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1.	PRODUCTION-LINKED INCENTIVE (PLI) SCHEMES
2.	SPECIAL STATUS OF CERTAIN STATES
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PRODUCTION-LINKED INCENTIVE (PLI) SCHEMES

SOURCE: [INDIAN EXPRESS](#)

WHY IN NEWS?

- *The postponement of the new industrial policy in favor of prioritizing the **production-linked incentive (PLI)** scheme is a significant development, reflecting the **government's strategic shift** in stimulating the **manufacturing sector**.*
- *The PLI scheme, considered the **de facto industrial policy**, has gained prominence as a key driver to **address economic challenges and attract investments**.*
- *The decision underscores the importance of **leveraging existing initiatives** to enhance India's **manufacturing landscape amid global dynamics and challenges**.*

Production Linked Incentive Scheme (PLI):

- **Introduction to PLI Scheme:**
 - ✓ The Production Linked Incentive Scheme (PLI) is an **initiative by the Government of India designed to attract foreign companies to invest in the country**, thereby fostering employment generation.
 - ✓ Simultaneously, it aims to stimulate domestic production and create micro-jobs.



Significance of PLI Scheme:

- **Incentivizing Local Production:**
 - ✓ The PLI scheme provides **incentives to domestic industries**, encouraging them to **increase local production**.
 - ✓ This leads to the **development of tailor-made products** catering to **specific target audiences**, contributing to **import reduction**.
- **Incremental Sales Incentives:**
 - ✓ Under the PLI scheme, **the government supports domestic companies** and establishments in establishing or **expanding manufacturing units**.
 - ✓ Incentives are provided **based on incremental sales**, fostering growth in various sectors such as **food processing, textiles, allied equipment for mobile phones, pharma, and medical devices**.
- **Targeted Sectors:**
 - ✓ The scheme focuses on **14 key sectors**, including **mobile manufacturing, medical devices, automobiles, pharmaceuticals, specialty steel, telecom products**, electronic goods, white goods (ACs and LEDs), food products, textiles, solar PV modules, ACC batteries, and drones.
- **Diversification and Cultural Empowerment:**



- ✓ The **PLI scheme can revive traditional designs and customs**, contributing to cultural diversity and empowering forgotten artistry suppressed by colonial influences.
- **Rewarding Increased Production:**
 - ✓ The fundamental framework of the PLI scheme revolves around rewarding companies for achieving higher production levels.
 - ✓ The scheme **places importance on Research and Development (R&D) investments**, ensuring that industries stay abreast of **global trends, fostering competitiveness in the international market.**
- **Climate Change Adaptation:**
 - ✓ Given the focus on **labour-intensive sectors**, the PLI scheme promotes building systems adaptable to climate change.
 - ✓ It holds the **potential to address environmental concerns** and work towards reversing climate change effects over the years.

WHAT THE SCHEME SEEKS TO ACHIEVE

Make domestic mfg
competitive & efficient

Create economies of scale

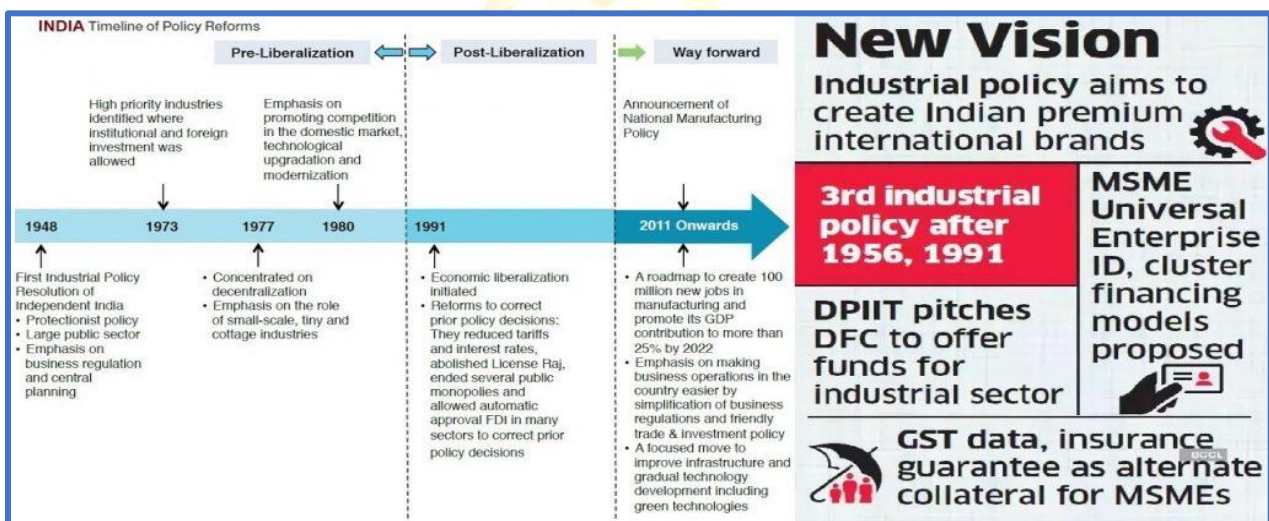
Make India part of
global supply chain

Attract investment in
core mfg & cutting edge tech

Competitive mfg would in
turn lift exports

DRAFT INDUSTRIAL POLICY FEATURES:

- **New Industrial Policy:**
 - ✓ Planned as India's **third-ever industrial policy**, it aimed to replace the significant 1991 framework.
 - ✓ Titled 'Industrial Policy 2022—**Make in India for the World**,' the draft proposed key measures like **a development finance institution** and a **technology fund.**
 - ✓ Emphasis on **addressing MSME challenges**, including better access to **corporate bond markets.**
- **Dynamic Economic Strategies:**
 - ✓ Highlights **the dynamic nature of India's economic strategies**, adapting to global manufacturing challenges and opportunities.
 - ✓ **Implies a potential release** of the industrial policy in the future, showcasing flexibility in responding to evolving economic landscapes.



SHIFT IN FOCUS: A STRATEGIC DELAY

- **Delayed Release:**

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- ✓ The new industrial policy, initially **expected this year**, is now deferred, **with a focus on leveraging free trade agreements (FTAs) and the PLI scheme to enhance the manufacturing base.**
- ✓ Reflects a **pragmatic approach**, considering ongoing discussions **about the PLI scheme's adequacy amid geopolitical shifts** and logistical challenges.

➤ **PLI as a Key Driver:**

- ✓ The PLI scheme is **considered a flagship initiative** to overcome **economic disadvantages**, stimulating manufacturing.
- ✓ However, concerns persist about its adequacy to entice companies seeking **alternatives to China amid geopolitical shifts and challenges** like high logistics costs, **infrastructure bottlenecks**, and **insufficient funds for MSMEs.**



➤ **PLI as Dominant Aspect:**

- ✓ Analysts view the PLI scheme as **constituting the de facto industrial policy.**
- ✓ While effective in specific sectors, it is deemed a **partial solution that requires India to enhance its overall attractiveness for investors** seeking alternatives to China.

➤ **PLI Outlay:**

- ✓ The NDA government has introduced PLI schemes **across 14 sectors with incentives exceeding Rs 1.90 lakh crore.**
- ✓ The scheme is **expected to contribute significantly to annual investment spending in key industrial sectors.**

CHALLENGES FACING THE PLI SCHEME:

The Production-Linked Incentive (PLI) scheme in India has **shown success in certain sectors, such as electronics and mobile manufacturing, but it also faces challenges and criticisms.**

Here are some of the challenges facing the PLI scheme:

➤ **Inadequate Incentives:**

- ✓ Some companies, particularly in the **IT hardware sector**, have **expressed dissatisfaction** with the incentives provided under the PLI scheme.
- ✓ They argue that the **incentives are not sufficient to make India more attractive than other manufacturing hubs like China and Vietnam.**
- ✓ There is a **demand for an increase in the corpus of funds** allocated to the PLI scheme to make it more competitive.

➤ **Supply Chain Disruptions:**

- ✓ **Global supply chain disruptions** and **chip shortages** have impacted the progress of companies participating in the PLI scheme.
- ✓ These disruptions have **led to delays in production** and have affected the ability of some firms to meet their targets.

➤ **Budgetary Constraints:**





- ✓ The **Ministry of Electronics and Information Technology** has communicated that it requires more **funds (over Rs 22,900 crore) to effectively implement** all the PLI schemes it is running.
- ✓ However, the available budget is **significantly lower (Rs 2,923 crore)**.
- ✓ The limited budgetary allocation poses a challenge in providing **additional incentives to companies and boosting exports**.
- **Sector-Specific Challenges:**
 - ✓ Different sectors under the PLI scheme face unique challenges.
 - ✓ For instance, the **pharmaceutical sector has requested additional funds** under the PLI scheme for drugs.
 - ✓ **The high-efficiency solar PV modules, advanced chemistry cell batteries, textile products, and specialty steel sectors** are reported to be facing challenges in picking up as expected.
- **Timely Processing of Claims:**
 - ✓ Stakeholders have raised concerns about the **timely processing of claims under the PLI scheme**.
 - ✓ **Delays in processing can hinder the overall progress** and effectiveness of the scheme.
- **Visa-related Issues:**
 - ✓ Some vendors require **expertise from Chinese professionals**, and delays in visa processing have been reported.
 - ✓ Visa-related issues can **impact the smooth implementation of the PLI scheme**, especially in sectors where **international collaboration is crucial**.
- **Environmental Clearances:**
 - ✓ **Delays in obtaining environmental clearances in certain states** have been identified as a challenge.
 - ✓ Environmental clearance is a **critical aspect**, and delays can affect the timeline of projects under the PLI scheme.

WAY FORWARD:

- **Focus on MSME Sector:**
 - ✓ The MSME sector, accounting for 97.5% of MSME employment, has been overlooked.
 - ✓ Providing incentives to the MSME sector could be more effective in promoting additional output and employment.
- **Job Creation vs. Displacement:**
 - ✓ Policymakers need to consider both job creation and potential job displacement in the large and medium-sized mechanized industries.
 - ✓ Incentives should aim at creating a positive-sum game, benefiting both small and large-scale industries through increased demand.
- **Subsidies for Micro and Small Units:**
 - ✓ Redirecting subsidies toward micro and small units could be more impactful in boosting output and employment.
- **Optimizing PLI Scheme:**
 - ✓ Prioritize the **refinement and optimization of the existing Production Linked Incentive (PLI) scheme**.
 - ✓ Introduce flexibility in the PLI scheme **to address emerging challenges and cater to sector-specific needs**.
- **Enhancing Global Competitiveness:**
 - ✓ **Geopolitical Strategies:** Develop strategic measures to enhance India's global competitiveness, considering geopolitical shifts.
 - ✓ **Addressing Challenges:** Tackle challenges like **high logistics costs and infrastructural bottlenecks** to make India an attractive alternative to China.



- **Empowering MSMEs:**
 - ✓ **Financial Support:** Prioritize financial support for Micro, Small, and Medium Enterprises (MSMEs).
 - ✓ **Market Access:** Facilitate better market access for MSMEs to encourage their active participation in the manufacturing ecosystem.
- **Monitoring and Evaluation:**
 - ✓ Establish robust metrics to monitor the progress and impact of the PLI scheme.
 - ✓ Conduct periodic evaluations to identify successes, challenges, and areas requiring adjustment.





SPECIAL STATUS OF CERTAIN STATES

SOURCE: [INDIAN EXPRESS](#)

WHY IN NEWS?

The recent discussions on special provisions for states in India, beyond the well-known Article 370, have gained prominence due to several key factors:

- **Supreme Court's Clarification on Article 370:**
 - ✓ **Background:** The Supreme Court's ruling on December 12 regarding Article 370 in the context of Jammu and Kashmir.
 - ✓ **Significance:** The clarification that Article 370 represents asymmetric federalism, not internal sovereignty, sparked renewed discussions on the nature and implications of special provisions.
- **Broader Understanding of Asymmetric Federalism:**
 - ✓ **Exploration:** Beyond Article 370, attention shifted to other states enjoying varying degrees of autonomy.
 - ✓ The exploration of asymmetric federalism as a constitutional feature became a focal point in understanding state-Centre relationships.
- **Diversity and Constitutional Framework:**
 - ✓ **Contextualization:** The discussions highlighted India's diversity as a driving factor for differentiated equality among states.
 - ✓ **Constitutional Adaptability:** The adaptability of the Constitution to accommodate diverse political, historical, and administrative contexts came to the forefront.

SPECIAL CATEGORY STATUS (SCS) IN INDIA: KEY POINTS

- **Historical Background:**
 - ✓ **Initiation (1969):** Introduced by the fifth Finance Commission to aid disadvantaged states.
 - ✓ **Architect:** Named after Deputy Chairman of the Planning Commission, Dr. Gadgil Mukherjee.
 - ✓ **Original Beneficiaries (1969-1979):** Assam, Nagaland, Jammu & Kashmir, Himachal Pradesh, Manipur, Meghalaya, Sikkim, Tripura.
- **Expansion of Special Category States:**
 - ✓ **1990:** Arunachal Pradesh and Mizoram added.
 - ✓ **2001:** Uttarakhand granted special category status.
- **Gadgil Formula and NITI Aayog Transition:**
 - ✓ **Implementation (1974-2015):** Guided the transfer of assistance to states.
 - ✓ **Changes (2015):** Dissolution of Planning Commission, adoption of 14th Finance Commission recommendations, discontinuation of Gadgil formula-based grants.
- **Rationale for Special Status:**
 - ✓ **Resource Challenges:** Aimed at supporting states with low resource bases for development.
 - ✓ **Inherent Features:** Recognition of challenges like hilly terrains, economic backwardness, and non-viable state finances.
- **Granting Authority:**
 - ✓ **National Development Council (NDC):** Comprising the prime minister, union ministers, chief ministers, and planning commission members.
 - ✓ **Responsibility:** Decides on the allocation of special category status based on specific criteria.
- **Criteria for Special Category Status:**
 - ✓ Hilly and Difficult Terrain
 - ✓ Low Population Density or Tribal Population
 - ✓ Strategic Location Along International Borders



- ✓ Economic and Infrastructural Backwardness
- ✓ Non-Viable Nature of State Finances
- **Current Status:**
 - ✓ **Limitation:** No provision in the Indian Constitution for categorizing states as "special category states."
 - ✓ **Alternatives:** Certain states covered under **Articles 371, 371-A to 371-H, and 371-J with specific provisions.**
- **Delhi's Unique Arrangement:**
 - ✓ Delhi, **not classified as a state**, has a distinctive **arrangement under Article 239AA.**
 - ✓ **Despite not being a state**, Delhi has **legislative powers on state and concurrent list subjects**, showcasing tailored governance.

ADVANTAGES OF SPECIAL CATEGORY STATUS IN INDIA:

- **Developmental Support:**
 - ✓ **Tailored Assistance:** Special Category Status provides **targeted aid to states** facing inherent challenges in development.
- **Inclusive Growth:**
 - ✓ **Addressing Disparities:** Focus on states with **hilly terrains, low population density**, and economic backwardness promotes inclusive growth.
- **Strategic Importance:**
 - ✓ **Border Security:** Recognizing states with **strategic locations along international borders** ensures enhanced attention to security and development.
- **Financial Assistance:**
 - ✓ **Central Assistance:** **Grants and tax breaks help states with non-viable finances** mobilize resources for development projects.
- **Social and Educational Benefits:**
 - ✓ **Reservation Benefits:** Special status often **comes with reservation in local government jobs** and educational institutions, fostering social and educational upliftment.

CONCERNS OF SPECIAL CATEGORY STATUS IN INDIA:

- **Regional Disparities:**
 - ✓ **Seeds of Regionalism:** Critics argue that special status **might fuel regionalism and hinder the spirit of national integration.**
- **Subjectivity in Granting:**
 - ✓ **Decision-Making Challenges:** The process of deciding which **states qualify for special status** can be subjective, leading to potential disparities.
- **Changes in Governance Framework:**
 - ✓ **Post-NITI Aayog:** Dissolution of the **Planning Commission and adoption of new frameworks like the NITI Aayog** have **altered the approach, raising concerns about continuity and effectiveness.**
- **Exclusion of States:**
 - ✓ **Constitutional Limitations:** The Indian Constitution **lacks provisions for expanding the list of special category states**, potentially leaving deserving states without additional support.
- **Long-Term Dependency:**
 - ✓ **Risk of Dependency:** States with special status **might become overly reliant on central assistance**, potentially impeding efforts towards self-sufficiency.
- **Evolutionary Challenges:**



- ✓ **Shifts in Governance:** Changes in finance commission **recommendations and evolving governance structures may pose challenges in maintaining consistency** and relevance in special status criteria.


WAY FORWARD:

- **Balancing regional needs with national cohesion** remains crucial.
- **Continuous dialogue and periodic reviews of special provisions** can ensure relevance without compromising unity.
- **Encouraging inclusive policies and shared economic growth** can mitigate concerns of regionalism.
- Understanding and **navigating the complexities of special provisions is integral** to preserving India's diverse yet unified fabric.
- **Strategic considerations and continuous evaluation** will guide the nation toward a **harmonious coexistence** of regional autonomy and national integration.





PRELIMS POINTERS:

TOPIC	DISCRIPTION
<p>ISRO to launch Chandrayaan-4</p>	<p>WHY IN NEWS?</p> <ul style="list-style-type: none"> ❖ Chandrayaan-4 and Lunar Sample Return: <ul style="list-style-type: none"> ☛ ISRO announces plans to launch Chandrayaan-4 for lunar sample return within four years. ☛ Focus on advanced technology development for sample collection, docking, and Earth re-entry. <p>KEY HIGHLIGHTS</p> <ul style="list-style-type: none"> ❖ Bharatiya Antariksh Station (Space Station) Vision: <ul style="list-style-type: none"> ☛ First module of India's planned space station to be launched by 2028. ☛ Vision aligns with PM Modi's call for a space station by 2035 and a manned Moon mission by 2040. ❖ SPADEX Experiment: Autonomous Docking Capability: <ul style="list-style-type: none"> ☛ Crucial experiment SPADEX, set in the next 3-4 months, to demonstrate autonomous docking. ☛ Two satellites will separate, travel independently, and reconnect, showcasing advanced docking technology. ❖ Technology Challenges for Sample-Return Mission: <ul style="list-style-type: none"> ☛ ISRO acknowledges the need for more advanced technology for a lunar sample-return mission. ☛ Development of technologies includes robotic arms, docking mechanisms, sample transfer, and controlled re-entry. ❖ Inflatable Habitat Module and Sustained Presence: <ul style="list-style-type: none"> ☛ ISRO working on inflatable habitat module for astronauts to move and conduct experiments. ☛ Aims for sustained Indian presence in space with advanced space technologies and infrastructure. 
<p>Impeachment Motion of the President</p>	<p>WHY IN NEWS?</p> <ul style="list-style-type: none"> ❖ A recently constituted inquiry committee has been tasked with scrutinizing aspects pertinent to the US president Joe Biden. <p>COMPARISON BETWEEN THE INDIA AND USA'S IMPEACHMENT MOTION</p> <p><u>Impeachment Motion in India:</u></p> <ul style="list-style-type: none"> ❖ Grounds for impeachment: <ul style="list-style-type: none"> ☛ Basis for impeachment lies in the infringement of the Constitution, specifically outlined in Article 61. ❖ Houses involved in the impeachment: <ul style="list-style-type: none"> ☛ Participation of the Lok Sabha and Rajya Sabha in the impeachment process.



- ❖ **Composition of Houses:**
 - ☛ The Lok Sabha, chosen by the public, and the Rajya Sabha, elected by state assemblies, make up the composition of the houses involved.
- ❖ **Initiation of impeachment charges:**
 - ☛ The commencement of impeachment charges can be instigated **by either house** within the Parliament.
- ❖ **Signatures required for impeachment charges:**
 - ☛ Endorsement of impeachment charges requires the support of one-fourth of the members in the house that formulated the charges.
- ❖ **Notice period given to the President:**
 - ☛ The President is afforded a **notice period of 14 days** in the impeachment process.
- ❖ **Majority required for an impeachment resolution to pass:**
 - ☛ The passage of an impeachment resolution demands a two-thirds majority from both the house that framed the charges and the other house involved.
- ❖ **Role of Chief Justice:**
 - ☛ The Chief Justice does not play a role in the impeachment process in India.
- ❖ **Role of the President in the impeachment trial:**
 - ☛ The President does not have any involvement in the impeachment proceedings.
- ❖ **Outcome of impeachment:**
 - ☛ The consequence of impeachment in India is the removal from office, effective from the date the resolution is passed.

Impeachment Process in the USA:

- ❖ **Grounds for impeachment:**
 - ☛ Grounds for impeachment: Impeachment is warranted for convictions of treason, bribery, or other serious offenses.
- ❖ **Houses involved in the impeachment:**
 - ☛ Both the House of Representatives and the Senate participate in the impeachment proceedings.
- ❖ **Composition of Houses:**
 - ☛ The Senate, featuring two senators per state, and the House of Representatives, elected based on population, constitute the composition of the houses involved.
- ❖ **Initiation of impeachment charges:**
 - ☛ The introduction of impeachment charges can be undertaken by any member of the House of Representatives.
- ❖ **Signatures required for impeachment charges:**
 - ☛ Introduction of impeachment charges can be carried out by **any member**, or the house can vote to initiate an inquiry.
- ❖ **Notice period given to the President:**
 - ☛ The impeachment process in the USA does not specify a particular notice period for the President.
- ❖ **Majority required for an impeachment resolution to pass:**



- Passage of an impeachment resolution necessitates a simple majority (51%) in the House of Representatives and a **two-thirds majority** (67%) in the Senate.
- ❖ **Role of Chief Justice:**
 - The Chief Justice presides over the trial in the Senate during the impeachment process in the USA.
- ❖ **Role of the President in the impeachment trial:**
 - The President has the authority to appoint defence lawyers during the impeachment trial.
- ❖ **Outcome of impeachment:**
 - The consequence of impeachment in the USA is the removal from office, with the Vice President assuming responsibilities for the remainder of the term.

