

NEWS TODAY

India records highest ever growth in value of defence production

Defence production in India registered **16.8% growth** in terms of value as compared to 2022-23.

Key Highlights

- About **79.2%** has been contributed by **Defence Public Sector undertakings (DPSUs)/other PSUs** and 20.8% by the private sector.
- Since 2019-20, value of defence production has been **increasing steadily**, and grown by **over 60%**.
- **By 2028-29**, annual defence production is **expected to touch ₹ 3 lakh crore** and defence exports ₹ 50,000 crore.

Reasons for record defence production

- **Defence Production and Export Promotion Policy 2020 (DPEPP)** and **Defence Acquisition Procedure (DAP 2020)** empowers Indian domestic industry through **Make in India initiative**.
- **Foreign Direct Investment (FDI) limit** has been raised to 74% through the Automatic Route and upto 100% under government route.
- **Innovations for Defence Excellence (iDEX) scheme** and indigenisation portal **SRIJAN**.
- **Establishment of Defence Industrial Corridors** in Uttar Pradesh and Tamil Nadu.

Challenges faced by India's defence sector

- **Bureaucratic Inertia** leads to delay in reforms as well as delivery of projects.
- **Lack of technological depth** to design/manufacture major systems and critical parts.
- **Scalability issues:** Present defense exports are mainly composed of spare parts and components.
- **Budget issues and dependency on PSUs.**

Way Forward

- **Simplification of Regulatory Processes** and reducing bureaucratic hurdles through a single-window system.
- Promotion of **public private partnerships**
- Focus on **Quality Assurance, Standardization and improve International Marketing and Branding.**
- **Expedite the defence procurement decision-making process** to facilitate the industry in manufacturing and supplying arms in the shortest possible timeframe.

RBI Raises Concerns Over Bank's High Credit-Deposit (CD) Ratio

Reserve Bank of India has **told banks to bridge the gap between credit and deposit growth and reduce CD ratio.**

- CD Ratio is a financial metric representing the **percentage of loans a bank has issued relative to its total deposits.**
- According to the **RBI's Financial Stability Report** (refer to the graph):
 - ⊕ **CD ratio** has been rising **since September 2021 and peaked at 78.8%** in December 2023.
 - ⊕ **Over 75% of the banks** with C-D ratios above 75% are private sector banks.

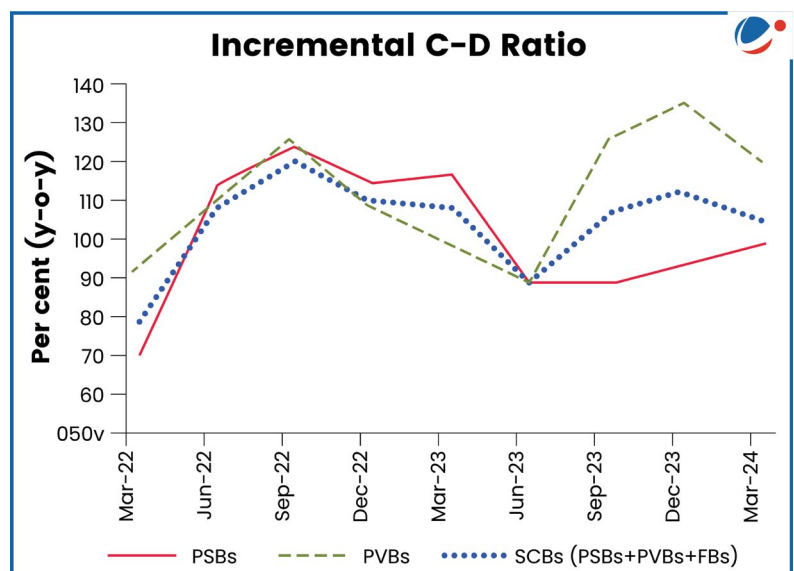
Key Reasons for high CD ratio

- **Higher credit growth**
 - ⊕ **Rising retail credit** (includes vehicle loans, personal loans, etc.).
 - ◆ From April 2022 and March 2024, **bank lending to the retail sector grew at a CAGR of 25.2%.**
 - ⊕ Increasing loans to **businesses and MSMEs.**
- **Slower deposit growth:**
 - ⊕ Banks are facing **stiff competition** with each other.
 - ⊕ Additionally, customers are transitioning from savers to investors and **diverting funds to capital markets**, slowing deposit growth.

Impact of High CD Ratio

Bank may face:

- ⊕ **Pressure on Net Interest Margins (NIM):** NIM is a measure of the net return on the bank's earning assets like investment securities, loans, etc.
- ⊕ **Liquidity risk:** Banks' may be unable to timely meet payment obligations.
- ⊕ **Credit risk:** Borrowers could default on their contractual obligations



India and China exchanged views on early resolution of border issues

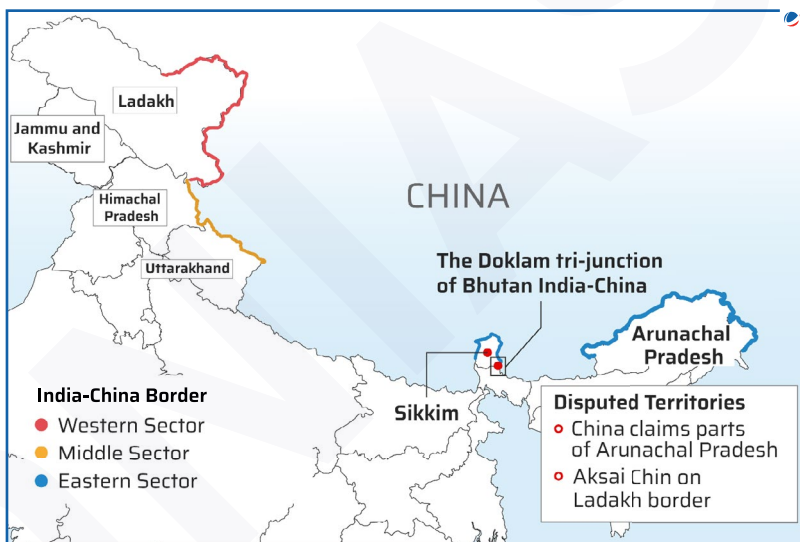
Foreign Ministers of India and China agreed that prolongation of military standoff along the Line of Actual Control (LAC) is non-beneficial for either side, emphasizing on the need for early dispute resolution.

Key developments of meeting

- India highlighted the need to **redouble efforts to achieve complete disengagement** from remaining areas in **Eastern Ladakh** and restore border peace and tranquillity.
 - ⊕ **Eastern Ladakh standoff erupted in 2020** following a violent clash between troops in Pangong lake area.
- They agreed that **Working Mechanism on Consultation and Coordination on India-China Border Affairs (WMCC)** should hold an early meeting.

India-China border dispute:

- India's 3,488-km border with China is **not clearly demarcated** and there is **no mutually agreed LAC** along certain stretches.
- India-China border is **divided into three sectors**:
 - ⊕ **Western sector (Ladakh)**: India considers the **Johnson Line** as border which includes **Aksai Chin** in Indian territory whereas China considers the **MaCartney-MacDonald Line** as border.
 - ⊕ **Middle sector (Uttarakhand and Himachal Pradesh)**: Largely undisputed area.
 - ⊕ **Eastern sector (Arunachal Pradesh and Sikkim)**: Alignment of LAC is along the **MacMahon Line**, drawn during **1914 Simla Convention**.
 - ◆ China **rejects MacMahon line** and claims entire Arunachal Pradesh as part of Tibet Autonomous Region.



Way Forward

The **three mutuals – mutual respect, mutual sensitivity and mutual interest** will guide bilateral ties between India and China.

United Kingdom (UK) elects new Prime Minister (PM)

Similar to India, UK also follows a Parliamentary system of democracy.

- However, Parliament is supreme in UK whereas in India Parliamentary sovereignty is subject to **Constitutional Supremacy**.

Comparison of dimensions of democracy in India and the UK

Specification	India	UK
Eligible Voters for election in Lower House	<ul style="list-style-type: none"> ➤ 18 years of age or older Indian citizens. ➤ Members of the Upper House are also eligible for casting votes. 	<ul style="list-style-type: none"> ➤ 18 years of age or older UK citizens, a qualifying citizen of the Commonwealth or a citizen of the Republic of Ireland. ➤ Members of upper House cannot vote in the UK parliament election
Voting process	<ul style="list-style-type: none"> ➤ Voting is done through an Electronic Voting Machine (EVM) 	<ul style="list-style-type: none"> ➤ Voting can be done by postal ballots.
Office of Prime Minister (PM)	<ul style="list-style-type: none"> ➤ The office is established in the Constitution. ➤ PM can be from either House of parliament, i.e Lok Sabha (lower House) or Rajya Sabha. ➤ A person who is not Member of Parliament (MP) can be appointed as PM for 6 months. ➤ The President appoints PM. 	<ul style="list-style-type: none"> ➤ The office is based on Convention (UK does not have a written constitution) ➤ PM can only be from the Lower House. ➤ A PM must be, or be about to become an MP. ➤ The Monarch appoints PM. ➤ PM is also 'First Lord of the Treasury'.
Oath by elected Members	<ul style="list-style-type: none"> ➤ Members of both the Houses take an oath of allegiance to the Constitution. ➤ Forms of Oaths or Affirmations are provided in the 3rd Schedule of the Constitution. 	<ul style="list-style-type: none"> ➤ Members of both the Houses take an oath of allegiance to the Crown. ➤ Oath is based on Promissory Oaths Act 1868 and Oaths Act 1978.

New SEBI Guidelines for Credit Rating Agencies (CRAs)

Guidelines, issued under SEBI Act (1992) and Regulation 20 of CRA Regulations, will enhance the Ease of Doing business for CRAs and protect investor interests.

Key guidelines

- **Communicating rating to companies:** By CRAs and within one working day of the rating committee meeting.
- **Appeal against rating:** Companies can request a review or appeal of the rating decision have three working days of the rating committee meeting.
- **Public disclosure:** CRAs must publish a press release on their website and inform the stock exchange/debenture trustee within seven working days of the rating committee meeting
- **Record maintenance:** CRAs must keep records of these disclosures for 10 years.

About Credit rating in India

- **Credit ratings:** It represents a CRA's opinion on the probability of timely repayment of debt and the likelihood of default on interest and principal payments.
- **CRA:** SEBI (Credit Rating Agencies) Regulations, 1999 defines CRA.
 - ⊕ A CRA is a corporate body involved (or proposes to be engaged) in rating securities (either listed or to be listed on a SEBI-recognized stock exchange).
- **7 CRAs registered with SEBI:** CRISIL, CARE, ICRA, Acuité, Brickwork Rating, India Ratings (Ind-Ra) And Research Pvt. Ltd, Infomercis Valuation And Rating Pvt. Ltd.

CRA vs Credit Bureau

- A CRA provides an opinion relating to future debt repayments by borrowers.
- A credit bureau provides information on past debt repayments by borrowers.

Annual Survey of Unincorporated Sector Enterprises (ASUSE) Results for 2021-22 and 2022-23

ASUSE was conducted by National Sample Survey Office, Ministry of Statistics and Programme Implementation.

- ASUSE covered unincorporated non-agricultural establishments pertaining to proprietorship, partnership (excluding Limited Liability Partnerships), Self-Help Groups (SHG), co-operatives, societies/trusts etc.

About Unincorporated Enterprise

- It is a producer unit which is not incorporated as a legal entity separate from the owner.
- The fixed and other assets used in unincorporated enterprises do not belong to the enterprises but to their owners.
- Enterprises as such cannot engage in transactions or contractual relationships with other economic units nor incur liabilities on their own behalf.

Key highlights of Survey (2022-23)

- Establishments in the sector grew by 5.88% (from 2021-22) to 6.50 crore, out of which about 55% belong to rural areas.
- Highest number of establishments are in Uttar Pradesh, West Bengal and Maharashtra.
- Gross Value Added (GVA) showed a 9.83% increase from 2021-22.
- Women entrepreneur led 54% of proprietary establishments in the Manufacturing sector.
- Rapid rate of digitization with a 7.2% increase in use of internet for entrepreneurial purpose.
- Improvement in credit availability showcased by increase in outstanding loan per establishment to Rs. 50,138 in 2022-23.

Significance of Unincorporated Enterprises

- Pivotal contribution to GDP and employment generation (11 crore workers employed in 2022-23).
- Integral part of supply chain as they support incorporated sector by acting as suppliers and service providers.

Challenges to Unincorporated Enterprises

- Lack of access to formal credit and lack of registrations.
- Minimum regulatory oversight leaves them vulnerable to economic shocks and policy changes.

Also in News



People's Biodiversity Register (PBR)

Thazhakara panchayat in Kerala recently published their updated PBR.

About PBR

- **Statutory recognition:** Under the Biological Diversity Act (2002), Biodiversity Management Committee (BMC) to prepare PBR in consultation with local people
- **Purpose:** To document and safeguard bioresources and associated knowledge.
- **Information in PBR:**
 - ⊕ Availability and knowledge of local biological resources, their medicinal or any other use.
 - ⊕ Any other traditional knowledge associated with them.
- **Relevance:**
 - ⊕ Supports claims of local ownership of biodiversity & traditional knowledge.
 - ⊕ Helps sustainable resource management.



Abhaya Mudra

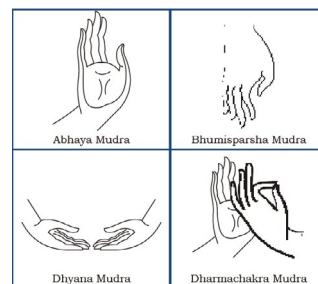
'Abhaya mudra' was referred to by the Leader of Opposition in his speech.

About Abhaya Mudra

- Symbol of fearlessness
- It is displayed by the fifth Dhyani Buddha, Amoghasiddhi and the posture used by Buddha to tame a mad elephant

Other Mudras associated with Buddha and their meaning

- **Bhumisparsha:** Calling the earth to witness. It is in this posture that Shakyamuni (or Buddha) overcame the obstructions of Mara while meditating on Truth.
- **Dhyana Mudra:** Mudra of meditation. It indicates the perfect balance of thought, rest of the senses, and tranquillity.
- **Dharmachakrapravartana (turning the wheel):** Represents preaching of the dhamma.





Xenophrys Apatani

Researchers from Zoological Survey of India has recorded a new species of **forest-dwelling horned frog (Xenophrys Apatani)** from **Talle Wildlife Sanctuary, Arunachal Pradesh**.

- Discovery adds significantly to **India's herpetofaunal** (group of organisms that includes both amphibians and reptiles) **diversity**.

About Xenophrys Apatani

- It has been named after the **Apatani tribe** of Arunachal Pradesh.
- **Features:**
 - ⊕ **Leaf-litter dwelling** frog, known for **living amongst tea leaves**.
 - ⊕ Have small horns and is **dark brown** in colour.
- **Xenophrys species:** Biogeographic distribution in India is concentrated along the **Eastern Himalayas and Indo-Burma biodiversity hotspots**.



Indo-French Liver and Metabolic Disease Network (InFLiMeN)

Ministry of Science and Technology launched Indo-French Liver and Metabolic Disease Network (InFLiMeN) in collaboration with Government of France.

About InFLiMeN

- It is a **joint research programme** that aims to foster scientific exchanges and enhance joint research projects to tackle health challenges associated with **liver and metabolic disorders**.
- It has been established at **Institute of Liver and Biliary Sciences, New Delhi**.
- **Significance:** **Every third Indian has fatty liver**, which predates Type 2 Diabetes and other metabolic disorders. InFLiMeN aims to address issues related to Fatty Liver Disease.



ISI Mark

Government makes **Indian Standards Institution (ISI) mark** mandatory for stainless steel and aluminium kitchen utensils through a **Quality Control Order**.

- ISI Mark is developed by Bureau of Indian Standards (BIS), assuring of **product quality and safety**.

About BIS

- BIS is the **National Standard Body of India** established under the BIS Act, 2016.
- It aims at harmonious development of the activities of **standardization, marking and quality certification** of goods.
- **Other BIS Standards:**
 - ⊕ **Hallmark:** Official guarantee of purity or fineness of precious metal articles.
 - ⊕ **Eco Mark:** Labelling of environment friendly products.



Groynes

Residents of coastal **Ernakulam (Kerala)** protest the lack of effective measures towards **mitigating coastal erosion**, and incomplete erection of sea groynes.

Groynes:

- They are shore protection structures **built perpendicular to the shoreline** of coast or river.
- Groynes **trap sediments** from longshore drift so that the coast behind the sand layer is protected from erosion.
- **Rock, wood, steel and sand-filled bags** are often used for constructing groynes.
- **Functions:** Reduced erosion, greater wave energy dissipation and long-term stabilization of coastlines.
- **Other methods of coastal protection:** Seawalls with tetrapods (Mumbai), Offshore Reefs, Breakwater, Beach Nourishments etc.



SEHER Program

Women Entrepreneurship Platform (WEP) and TransUnion CIBIL has launched SEHER Program.

- WEP is a **public-private partnership platform** incubated at NITI Aayog aiming at **empowering women entrepreneurs**.

About SEHER Program

- It is a **credit education program** which will help women entrepreneurs to access **financial tools for business growth** with financial literacy content and business skills.
- Program is **part of WEP's Financing Women Collaborative (FWC)**, a first-of-its-kind initiative aimed at accelerating access to finance for women entrepreneurs.
- Presently, **only 7% of overall outstanding loans to MSMEs are to women-led businesses**, signifying the need for improving credit access to women entrepreneurs.



Gallantry Awards

President conferred **Kirti Chakras and Shaurya Chakras** to the personnel of the **Armed Forces, Central Armed Police Forces (CAPF) and State/UT Police**.

- Awards were given for displaying **conspicuous gallantry, indomitable courage and extreme devotion to duty**.

Gallantry awards

- **Param Vir Chakra, Maha Vir Chakra and Vir Chakra** were instituted on 26th January 1950.
- **Later on, 3 more awards** were instituted.
 - ⊕ Param Vir Chakra, Ashoka Chakra, Mahavir Chakra, Kirti Chakra, Vir Chakra, Shaurya Chakra (in **order of precedence**).
- Awards are announced on **Republic Day and Independence Day**.

Places in News



Democratic Republic of Congo (Capital: Kinshasa)

First secretary-level meeting between defence ministries of India & Democratic Republic of Congo (DRC).

DRC (Capital: Kinshasa)

Political Features

- Largest country in **Sub-Saharan Africa (SSA)** and **second largest** in African Continent (after Algeria).
- **Territorial boundaries:** Angola, Burundi, Central African Republic, Republic of the Congo, Sudan, Tanzania, Uganda, and Zambia (9 nations).
- **Maritime boundary:** Opens **Atlantic Ocean**.

Geographical features

- **Major River:** Congo River (second **longest river**, after the Nile).
- **Vegetation:** Mainly tropical forests. Also **Congo basin is home to world's largest tropical peatlands** along with Brazil and Indonesia.
- **Minerals:** It has 70% of the world's **cobalt**, 3rd largest producer of **oil** in Sub-Saharan Africa. It also has **Gold, coal, and iron-ore deposits, lithium, etc.**

