the Indian Space Research Organisation (ISRO).

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

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

2. With reference to the UMANG app, consider the following statements:

1. It was developed by the National e-Governance Division (NeGD), Ministry of Electronics & IT.
2. It provides access to high impact services of various organizations of central government only.

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 Negative Yield Bonds, consider the following statements:
1. These are debt instruments that offer to pay the investor a maturity amount lower than the purchase price of the bond.
 2. These are generally issued by central banks or governments.
- 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 Masala Bond, consider the following statements:
1. Masala Bonds are rupee-denominated bonds to raise funds from the overseas market in Indian rupees.
 2. Any corporate body except Indian banks is eligible to issue these bonds overseas.
- 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. The Arria Formula, an informal arrangement of discussion is related to?
- a) North Atlantic Treaty Organization (NATO)
 - b) World Trade Organization (WTO)
 - c) International Labour Organization (ILO)
 - d) **United Nations Security Council (UNSC)**



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