

● POLITY

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INTERNATIONAL RELATIONS

Starmer new U.K. PM as Labour Party wins polls

CONTEXT: The U.K.'s Labour Party, led by Keir Starmer, won the July 4 general election by a landslide, securing 412 (+211) seats with Prime Minister Rishi Sunak's Conservative Party down to 121 (-250) seats in the 650 seat House of Commons. Nevertheless, the vote shares told a story of a more modest victory for Labour, while confirming the Conservative defeat, with Labour getting 35% and the Conservatives 24%. Labour had consistently polled 20 points ahead of the Conservatives in opinion polls.



Parliamentary system in United Kingdom

The UK possesses an uncodified or unwritten constitution. It is shaped by various sources, such as conventions, statutes, historical documents, and judicial precedents. For instance, the Magna Carta of 1215 laid foundational principles still relevant today.

In the UK, its constitution enjoys flexibility, permitting amendments through a simple majority in Parliament. Notably, there is no clear distinction between ordinary and constitutional laws.

The UK does not adhere to a formal separation of powers doctrine; Parliament maintains supremacy.

The UK functions as a unitary state, with sovereignty centralized at Westminster. Devolved governments exist in Scotland, Wales, and Northern Ireland, deriving powers from Parliament.

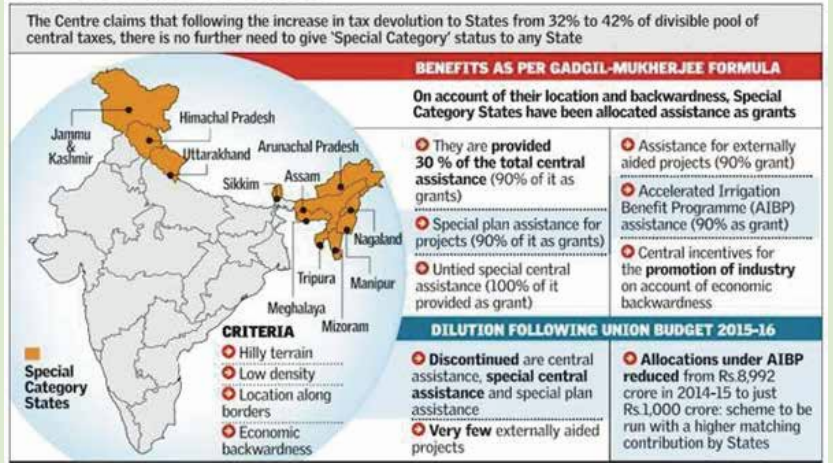
Traditionally, British courts have wielded limited authority in reviewing and invalidating legislation on constitutional grounds due to parliamentary supremacy.

POLITY & GOVERNANCE

A.P. in crisis, needs more than special category status: CM

CONTEXT: In the national capital for the first time since becoming Andhra Pradesh Chief Minister for the fourth time, Telugu Desam Party (TDP) leader N. Chandrababu Naidu said the State's economy has gone beyond the stage of even a special category status.

NOT SO SPECIAL ANYMORE



What is a Special Category Status?

SCS is a classification given by the Centre to assist development of states that face geographical and socio-economic disadvantages.

The Constitution does not make a provision for SCS and this classification was later done on the recommendations of the 5th Finance Commission in 1969.

Status was first accorded to Jammu and Kashmir, Assam and Nagaland in 1969.

SCS for plan assistance was granted in the past by the National Development Council of the erstwhile Planning Commission.

Eleven States including Assam, Nagaland, Himachal Pradesh, Manipur, Meghalaya, Sikkim, Tripura, Arunachal Pradesh, Mizoram, Uttarakhand and Telangana have been accorded the special category state status.

Telangana, the newest State of India, was accorded the status as it was carved out of another state Andhra Pradesh.

SCS is different from Special status which imparts enhanced legislative and political rights, while SCS deals with only economic and financial aspects.

For instance, J&K used to have Special status before Article 370 was repealed.

Parameters (Based on Gadgil Formula):

- Hilly Terrain;
- Low Population Density and/or Sizeable Share of Tribal

Population;

- Strategic Location along Borders with Neighbouring Countries;
- Economic and Infrastructure Backwardness; and
- Nonviable Nature of State finances.

Benefits:

In the past, SCS states used to receive approximately 30% of central assistance, determined by the Gadgil-Mukherjee formula.

However, following the recommendations of the 14th and 15th Finance Commissions (FC) and the dissolution of the Planning Commission, this assistance to SCS States has been subsumed in an increased devolution of the divisible pool funds for all States (increased to 41% in the 15th FC from 32%).

The Centre pays 90% of the funds required in a Centrally-Sponsored Scheme to special category status states as against 60% or 75% in case of other states, while the remaining funds are provided by the state governments.

Unspent money in a financial year does not lapse and is carried forward.

Significant concessions are provided to these states in excise and customs duties, income tax and corporate tax.

30% of the Centre's Gross Budget goes to Special Category states.

- The virus belongs to **Asfarviridae family**.

- **Symptoms** : vomiting, Diarrhea, reddening or darkening of the skin, particularly ears and snout, gummed up eyes etc.
- African Swine Fever can be **spread through**:
 - Direct contact with infected pigs, faeces or body fluid
 - Indirect contact via fomites such as equipment, vehicles or people who work with pigs between pig farms with ineffective biosecurity.
 - Pigs eating infected pig meat or meat products.
 - Biological vectors - ticks of the species Ornithodoros.
- It is **endemic to sub-Saharan Africa** but has spread to many other regions of the world, including Asia and Europe.
- It is **not known to affect human beings**.
- There is **no cure or precaution available** for the infection and **no approved vaccine** So the only way to stop it spreading is by culling the animals.

INTERNAL SECURITY

At ₹1.27 lakh crore, defence production registered a new high in 2023-24, says Centre

CONTEXT: The country has recorded the highest-ever growth in indigenous defence production in value terms in the financial year (FY) 2023-24, the Defence Ministry said on Friday.

As per the data received from all Defence Public Sector undertakings (DPSUs), other PSUs manufacturing defence items, and private companies, the value of defence production in the country has gone up to a record-high figure of ₹1,26,887 crore, reflecting a growth of 16.7% over the defence production of the previous financial year, the Ministry said in a statement.



Defence indigenisation refers to the strategic objective of a country to develop and enhance its own industrial and technological capabilities for producing essential defence equipment and systems. This approach aims to reduce dependency on foreign sources for military hardware, ensuring self-sufficiency in meeting the national security requirements.

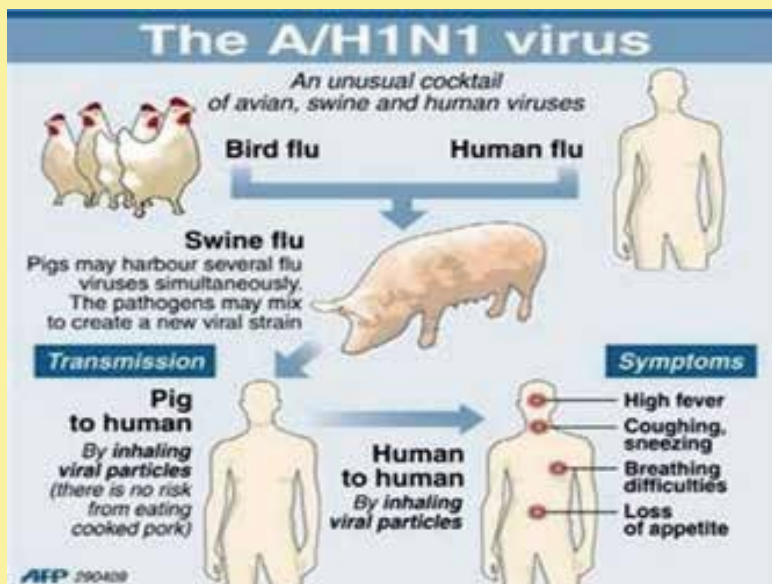
The ultimate goal is to establish a robust defence industry that can design, develop, and manufacture a wide range of military equipment, from basic arms and ammunition to advanced weapon

SCIENCE AND TECHNOLOGY

African Swine Fever cases reported at Kerala farm

CONTEXT: As many as 310 pigs at Madakkathara grama panchayat in Kerala's Thrissur are set to be culled after an outbreak of African Swine Fever was reported at a private farm in the 14th ward of the local body.

The highly contagious swine disease has been confirmed in the pigs at the farm in Veliyanthara.



About African Swine Flu:

- African swine fever (ASF) is a highly **contagious viral disease of domestic and wild pigs**, whose mortality rate can reach 100%.

systems and platforms.

Need for Defence Indigenisation

India's goal of defence indigenisation is based on several aspects.

- **India's Share in Global Arms Market:** India's share in the global arms exports market is minimal, accounting for only 0.2 per cent which goes against India's Balance of Payments.
- **SIPRI** reports indicate that India ranked 23rd during the period 2017-21, with a marginal presence in the global arms market.
- **India as the Largest Importer of Arms:** Despite efforts to promote domestic production and reduce imports, India remains the largest importer of arms in the world, accounting for 11 per cent of global arms imports during 2018-22.
- **Development of Military Industrial Complex:** It is a network of individuals and institutions involved in the production of weapons and military technologies.
 - It aims to increase military spending by the national government and its establishment is necessary, ensuring self-reliance and reducing dependence on foreign sources.
- **Technology Transfer and Independence:** It allows the nation to develop and maintain critical defence capabilities by facilitating technology transfer through foreign collaborations.
- **Exports:** With the increasing defence indigenisation, India can widen its export base.
 - For example, India is in the process of exporting Brahmos Cruise Missiles to the Philippines.

Recent Rise In Exports of Indian Defence Products

India, traditionally known as a major arms importer, underwent a paradigm shift in its defence export strategy after policy reforms initiated by the government in 2001. Later measures under the Make-in-India and self-reliant India campaigns provided India with a prominent position in the international defence market.

- **Current Status of Exports and Trend:** The year 2022-2023 saw a remarkable rise, reaching ₹16,000 crore (US \$1.94 billion), a ten-fold increase from ₹1,521 crore (US \$184.59 million) in FY 2016-17 despite pandemic disruptions.
- **Export Deals with Countries:** Indian defence companies are now exporting to over 85 Friendly Foreign Countries (FFCs) in Africa, South Asia, Southeast Asia, and West Asia.
- Major platforms like **Advanced Light Helicopter (ALH), Arjun Tanks, BrahMos missiles, Light Combat Aircraft (LCA)-Tejas, Offshore Patrol Vessels,** and surveillance systems are garnering interest.
- **India's Arms Exports to Specific Countries:** Major recipients include Mauritius, Mozambique, and Seychelles in Africa, Myanmar in Southeast Asia, and strategic deals with the Philippines for the BrahMos Shore-Based Anti-Ship Missile System.
- **Reasons for Recent Increase in Exports:**
 - The surge in exports is attributed to policy initiatives, especially the involvement of the private sector, which contributed 70 per cent to the total defence exports in FY 2021-22.
 - Apart from that, several policy initiatives, such as liberalising FDI policies, issuing Positive Indigenisation Lists, and simplifying export procedures, contribute to the growth in defence exports.

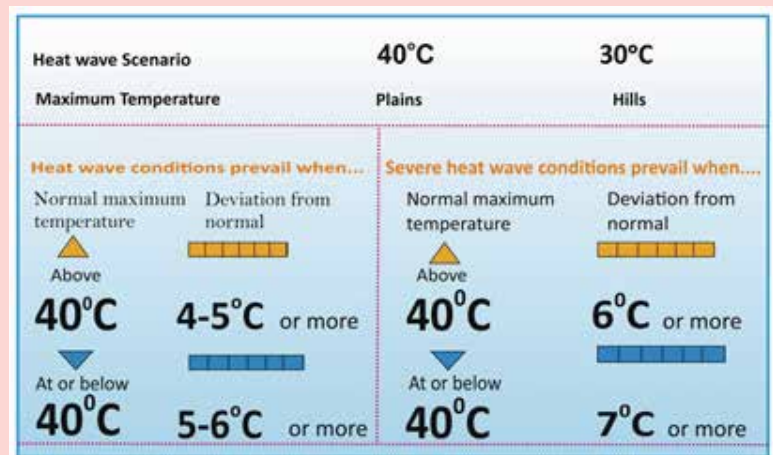
- **Future of Indian Exports:** The **Draft Defence Production & Export Promotion Policy (DPEPP) 2020** aims to export ₹35,000 crore worth of aerospace and defence equipment annually by 2025 aligns with the overall goal of achieving a ₹1.75 lakh crore (US \$25 billion) turnover in defence manufacturing.

GEOGRAPHY

Kashmir reels under rare heatwave; rain likely soon

CONTEXT: Kashmir is grappling with a rare heatwave with day temperatures running six degrees Celsius above normal. However, the Indian Meteorological Department (IMD) has predicted showers in parts of J&K, which is likely to bring some relief on Saturday.

According to the IMD, the maximum temperature on Thursday stood at 35.7 degrees Celsius in Srinagar, much higher than the 35.5 degrees Celsius recorded in 2006 and Srinagar recorded the highest maximum temperature of 38.3 degrees Celsius in 1946.



A Heat Wave is defined as a period of abnormally high temperatures over a region. The heat wave is considered when the maximum temperature of the region reaches at least 40 degrees Celsius for plains and at least 30 degrees Celsius for hilly regions.

Reasons for the rising frequency and intensity of heat waves across India

Global warming and climate change lead to increased overall temperatures. India has been experiencing a warming trend over the past few decades. Example: according to the India Meteorological Department (IMD), the average temperature in India has increased by approximately 0.6°C over the last century.

Local weather conditions, such as clear skies, low humidity, and lack of wind, contribute to temperature build-up. Example: During a heatwave, clear skies allow for maximum solar radiation to reach the Earth's surface, leading to increased heating.

Urbanization and concrete structures in cities lead to the urban heat island effect. The extensive use of concrete and asphalt in cities absorbs and retains heat, contributing to elevated temperatures. Example: Urban heat island in Delhi.

Deforestation and land-use changes affect local climate patterns and reduce natural cooling mechanisms Example:

Deforestation reduces the number of trees and vegetation that provide shade and evaporative cooling, resulting in increased surface temperatures.

Influence of regional weather patterns, such as the delay or absence of monsoon rains, leading to prolonged dry spells and heatwave conditions Example: Delayed or weak monsoons can lead to prolonged dry spells, reduced moisture availability, and heatwave conditions in India.

INTERNAL SECURITY

President honours six CRPF men for gallantry

CONTEXT: Six Central Reserve Police Force (CRPF) personnel, including four posthumously, were decorated with military gallantry medals by President Droupadi Murmu during a defence investiture ceremony held here on Friday.



About CRPF

The Central Reserve Police Force (CRPF) is one of the premier Central Armed Police Forces of India (under the Ministry of Home Affairs) for internal security. The other Central Armed Police Forces are as follow:

- Assam Rifles (AR): The Assam Rifles came into being in 1835, as a militia called the 'Cachar Levy'.
- Border Security Force (BSF): Responsible for guarding India's land borders with Pakistan and Bangladesh.
- Central Industrial Security Force (CISF): Provides security cover to nuclear installations, space establishments, airports, seaports, power plants, sensitive Government buildings and ever heritage monuments.
- Indo Tibetan Border Police (ITBP): ITBP is a specialized mountain force and most of the officers and men are professionally trained mountaineers and skiers.
- National Security Guard (NSG): The National Security Guard (NSG) is a counter terrorism unit which was raised in 1984, following Operation Blue Star.
- Sashastra Seema Bal (SSB): Earlier Special Service Bureau was raised in 1960s with the sole objective of achieving 'Total security preparedness' in the remote border areas for performing a 'stay-behind' role in the event of a war.

History

Originally constituted as the Crown Representative Police in 1939, it is one of the oldest Central paramilitary forces. After

Independence, the force was renamed as Central Reserve Police Force by an Act of Parliament on December 28, 1949.

Mission

To enable the government to maintain Rule of Law, Public Order and Internal Security effectively and efficiently, to Preserve National Integrity and Promote Social Harmony and Development by upholding supremacy of the Constitution.

Important Role: The force played a significant role during the amalgamation of the princely States into the Indian Union. It helped the Union Government in disciplining the rebellious princely States of Junagarh and the small principality of Kathiawar in Gujarat which had declined to join the Indian Union.

Duties performed by the CRPF include:

- Crowd/ Riot control
- Counter Militancy/Insurgency operations
- Dealing with Left Wing Extremism
- Protection of VIPs and vital installations
- Checking environmental degradation and protection of local Flora and Fauna
- Fighting aggression during War time
- Participating in UN Peacekeeping Mission
- Rescue and Relief operations at the time of Natural Calamities

ECONOMY

Women get only 7% MSME credit: RBI ED

CONTEXT: Reserve Bank of India Executive Director Neeraj Nigam said low labour force participation among women stunts their financial inclusion and broader economic growth.

He said there was also a need to raise credit supply to women, pointing out that only 7% of the overall outstanding loans to micro, small and medium enterprises (MSMEs) were to women-led businesses.

Change in the definition of MSME

| Existing MSME Classification | | | |
|---|-------------------------|------------------------|-------------------------|
| Criteria : Investment in Plant & Machinery or Equipment | | | |
| Classification | Micro | Small | Medium |
| Mfg. Enterprises | Investment < Rs. 25 lac | Investment < Rs. 5 cr. | Investment < Rs. 10 cr. |
| Services Enterprise | Investment < Rs. 10 lac | Investment < Rs. 2 cr. | Investment < Rs. 5 cr. |

| Revised MSME Classification | | | |
|---|--|--|---|
| Composite Criteria : Investment And Annual Turnover | | | |
| Classification | Micro | Small | Medium |
| Manufacturing & Services | Investment < Rs. 1 cr. and Turnover < Rs.5 cr. | Investment < Rs. 10 cr. and Turnover < Rs.50 cr. | Investment < Rs.50 cr. and Turnover < Rs. 250 Cr. |

MSMEs in India:

MSMEs are often called the powerhouse of the Indian economy as they contribute significantly to employment generation, exports, and overall economic growth.

They reportedly account for more than 11 crore jobs and contribute around 27.0% of India's GDP.

The sector consists of around 6.4 crore MSMEs, with 1.5 crore of them registered on the Udyam portal and employs around 23.0% of the Indian labour force, making it the 2nd-largest employer in India after agriculture.

They account for 38.4% of the total manufacturing output and contribute 45.03% of the country's total exports.

Significance of MSMEs and Problems Faced by Them:

Significance of MSMEs for Indian economy: Labour intensive sector, promotes inclusive growth, leads to financial inclusion and promotes innovation.

Problems faced by MSMEs:

Problem of dwarfism: While dwarfs (firms that continued to remain small despite ageing) consume vital resources (could possibly be given to infant firms), they contribute less to job creation and economic growth as compared to infant firms.

Lack of funding: Most (90%) of the MSME funding comes from informal sources.

Poor integration of digital technologies: Integration of technologies such as big data, AI and virtual reality (Industry 4.0) into manufacturing operations in the sector is still in its infancy.

Environmental impact: The sector lacks cleantech innovation and entrepreneurship, which produce environment friendly products, promotes energy efficiency and has the potential to accelerate the transition to a circular and low carbon economy.

Government's Initiatives to Boost MSME Sector:

The Government of India has correctly identified MSME ecosystem development as a top priority for achieving Atma Nirbhar Bharat (self-reliant India).

The ambitious 'Make in India' campaign in India aims to propel the country up the manufacturing value chain and position it as a global manufacturing hub.

Production linked incentives (PLI) schemes and the recently launched zero effect zero defect (ZED) certification are assisting in the promotion and growth of the sector.

The Prime Minister's Employment Generation Programme (PMEGP) is also creating opportunities for self-employment and microenterprises, with over 7 lakh microenterprises being helped to become economically viable.

Digital Saksham initiatives, as well as the interlinking of the Udyam, e-Shram, National Career Service (NCS) and Aatmanirbhar Skilled Employee-Employer Mapping (ASEEM) portals, demonstrate the promise of targeted digitalisation schemes.

Understanding the Latest Tax Compliance Guidelines for the MSMEs:

In India, businesses usually record expenses when they happen (accrual basis), even if they haven't paid for them yet.

However, Section 15 of the MSMED Act 2006, and newly enacted Section 43B(h) of the IT Act says that businesses must pay these MSME Registered Enterprises within 15 days/ up to 45 days if they have an agreement.

If a business doesn't comply with this regulation, they won't be able to deduct these payments as expenses in the same year they incur them. This means their taxable income and business taxes could go up.

Also, in case of late payment to an MSME registered unit, the payer will be responsible to pay interest on the amount due.



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