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TATHASTU

Institute of Civil Services



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Central Govt's Fiscal Position in Line with revised estimates

News: Recently, Data released by the Controller General of Accounts showed that the central government's Fiscal position in just concluded FY 2022-23 was in line with the revised estimates laid out in Union Budget.

Primary Deficit	Basis	Fiscal Deficit
It is the difference between fiscal deficit and interest payment.	Meaning	It is the excess of total expenditure over total receipts (excluding borrowings).
It is the total borrowing requirements of the government, excluding interest)	Indicator	It indicates the total borrowing requirements of the government (including interest)
Primary deficit = Fiscal deficit - Interest payment	Formulae	Fiscal Deficit = Total Expenditure - Total Receipts (excluding borrowings)

What is Fiscal Deficit?

- The difference between total revenue and total expenditure of the government is termed as fiscal deficit. It is an indication of the total borrowings needed by the government.

How was the Centre able to contain its fiscal deficit?

- On the **revenue side**, **higher tax and non-tax revenues** were one of the reasons.
- On the **expenditure side**, the centre cut back marginally on revenue expenditure while maintaining its commitment to enhancing capital expenditure.
- The **Centre's Gross tax collections** grew at a healthy **12.7%** in 2022-23.
- On the expenditure side, the centre's capital expenditure grew by **24%**, driven by outlays on roads and railways.
- The **fertilizer subsidy** was higher than budgeted, it was offset by **lowering spending** in other areas such as the **food subsidy**.

What is the Government's target on Fiscal Deficit?

- The Finance minister aims to bring down the Fiscal Deficit to **below 4.5% of GDP by 2025-26**.

What are the ways to Finance the Fiscal Deficit?

- Borrowing from domestic sources**, such as banks, financial institutions, public sector undertakings, and individuals. This can be done through issuing government securities, treasury bills, bonds, etc
- Borrowing from external sources**, such as foreign governments, multilateral agencies, private lenders, etc. This can be done through external commercial borrowings, foreign currency loans, sovereign bonds, etc
- Printing money or monetizing the deficit**. This can be done by the Reserve Bank of India (RBI) buying government securities and increasing the money supply in the economy.
- Disinvestment or selling off government assets or stakes** in public sector enterprises. This can generate non-tax revenue for the government and reduce its expenditure.
- Higher Taxation can also help finance Fiscal deficit.

Way forward

- Each of the methods (to finance Fiscal Deficit) has its own advantages and disadvantages, such as the impact on inflation, interest rates, exchange rates, debt sustainability, growth prospects, etc. The government has to balance these factors and choose the optimal mix of financing sources for its fiscal deficit.

Is India a Parliamentary Democracy or Executive Democracy?

News: The new parliament building was inaugurated with much celebrations and raised controversy as well.

Background:

- The controversy over the exclusion of the President of India – the formal head of the executive – from the inauguration.
- The symbolism around the Sengol – was originally used to signify the transfer of power between Chola rulers.

What is Parliamentary Democracy? What are its features?

- It is a system of government in which citizens elect representatives to a legislative parliament to make the necessary laws and decisions for the country. It directly represents the people.
- The features of the Parliamentary form of democracy include Majority party rule, the Prime Minister acting as the centre of power, the Executive forming part of the legislature, collective responsibility, Nominal and real head, Bicameral legislature, Opposition etc.

What are the issues faced by Parliament?

- Parliament sits for fewer and fewer days in a year and Bills are passed with minimal or no deliberation.
- The ordinances from President are the new normal if not the dominant form of law-making.
- The power rests with the executive.
- Fewer bills are referred to the Parliamentary committees for scrutiny.

What are various safeguards in Parliamentary democracy against executive dominance?

- To enact its agenda, the executive must command a majority in Parliament. This opens the space for intra-party dissent. It provides an opportunity for ruling party parliamentarians other than cabinet members to exercise a check over the executive.
- The Opposition itself is granted certain rights in Parliament, and certain limited control over parliamentary proceedings.
- Certain parliamentary democracies adopt bicameralism. A second “Upper House” acts as a revising chamber, where the interests of those other than the majority are represented.
- The Speaker acts as a neutral and independent authority and represents the interests of Parliament against the executive.

How have the above safeguards been diluted?

- The possibility of intra-party dissent within Parliament has been curtailed by the “anti-defection law”. The Tenth Schedule penalises disobedience of the party whip with disqualification from the House.
- The 10th Schedule has failed to limit horse trading and floor-crossing. It has rather strengthened the hand of party leadership.
- Intra-party dissent is not possible when the price is disqualification from Parliament.
- The Speaker is not required to give up membership in their political party and is not constitutionally obligated to act impartially. The speaker thus acts in a partisan manner which is reflected in his proceedings of the house and control over other parliamentarians.
- When the ruling party wishes to avoid effective scrutiny in the Rajya Sabha over Bills, the Speaker simply classifies the Bill as a “money bill” as was seen in the case of the Aadhaar Act.

How has constitutional design impacted the deliberations of Parliament?

- The only effective check upon the executive is a fractured mandate and coalition government. In such a scenario, coalition partners can exercise checks upon the executive in Parliament.
- The quality of parliamentary deliberations has declined. The situation is akin to presidential systems with strong executives but without checks and balances.

- If India wants to return to parliamentarians, necessary constitutional changes and reforms should form the ethos of the new Parliament.

Country Partnership Strategy for India – ADB

News: The Asian Development Bank (ADB) has announced its India strategy for the period 2023-2027, with a key focus on employment creation and promoting green growth.

Background:

- The Country Partnership Strategy (CPS) for India (2023-2027) is a plan by the Asian Development Bank (ADB) to deepen its engagement with India and support its drive for robust, climate-resilient, and inclusive growth.

What is CPS 2023-27?

- It supports India's national development priorities to be achieved by 2047, aligning with the country's 100 years of independence.
- It focuses on 3 pillars – i) Accelerate the structural transformation and job creation through the convergence of logistics-industry-urban-skilling programs, along with support for MSMEs ii) Promote climate-resilient growth and iii) Deepen social and economic inclusiveness.
- It also focuses on 4 Cross-cutting themes – i) Domestic resource Mobilization ii) Gender equality and social inclusion iii) Digitalization and innovation ecosystem support and iv) Regional cooperation and integration through SASEC

About ADB:

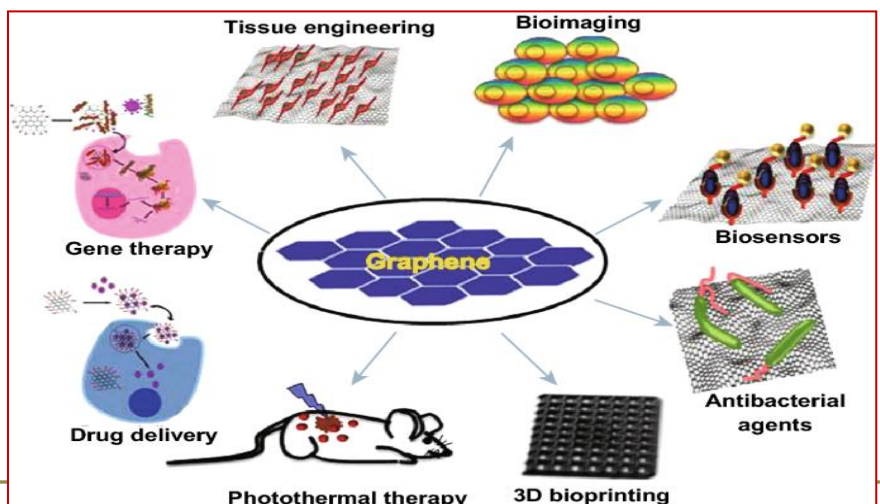
- The Asian Development Bank (ADB) envisions a prosperous, inclusive, resilient, and sustainable **Asia and the Pacific** while sustaining its efforts to eradicate extreme poverty in the region.
- ADB assists its members, and partners, by providing loans, technical assistance, grants, and equity investments to promote social and economic development.
- The Asian Development Bank has **68 member countries**, with 49 from the Asia-Pacific region and 19 from outside the region.
- The Asian Development Bank is owned by its member countries, with **Japan** and the **United States** being the **largest shareholders**.
- India is one of ADB's founding members.
- The bank operates with a **weighted voting system**, similar to the World Bank, where **votes are distributed based on members' capital subscriptions**.
- ADB's highest policy-making body is **the Board of Governors**, which comprises one representative from each member nation. The Governors elect 12 members to form the Board of Directors, which performs its duties full-time at the ADB headquarters.
- Headquarters – Manila, Philippines.

Graphene

News: India needs to catch up in the research and production of graphene, a revolutionary material with numerous applications.

What is Graphene?

- Graphene is a special material. Among its many talents, it can act as a superconductor, generate a super-rare form of magnetism, and unlock entirely new quantum states.
- It is the **world's thinnest, strongest, and most conductive material** of



both electricity and heat. It is **200 times stronger than steel** but 6 times lighter.

- Graphene composites are used in aerospace, automotive, sports equipment and construction.
- It is used for **high-performance batteries**, supercapacitors, **touchscreens**, and **conductive inks**.
- Graphene-based sensors are used for **environmental monitoring**, **healthcare** and **wearable devices**.
- Graphene oxide membranes are used for **water purification** and **desalination**. Graphene-based masks were made during COVID.
- Graphene is important for **defence and aerospace**. Its exceptional strength makes it a promising material for armour and ballistic protection.
- Graphene has the potential to **absorb and dissipate electromagnetic waves**. So, it is valuable for developing stealth coatings and materials that reduce radar signatures and electromagnetic interference.

What has India's progress been like as far as Graphene is concerned?

- India's graphene progress has been slower than leading countries like China and Brazil.
- India opened its first Graphene Innovation Centre in Thrissur, Kerala last year (2022); Tata Steel has succeeded in growing graphene (about 50 micrometres large domains) using annealing and extracting atomic carbon from steel surface;
- The IIT Roorkee-incubated Log 9 has patented a technology for graphene-based ultracapacitors, and the IIT Kanpur-incubated RF Nanocomposites has developed EMI shielding and stealth technology using graphene-based nanotubes.
- There is more that India can do. We need a national graphene mission and government support to ensure India's competitiveness in this emerging field.

Health Benefits of Planting Babool

News: An article in DTE highlighted the benefits of planting an arid plant Babool.

About:

- Babool, also called **Acacia arabica**, belongs to the family Leguminosae. Babool is a spiny, medium-sized, **perennial tree** commonly found throughout India. The bark of the tree is known as Babur or Babul in Hindi. Today, it is widely known as Gum Arabic as it was imported in large quantities in Arab.
- India is home to at least three of nine subspecies of the tree, with natural babool forests found in Maharashtra, Gujarat, Andhra Pradesh, Rajasthan, Haryana and Karnataka.
- Historically in India, the bitter babool has been used as a famine food in arid and semi-arid regions like Rajasthan.
- Scientific name – Vachellia Nilotica

Benefits of Babool:

- The seeds of babool contain rich amounts of fibre and proteins. Its pods contain more fibre and have a lesser amount of protein as compared to the leaves
- Its seed oil can be an alternative to chemicals for controlling major farm pests.
- Its pods have Antibacterial properties and are effective against gram-positive bacteria. Its pods also act as a natural food preservative. Its pod extracts can replace synthetic food preservatives and inhibit microbial spoilage.
- Babool helps in the reclamation of degraded areas by fixing nitrogen and acting as a windbreak.
- Planting babool trees benefits biodiversity and helps combat desertification.

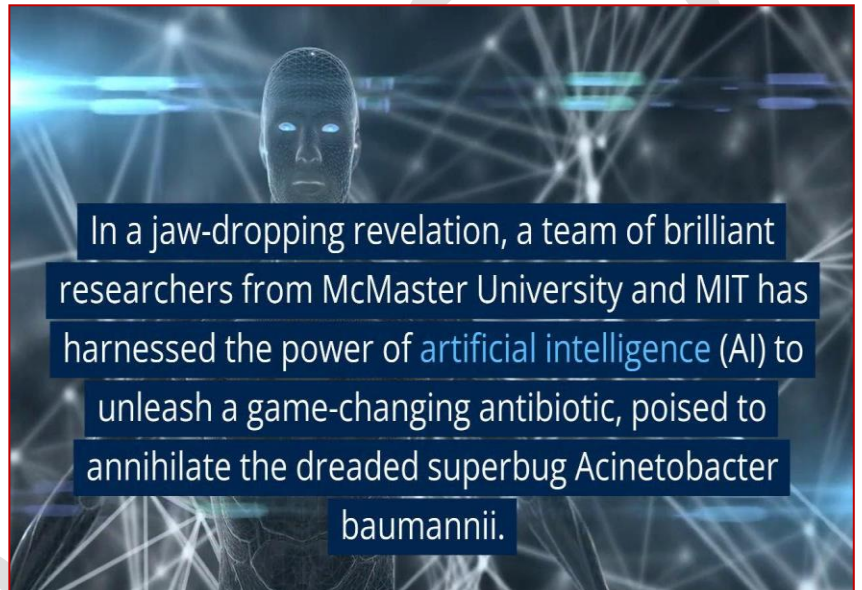
Facts for Prelims

Abaucin

News: Scientists have used machine learning to discover a potential new antibiotic called abaucin, which targets the highly resistant *Acinetobacter baumannii* bacteria.

About *Acinetobacter baumannii* bacteria:

- *Acinetobacter baumannii* is a Gram-negative bacteria known for its ability to develop resistance to many antibiotics.
- It is a major cause of hospital-acquired infections and is considered a “red alert” pathogen. *A. baumannii* has a protective outer membrane that allows it to resist antibiotics, making it challenging to treat.
- It is commonly found in the environment, like in soil and water. It can cause infections in blood, urinary tract, and lungs, or wounds. WHO has classified it as a critical threat among its “priority pathogens” – a group of bacteria families that pose the greatest threat to human health.



How does Abaucin work?

- Abaucin works by disrupting the normal function of a protein called CCR2 in bacteria. This disruption affects the movement of certain molecules inside the bacteria, preventing them from reaching the outer membrane. As a result, the growth of *Acinetobacter baumannii* is inhibited, making it less able to cause infections.
- Abaucin is selective in its action and mainly targets *Acinetobacter baumannii*, leaving other bacteria unharmed.