

# NEWS TODAY

## India's External Debt climbs to \$717.9 billion in December 2024

As per Finance Ministry's **Quarterly External Debt Report (December 2024)**, External Debt has risen by **10.7%** (from December 2023) mainly due to **Valuation Effect**.

➤ **Valuation effect** occurs due to the **appreciation of US dollar** vis-à-vis the Indian Rupee.

### Other Key Highlights of the Report

- **External Debt to GDP ratio:** Stood at **19.1%** (December, 2024) from 19.0% (September, 2024).
- **Composition:** **US dollar Denominated Debt** and **Loans** constituted the largest component.
- **Debt service (Principal repayments plus interest payments):** Declined by 0.1% (September - December, 2024).
- **Long Term Vs Short Term Debt:** Former recorded a **marginal increase** while the latter observed a **marginal decline**.

### About External Debt

- **Meaning:** Refers to the money borrowed from **sources outside the country**, by both the **Central Government** and **Corporations (External Commercial Borrowings)**.
  - ⊕ Predominantly **denominated in other currencies** viz., US Dollar, SDR, etc.,
- **Sources:** Could be **foreign commercial banks, international financial institutions** like IMF, World Bank, etc., or **foreign governments**.

### Challenges with rising External Debt

- **Repayment Burden:** Since, it is usually **denominated in other currencies**, changes in exchange rate affects its repayment burden.
- **Rising Inflation:** Prolonged inflation further **increases the interest rates, slowing down growth**, resulting in a higher external debt to GDP ratio.
- **Global Scenario:** Global threat of stagflation may lower the demand for India's exports affecting the **debt service ratio**.

### Key Recommendations to manage External Debt



**Diversifying currency transactions:** Reducing U.S. dollar reliance, promoting long-term rupee-denominated borrowing, etc.



**Sustainable Debt Practices:** Borrowing directed towards investment, not consumption



**Balancing borrowing with economic growth:** Focus on robust fiscal policies, export-led growth, etc.

## SpaceX launched the first human spaceflight to cruise directly over Earth's polar orbit

This Mission titled "**Fram2**" has been launched by Dragon spacecraft of SpaceX. It will carry out a series of experiments, including the **first X-ray in space and the cultivation of mushrooms in microgravity**.

### About Earth's polar orbit:

- A polar orbit is when a satellite orbits Earth by **passing over the North and South Poles**.
  - ⊕ A deviation of **10 degrees over north and south poles** is still classified as a **polar orbit**.
- **Height:** Polar orbits are a **type of low Earth orbit**, typically between 200 to 1000 km in altitude.
- **Significance:** A spacecraft orbiting over the poles can **observe the entire planet as it spins underneath**.
  - ⊕ The path is particularly **useful for weather, mapping and spy satellites**.
- **Issue:** Launching rocket into polar orbits **requires greater fuel** since rockets cannot harness Earth's rotational speed.

Satellite Orbit	Height	Application	Details	Examples
<b>Low Earth orbit (LEO)</b>	Under altitudes of 2000 km	Satellite imaging, communication, Earth observation, navigation and scientific research	International Space Station (ISS) also orbits here as shorter distance makes it easier for astronauts to reach.	RISAT-2B
<b>Sun-synchronous orbit (SSO)</b>	Between 600 to 800 km	Ideal for studying land-use changes, ice melting, and weather.	Particular kind of polar orbit in which satellites are in sync with Sun.	HysIS for earth observation
<b>Medium Earth orbit (MEO)</b>	From 2,000 to 36,000 kilometers	Ideal for navigation satellites and telephone communications	Satellites in MEO do not need to follow specific paths around Earth	European Galileo system
<b>Geostationary orbit (GEO)</b>	35,786 km	Telecommunication, weather satellites, GPS etc.	Fly above Earth's equator, moving from west to east, exactly matching Earth's rotation.	Indian National Satellite System (INSAT)

## India's Defence Exports reach a record high of Rs 23,622 crore in 2024-25

The growth of **12.04%** over 2023-24 reflects the growing **acceptability** of **Indian products** in the global market with its ability to be a part of the **global supply chain**.

### Significance of Rising Defence Exports

- ▶ **Promote Indigenous Defence Production:** India's defence production marked a **174% rise** (2014-15 to 2023-24) promoting self-reliance.
- ▶ **Achieving Policy Targets:** India targets **₹3 lakh crore in defence production** and **₹50,000 crore in defence exports** by 2029.
- ▶ **Catering to International Demand:** **92% of the global contracts** signed by the Ministry of Defence was awarded to the domestic industry (2024-25).
- ▶ **Boosting Private Sector Participation:** The private sector **contributed Rs 15,233 crore** in defence exports of 2024-25.
- ▶ **Diversified export portfolio:** Including items like bulletproof jackets, Dornier (Do-228) aircraft, Chetak helicopters, etc., **reduce import dependency**.

### Key Challenges with Defence Export

- ▶ **Slow Growth in Defence Public Sector Undertakings (DPSUs):** Although DPSUs have shown a significant increase of **42.85% in their exports (FY 2024-25)**, their actual production remained much below the private sector.
- ▶ **Lack of Technological Depth:** Technological Depth needed to **design/manufacture** major systems and critical parts, components, and raw materials, are eventually imported by India.
- ▶ **Lag between Policy Announcement and Implementation:** Largely impacted due to **bureaucratic hurdles**.

### Key Initiatives Propelling India's Defence Exports

<p><b>Indigenous Production: Make in India;</b> Robust <b>defence industrial base</b> including DPSUs, MSMEs; <b>Defence Testing Infrastructure Scheme (DTIS)</b>, etc.</p>	<p><b>Innovation and Research:</b> Acing Development of Innovative Technologies with <b>iDEX (ADITI), MAKE (I, II, III) Projects</b> for innovation in indigenous production</p>
<p><b>Advancing Self-Reliance: Self-Reliant Initiatives through Joint Action (SRIJAN); Defence Industrial Corridors</b>, etc.</p>	<p><b>Policy Reforms: Liberalized FDI Policy</b> (74% FDI through automatic route), <b>Ease of Doing Business</b> (extending validity of export authorisation for parts and components), etc.</p>

## Standing Committee on External Affairs released report on Indian Diaspora Overseas

**Indian Diaspora** refers to **people of Indian origin** who had **migrated to foreign lands** either several generations ago or in recent past on long term Visas issued by other Countries and have since settled abroad.

- ▶ They include Overseas Citizens of India (**OCIs**)/Persons of Indian Origin (**PIOs**) and Non-Resident Indians (**NRIs**).
- ▶ **Current Status:** As of January 2024, **Population of Indian Diaspora** was about **35.42 million**, comprising 15.85 million NRIs and 19.57 million PIOs and OCIs.

### Issues of Diaspora Highlighted and Recommendations by committee:

Areas	Concerns	Recommendations
<p><b>Conversion of PIO Cards to OCI Cards</b></p>	<p>Response under OCI Card Scheme has been slow and <b>number of OCI cards</b> issued are far inadequate.</p>	<p>Concerted efforts through <b>social media, Diaspora organizations</b> to ensure completion of conversion of all PIO cards to OCI cards by December 2025.</p>
<p><b>Voting Rights to NRIs</b></p>	<p>As per existing norms, NRIs who have enrolled in voters list have to be present physically to cast votes.</p>	<p><b>Electronically Transmitted Postal Ballot System (ETPBS)</b> can be considered for extending voting rights of NRIs</p>
<p><b>Transfer of Sentenced Persons from Foreign Jails</b></p>	<p><b>Only 8 Indian prisoners</b> were transferred from foreign countries to India in last 3 years.</p>	<p><b>Need to enhance diplomatic effort</b> to streamline process of transferring prisoners and ensuring fair treatment for Indian nationals in foreign jails.</p>
<p><b>Status of Emigration Bill</b></p>	<p><b>Delay in the process of finalizing</b> Emigration Bill despite witnessing harrowing incidents of illegal emigration.</p>	<p><b>Comprehensive legislative overhaul</b> to replace Emigration Act 1983 and Overseas Mobility (Facilitation and Welfare) Bill, 2024 should be prioritized.</p>
<p><b>Working Group on Schemes/Programmes for Welfare of Diaspora</b></p>	<p><b>No meeting</b> is seen to have been held since 2021.</p>	<p><b>Ensure biannual meeting of Working Group</b> to analyze objectives, working and challenges of various schemes/programmes/initiatives.</p>

## China, India should strengthen ties in 'Dragon-Elephant tango': Chinese President

Marking 75<sup>th</sup> anniversary of bilateral relations between two countries, Chinese President termed India and China as “ancient civilizations, major developing countries and important members of Global South”.

### Key Issues in India-China relations

- **Unsettled Border:** Along the 3,488-kilometer Line of Actual Control (LAC), the lack of mutual agreement between the two countries has led to **military clashes**.
- **Geopolitical Rivalry:** For example, India sees **China's Belt and Road Initiative (BRI)**, including China-Pakistan Economic Corridor (CPEC) passing through disputed Kashmir region, as a **strategic encirclement**.
- **Economic Imbalance:** India is heavily reliant on Chinese imports, with the country's **trade deficit surging to \$85.1 billion** in FY 2024.
- **China's support to Pakistan:** in the form of **advanced military technology and economic aid**, further complicates India's security.

### Way Forward

- **Early resolution of border disputes** through diplomatic mechanisms such as **Border-Personnel Meetings, Working Mechanism for Consultation and Coordination (WMCC)**, etc.
- **Strengthening economic interdependence** with balanced trade and investment opportunities.
- Both countries need a **"durable base" for rebuilding the relations** based on a **threefold formula** of **mutual respect, mutual sensitivity and mutual interest**.

## Significance of Stable India-China Relations



### Economic

- Boost prosperity for 1/3<sup>rd</sup> of world's population
- \$100 billion + trade aiding key Industries
- Stabilizing supply chains



### Geopolitical & Strategic

- As nuclear neighbors, prevents rivalry
- Boosts UN/WTO cooperation
- Strengthens global governance



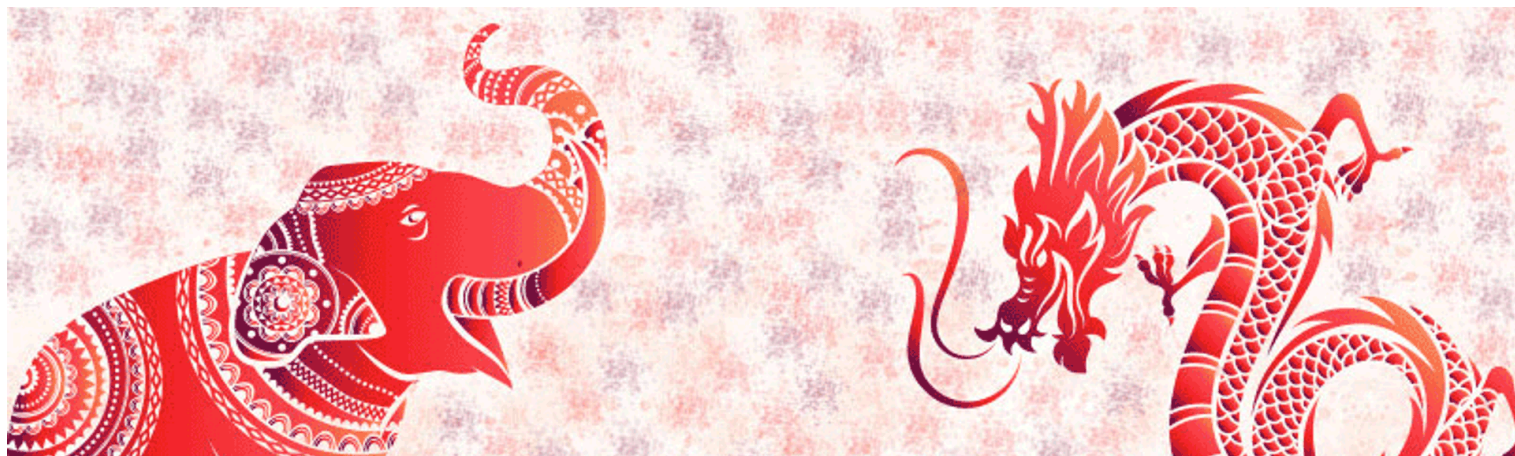
### Energy & Water Security

- Enables energy cooperation
- Technology Sharing
- Fair Brahmaputra water use



### Regional Stability & Peace

- Curbs border clashes (e.g. Galwan 2020)
- Limits regional tensions
- Strengthens anti-Terrorism efforts



## Also In News



### India-Chile Bilateral Talks

Indian Prime Minister and Chilean President held bilateral talks during the latter's visit to India.

#### Key Outcomes

- **Letter of Intent on Antarctica Cooperation:** Chile as the **gateway to Antarctica** for India.
- **India - Chile Cultural Exchange Program:** Chile announced November 4 as its National Yoga day.
- **Disaster Management:** MoU between **National Service for Disaster Prevention and Response (SENAPRED)** and **National Disaster Management Authority (NDMA)**.
- **Mining:** Agreement for Cooperation and Exchange of Information between **National Copper Corporation of Chile, CODELCO**, and **Hindustan Copper Limited**.
- **CEPA:** Agreed to initiate discussions on **Comprehensive Economic Partnership Agreement (CEPA)**.



### SAMARTH UDYOG BHARAT 4.0 (SAMARTH Centres)

Recently, Minister of State for Heavy Industries and Steel updated Parliament on **4 Smart Advanced Manufacturing and Rapid Transformation Hub (SAMARTH) Centres**.

- These were set up under the **Scheme for "Enhancement of Competitiveness in the Indian Capital Goods Sector"**.

#### About SAMARTH Centres

- SAMARTH Udyog Bharat 4.0 is an **Industry 4.0 initiative** of Ministry of Heavy Industry & Public Enterprises.
  - ⊖ Industry 4.0 is characterized by **integration of digital technologies** like AI, IoT, and robotics, aiming for **enhanced efficiency, flexibility**, and smart decision-making.
- These centres provide assistance to industries including MSMEs **to train the workforce and make them aware about Industry 4.0 technologies** through **workshops, consultancy, and incubation support** to start-ups.





### Central Adoption Resource Authority (CARA)

India saw a record **4,515 child adoptions** in FY 2024-25 with CARA introducing 8,598 newly identified children into the adoption pool.

#### About CARA

- **Genesis:** 1990.
- **Nature:** **Statutory body** as per the **Juvenile Justice (Care and Protection of Children) Act, 2015.**
- **Ministry:** Ministry of Women & Child Development.
- **Functions:** **Nodal body** for adoption of Indian children, monitors and regulates **in-country** and **inter-country** adoptions through **Child Adoption Resource Information & Guidance System (CARINGS).**
- ⊕ Designated as the **Central Authority** to deal with inter-country adoptions under **Hague Convention on Inter-country Adoption, 1993** (ratified by India in 2003).



### Open Market Operations (OMO)

RBI announced **Open Market Operation (OMO)** to pump ₹80,000 crore into the banking system.

#### About OMOs

- It refers to the **Central Bank's (RBI) buying and selling of government bonds** in the open market.
- It is among the **Quantitative tools** used by RBI to regulate the **money supply, control inflation, and ensure economic stability.**
- ⊕ When RBI **buys** a Government bond, it **increases the money supply.**
- ⊕ When RBI **sells** a bond, it leads to **reduction in the money supply.**



### Prime Minister's National Relief Fund (PMNRF)

PM announced an ex-gratia from PMNRF to Fire Factory explosion victims in Gujarat.

#### About PMNRF:

- **Genesis:** Instituted by **former PM Jawaharlal Nehru** to assist displaced persons from Pakistan in **1948.**
- **Usage:** Utilized primarily to render immediate relief to families of those killed in natural calamities like **floods, cyclones and earthquakes, etc.**
- ⊕ **Assists partially** to defray the expenses for medical treatment like heart surgery, kidney transplantation, cancer treatment of needy people and acid attack etc.
- **Source of funding:** Fund consists entirely of **public contributions and does not get any budgetary support.**
- All contributions towards PMNRF are exempt from **Income Tax under section 80(G).**



### Taiwan Strait

China launched new military drills named **"Strait Thunder-2025A"** in middle and southern parts of **Taiwan Strait.**

- **A strait** is a narrow body of water that connects two larger bodies of water.

#### About Taiwan Strait (Or Black Ditch)

- Named **Formosa ("Beautiful")** by Portuguese navigators in the late 16<sup>th</sup> century.
- **Location:** Lying between China's Fukien province and Taiwan.
- **Connecting seas:** Strait extends from southwest to northeast between South and East China seas.
- **Significance:** Major global shipping corridor, with 44% of world's container fleet moving through it.
- **Median Line or Davis Line:** Runs approximately down the middle of the Taiwan Strait. **(Not recognised by China)**



### Cape Town Convention and Protocol

Rajya Sabha passed **'The Protection of Interests in Aircraft Objects Bill, 2025'** aiming to align it as per **Cape Town Convention** (Convention on International Interests in Mobile Equipment) and **Protocol on Matters Specific to Aircraft Equipment.**

#### About Cape Town Convention and Protocol

- **Aim:** **Standardise** transactions involving **movable property**, particularly **high-value assets** like aircraft, engines, and helicopters, to ensure **creditors** can enforce their rights in case of default.
- **Adoption:** Jointly by **International Civil Aviation Organisation (ICAO)** and **UNIDROIT** (International Institute for the Unification of Private Law) in **2001.**
- **Parties:** **65 Parties** (2016) [India signed in 2008].



### 'NITI NCAER States Economic Forum' Portal

The Finance Minister recently launched the "NITI NCAER States Economic Forum" portal.

- Portal has been **developed by NITI Aayog**, in collaboration with the **National Council of Applied Economic Research (NCAER).**

#### About the Portal

- It is a comprehensive **repository of data on social, economic and fiscal parameters**, including research reports, papers, and expert commentary on **State Finances for a period of about 30 years** (1990-91 to 2022-23).
- **Objective:** Portal will help States to make **informed policy decisions in public finances** like **raising revenues, managing debts and learning from peer experiences.**

## Place in News



### Malaysia (Capital: Kuala Lumpur)

A gas pipeline got burst in Putra Heights in central Selangor state, **Malaysia** injuring many people.

#### Political Features

- **Location:** **Southeast Asia** (North of Equator).
- ⊕ Divided into **two parts** by the **South China Sea: Peninsular Malaysia** (West Malaysia) and **East Malaysia** (Located on Borneo Island).
- **Land Bordering Countries:** Thailand, Indonesia, and Brunei.
- **Maritime Bordering Countries:** Singapore, Philippines, and Vietnam.
- **Surrounding Water Bodies:** Strait of Malacca, Celeb Sea, South China Sea.

#### Geographical Features

- **Highest Peak:** Mount Kinabalu
- **Important Rivers:** Rajang, Kinabatangan, Pahang



AHMEDABAD



BENGALURU



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CHANDIGARH



DELHI



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