

## Mains Master

### A new economics for inclusive growth

#### Context

The book "Breaking the Mould: Reimagining India's Economic Future" by Raghuram Rajan and Rohit Lamba suggests a shift from focusing solely on building the manufacturing sector towards emphasising the export of high-end services. In this article author Arun Nair, Former member of planning commission counters the view of Raghuram Rajan. It reflects the ongoing debate about the most effective strategies for India's economic growth and social development. The article addresses India's economic challenges, citing past strategies' failure to generate adequate jobs and income. It recommends shifting focus from traditional manufacturing to high-end services, highlighting skill-job-income mismatches. Emphasising the developmental process, it advocates for local rural enterprises as inclusive growth drivers. Reimagining policies to prioritise inclusivity, local activities, and tapping into India's unmet market needs emerges as a key strategy for sustained economic development.

#### India's Economic Challenge: Jobs and Inclusive Growth Current issues:

- **Job and income inadequacy:** Despite economic growth, many Indians lack decent jobs and incomes. Evidence comes from social unrest, with farmers, informal workers, and contract workers demanding better conditions.
- **Skills-jobs-income mismatch:** Investments in high-end skills haven't translated into enough good jobs. People need opportunities to learn adjacent skills while working and climb the skill-income ladder.
- **Overemphasis on high-end services:** Policies neglect the potential of small-scale manufacturing and value-added services in rural areas, which could significantly benefit the masses.

#### Proposed solutions:

- **Shift towards inclusive and sustainable growth:** Economic growth must benefit everyone through job creation and increased earnings. Large-scale enterprises require limited resources that India lacks.
- **Invest in rural manufacturing and services:** Small, labor-intensive businesses near farms can add value to agricultural produce and create local economic activity.
- **Improve skill development:** Education and training should be aligned with local job opportunities and cater to the needs of informal and rural sectors.

- **Make more for India in India:** Focus on domestic production for domestic needs, reducing reliance on imports and foreign investment.
- **Embrace local economic webs:** Dense networks of small businesses in rural areas create sustainable growth and address location challenges for workers.
- **Learning and skill acquisition:** Economic theories often miss the crucial role of individuals learning new skills, which is central to development.
- **Limited state capacity:** India's financial limitations require careful spending, avoiding tax cuts and incentives without guaranteed benefits for the masses.
- **Changing global context:** The era of China as the world's factory is fading. India can attract producers by focusing on fulfilling its own unmet needs through domestic production.

#### Way forward :

- India needs to break away from outdated economic models and reimagine its growth path.
- The focus should be on creating decent jobs, promoting inclusive and sustainable growth, and empowering local economies.
- There are no shortcuts; India must get back to the basics of inclusive economic growth.

### Law of numbers

#### Context

The recent winter session of Parliament ended in turmoil as the ruling party's refusal to engage with the Opposition led to the suspension of 146 MPs, hindering crucial debates and enabling the passing of significant laws without comprehensive discussions. The unprecedented increase in executive power through the passage of impactful legislation raised concerns about the fairness of parliamentary proceedings and the overshadowing of dissenting voices in the decision-making process.

#### Key Issues:

- **Mass Opposition Suspension:** Over 140 Opposition MPs were suspended from both Houses (46 Rajya Sabha, 100 Lok Sabha) following protests regarding a security breach in the Lok Sabha.



• **Opposition Accusations:** Leader of Opposition Kharge called the suspensions "premeditated" and criticized lack of due process.

• **One-Sided Lawmaking:** New laws concerning criminal code, telecom, and Election Commission were passed in the absence of most Opposition, raising concerns about increased executive power.

• **Impartiality Concerns:** Both Lok Sabha Speaker and Rajya Sabha Chairman faced questions about their handling of the session and alleged bias towards the government.

• **Security Breach Debate:** Opposition's demand for a statement on the security breach was denied by the government, seen as a symbolic power play.

• **Mimicry Controversy:** An alleged mimicry of the Rajya Sabha Chairman by an Opposition MP became a distraction, delaying and derailing proceedings.

### Parliamentary Session Dynamics:

- **Opposition Disengagement:** Ruling BJP's refusal to engage with the Opposition led to an unproductive parliamentary session.
- **Suspension of Opposition Members:** 146 MPs were suspended for demanding a statement regarding a security breach involving protesters entering the Lok Sabha chamber.
- **Lack of Executive Accountability:** Government avoided accountability, passing impactful Bills without substantial debate or consideration of opposing views.

### Legislative Impact:

- **Unilateral Passage of Laws:** Laws altering the criminal code, telecom regulations, and Election Commission appointments were passed amid the absence of a substantial Opposition presence.
- **Increase in Executive Power:** These laws notably augmented the executive's authority, passed without a comprehensive parliamentary debate incorporating diverse perspectives.

### Contentions and Responses:

- **Numerical Majority vs. Accountability:** Government's stance of equating numerical majority with infallibility ignored demands for accountability and meaningful debate.
- **Blame Game:** Government blamed the Opposition for their own suspensions, a position supported by the Speaker and Chairman, undermining parliamentary proceedings.
- **Distraction Tactics:** Alleged mimicry incident and focus on a security breach diverted attention, potentially derailing parliamentary functioning.

### Overall Impact:

- **Derailment of Parliamentary Functioning:** The session's focus on distractions and lack of substantial debate sought to grant the executive a free pass, hindering effective parliamentary operations.

### Is our export growth broadbased?

**Examine India's global trade engagements in 2022. What are the various initiatives taken by India to enhance trade? Suggest some ways to increase India's global trade engagements in future. 38 M 68th BPSC Mains**

### Context

*The article assesses India's trade landscape in 2023, outlining the impact of global factors on the country's trade performance. It highlights the dip in overall trade with contrasting trends in merchandise and services exports, detailing the sectors witnessing growth and decline. Additionally, it delves into the significance of service exports, challenges in data accuracy, ongoing Free Trade Agreement (FTA) negotiations, the forthcoming WTO Ministerial Conference, and trade-related pressures from the US and the EU. The piece concludes by suggesting strategies for India to navigate trade challenges, emphasizing labor-intensive sectors, service diversification, FTA implications, and trade policy priorities, aiming to enhance trade performance despite global uncertainties.*

### India's Trade Landscape:

- **GDP Influence:** International trade constitutes 43.1% of India's GDP in 2023, with exports and imports making up a significant portion.
- **Global Competitiveness:** Exports contribute 20.5% to the GDP, showcasing India's global competitiveness despite challenges.

### Trade Statistics and Trends:

- **2023 Trade Overview:** India's trade for 2023 estimated at \$1,609 billion, witnessing a slight dip of 2.6% compared to the previous year.
- **Export Dynamics:** Marginal 1% growth in exports, led by a notable 10.5% surge in services despite a 5.3% decline in merchandise exports.
- **Global Alignment:** India's trade performance mirrors the global trend of a 5% decline, aligning with China's 5.2% drop in merchandise exports.

### Export Categories:

- **Declining Sectors:** Majority (78%) of India's merchandise exports faced negative growth due to competition from low-cost countries.
- **Successful Exports:** 22% of exports, including smartphones, electronics, pharmaceuticals, rice, and certain commodities, witnessed growth.

### Services Sector Growth:

- **Service Export Surge:** Services exports anticipated to grow by 10.5%, mainly driven by software, IT services, and business services.
- **Global Capability Centers (GCCs):** Over 1,500 GCCs established by global firms, employing around 1.3 million individual



## Challenges:

- **Overall trade decline:** India's trade is expected to dip slightly in 2023, mirroring a global trend.
- **Decline in merchandise exports:** Most product categories (78%) saw negative growth, particularly labor-intensive sectors like engineering and garments.
- **Competition from low-cost countries:** Bangladesh and Vietnam are posing significant challenges for Indian exporters.
- **Depreciating Rupee:** Despite a 6% depreciation against the US Dollar, it wasn't enough to boost exports.

## Opportunities:

- **Growth in electronic goods exports:** Smartphone exports are expected to double in 2023, showcasing India's potential in high-tech manufacturing.
- **Strong performance of services exports:** IT, software, and business services are leading the growth in this sector.
- **Global Capability Centres (GCCs):** Over 1,500 GCCs established in India, indicating growing demand for Indian professional services.
- **Free Trade Agreements (FTAs):** India is negotiating FTAs with several countries, which could expand market access.

## Key concerns:

- **New FTAs may restrict policy space:** Sustainable development, digital economy, and IPR clauses could limit domestic regulatory freedom.
- **WTO Ministerial Conference:** India needs to push for issues like public stockholding for food security and equitable fisheries negotiations.
- **US and EU trade pressure:** Potential for countervailing tariffs and carbon border adjustments on Indian exports.

## Recommendations:

- **Focus on labor-intensive sectors:** Develop strategies to improve competitiveness against low-cost countries.
- **Diversify services exports:** Explore non-IT sectors like tourism, healthcare, and education.
- **Improve data capture for services:** Accurate data is crucial for effective policy formulation.
- **Obtain real market access from FTA partners:** Negotiations should focus on practical benefits beyond mere agreements.
- **Develop local currency exchanges for exports:** Reduce transaction costs and promote rupee trade.  
Simplify e-commerce procedures: Facilitate the growth of Indian e-commerce exports.

## Overall outlook:

Despite the challenges, there are significant opportunities for India to leverage trade for economic growth. Focusing on strategic sectors, diversifying exports, and navigating the global trade landscape will be crucial for success.

## Prelims Blaster

### CAD dips to 1% of GDP in Q2 on rise in services exports

- 📊 **\*\*Definition:\*\*** Current account deficit signifies a country's trade imbalance where the value of imports surpasses the value of exports in goods and services.
- 🇮🇳 **\*\*Components of the Current Account:\*\***
  - **\*\*Inclusions:\*\*** Encompass net income (like interest, dividends) and transfers (such as foreign aid), contributing to the balance of payments (BOP) alongside the capital account.
- 🛠️ **Addressing a Current Account Deficit:**
  - **\*\*Strategies:\*\*** Countries can reduce deficits by boosting export values, imposing import restrictions (tariffs, quotas), or emphasizing policies enhancing global competitiveness.
  - **\*\*Monetary Policy Role:\*\*** Devaluation of domestic currency via monetary policy can lower export costs, potentially aiding in deficit reduction.
- 📈 **\*\*Interpreting Implications:\*\***
  - **\*\*Spending vs. Means:\*\*** A deficit can suggest overspending; however, it isn't inherently detrimental.
  - **\*\*Managing Debt:\*\*** Using external debt for investments with higher returns than the debt's interest rate can keep a country solvent despite a deficit.
  - **\*\*Solvency Considerations:\*\*** If future revenue streams won't cover existing debt levels, insolvency becomes a risk due to a persistent current account deficit.

### India, Russia ink pacts to build more nuclear power units at Kudankulam

- 🏢 **\*\*Nuclear Power Agreements:\*\***
  - Significant agreements signed for future power-generating units at the Kudankulam nuclear plant, India's largest, with Russian technical assistance.
  - First unit operating at 1,000 MW since February 2016, with plans for full capacity by 2027.
- 🏗️ The Kudankulam Nuclear Power Plant (KKNPP) is India's largest nuclear power station, located in Kudankulam within Tamil Nadu's Tirunelveli district.
- ⚠️ Construction initiated on March 31, 2002, but encountered multiple delays due to resistance from local fishermen.
- 💡 KKNPP is designed to encompass six VVER-1000 reactors, constructed in partnership with Atomstroyexport, the Russian state company, and India's Nuclear Power Corporation of India Limited (NPCIL).
- ⚡ Once completed, it will boast an installed capacity of generating 6,000 MW of electricity.

🌐 The VVER (WWER) is a series of pressurized water reactor designs initially conceived in the Soviet Union and presently developed in Russia under OKB Hidropress.

👤 Saveli Moiseevich Feinberg proposed the concept of this reactor.

🔄 The VVER designs have undergone continuous updates and enhancements, ranging from generation I to modern generation III+ designs.

⚡ These reactors exhibit a power output spanning from 70 to 1300 MWe, with ongoing development targeting designs capable of reaching up to 1700 MWe.

### Sweden's NATO bid gets Turkiye's first nod

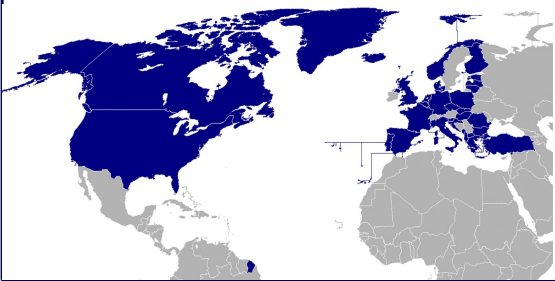
👉 The Turkish parliament's foreign affairs commission endorsed Sweden's NATO membership bid, marking a crucial step toward expanding the military alliance after over a year of delays due to Ankara's security demands from Stockholm.

🌐 NATO comprises 31 member states—29 European and two North American, initially established as a collective security system.

🏛️ NATO's headquarters is in Brussels, Belgium, with military headquarters near Mons, Belgium, and it has significantly reinforced its deployments in Eastern Europe.

👤 NATO boasts a combined military force of about 3.5 million personnel, accounting for approximately 55% of global military spending.

🌐 NATO has expanded nine times since its founding, most recently admitting Finland as the 31st member in April 2023, with Sweden's anticipated accession as the 32nd member underway.



### India has artificial rain technology, will use only in extreme case: Rijiiju

☁️ Artificial rain, or cloud seeding, is a method used to enhance precipitation by dispersing substances into the air to encourage the formation of rain or snow.

🌧️ This technique involves seeding clouds with materials such as silver iodide, potassium iodide, or dry ice, which serve as nuclei for water droplets to form around.

☁️ Cloud seeding can lead to the growth of larger droplets and potentially stimulate precipitation within clouds that might not otherwise produce rain or snow.

🇦🇪 In the United Arab Emirates (UAE), cloud seeding is used as a strategic approach to combat water scarcity due to the country's extremely hot climate.

🌐 The UAE stands as a pioneer in the Persian Gulf region for adopting cloud seeding technology, with forecasts suggesting it could increase rainfall by approximately 30-35% in drier atmospheric conditions and up to 10-15% in more humid environments.

### INS Imphal inducted into the Navy: Its features, combat capabilities

🚢 Project 15B introduces advanced variants of guided missile destroyers, with INS Imphal being the third ship in the series.

🔧 Built by Mazagon Dock Shipbuilders Limited (MDSL), all ships are named after major cities—Visakhapatnam, Mormugao, Imphal, and Surat.

📅 INS Imphal's keel was laid on May 17, 2017, launched into water on April 20, 2019, and is set to be commissioned into the Indian Navy on December 26, 2023.

📏 INS Imphal has a length of 163 meters, a width of 17.4 meters, and a displacement of 7,400 tonnes, with a maximum speed of 30 knots and a range of 4000 nautical miles.

🛡️ Armament includes BrahMos and Barak-8 missiles, main gun, close-point engagement guns, torpedo launchers, and anti-submarine rocket launchers, and it is capable of operating two multi-role helicopters.

🌊 Designed for high speed, manoeuvrability, and longer endurance, INS Imphal protects fleets and carrier battle groups from short-range attackers in surface, air, and sub-surface domains, incorporating advanced stealth features.

🌟 INS Imphal pays tribute to the city of Imphal, adding a cultural and historical connection to the ship.

Stealth technology aims to make military assets less detectable across radar, infrared, sonar, and other detection methods, using passive and active countermeasures. It originated in the US in 1958, focusing on shaping aircraft and developing radiation-absorbent materials. It is extensively used in aircraft like the B-2 Spirit "Stealth Bomber" and impacts the design and operation of military assets, enhancing their survivability and effectiveness in combat. Ongoing evolution continually shapes the capabilities of military assets.

### Deal value threshold (DVT)

📝 The concept of deal value threshold (DVT) was introduced in the Competition Act to notify mergers and acquisitions to the CCI, enhancing its ability to scrutinize and regulate such deals.

👤 If a business deal exceeds the "deal value threshold," the parties involved must notify the regulatory authorities to ensure fair competition in the market.