



## Average household spending rose 3.5% through Aug. 2023-July 2024, shows government survey

### ECONOMY

India's average household consumption spends on a per capita basis rose about 3.5% in real terms through August 2023 to July 2024 from a year ago, as per the Household Consumption Expenditure Survey, and the Centre said this signals a decline in consumption inequality and a narrowing gap between urban and rural spends.

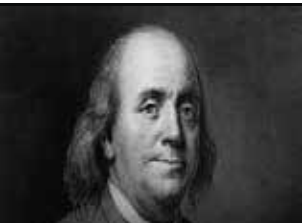
The initial HCES findings, which are used to assess trends in economic well-being, estimate poverty levels and update the basket and weightages of consumer goods and services used to formulate the Consumer Price Index (CPI) that measures retail inflation, were released by the Union Statistics Ministry on Friday.

### Consumer Expenditure Survey (CES)

- The CES is traditionally a quinquennial (recurring every five years) survey conducted by the government's National Statistical Office (NSO).
- It is designed to collect information on the consumption spending patterns of households across the country, both urban and rural.
- The data gathered in this exercise reveals the average expenditure on goods (food and non-food) and services.
- It helps generate estimates of household Monthly Per Capita Consumer Expenditure (MPCE) as well as the distribution of households and persons over the MPCE classes.

### Significance of Consumer Expenditure Survey (CES)

- Vital in gauging the demand dynamics: The estimates of monthly per capita consumption spending are important in measuring the demand dynamics of the economy.
- It is also useful for understanding the shifting priorities in terms of baskets of goods and services.
- Assessment of growth trends across different strata: It is helpful in assessing living standards and growth trends across multiple strata.
- Invaluable analytic and forecasting tool: The CES is an invaluable analytical as well as forecasting tool. It helps policymakers spot and address possible structural anomalies that may cause demand to shift in a particular manner.
- It provides pointers to producers of goods and providers of services.
- It is used by the government in rebasing the GDP and other macro-economic indicators.



*"If you invest more in your education, then you are likely to get more interest in it."*

*—Benjamin Franklin*

# Brahmaputra dam will not affect India, Bangladesh: China

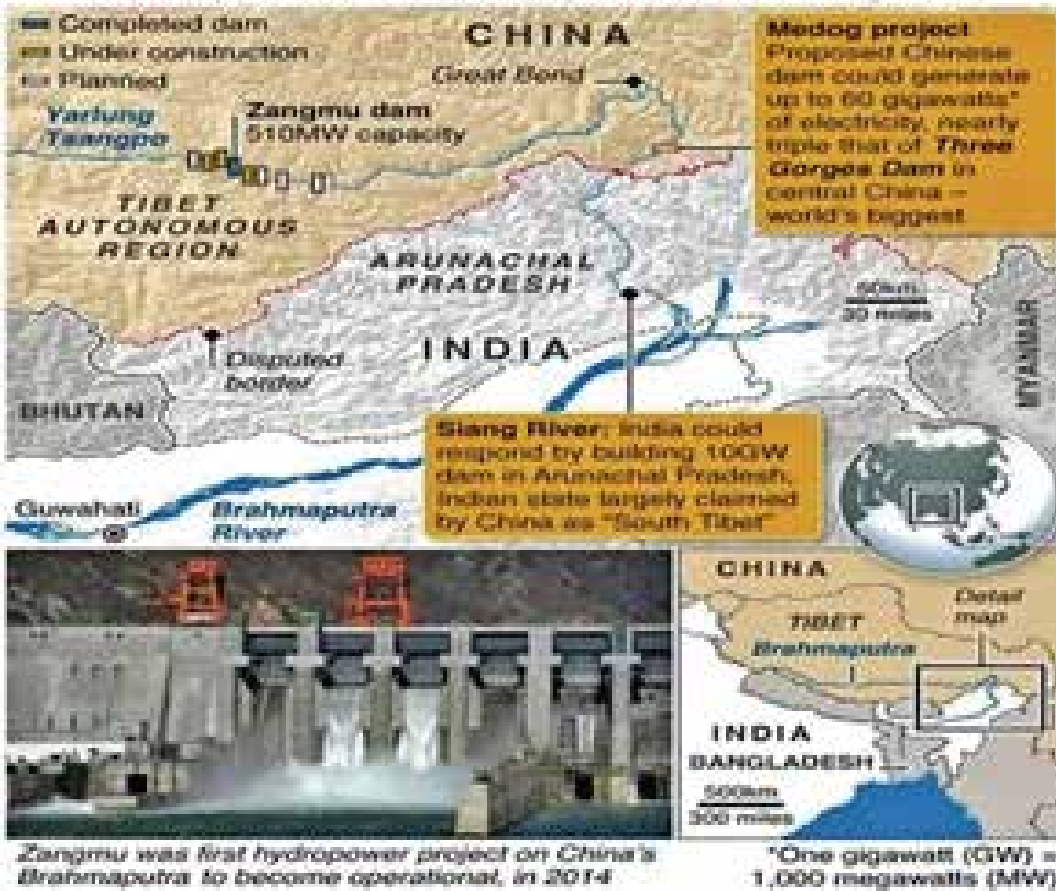
## GEOGRAPHY

China on Friday defended its plan to build the world’s largest dam on the Brahmaputra in Tibet, saying the project would not “negatively affect” the lower riparian states of India and Bangladesh and that safety issues had been addressed through decades of studies

China on Wednesday approved the dam’s construction, close to the Indian border. At a media briefing, Foreign Ministry spokesperson Mao Ning played down apprehensions.

### China's Brahmaputra dam project

China's government is planning to build a "super dam" on a section of the Brahmaputra River, known as the Yarlung Tsangpo, raising concerns over its potential downstream impact in India and Bangladesh



### China's Project Overview

- The dam is to be constructed on the Yarlung Zangbo River, which is the Tibetan name for the Brahmaputra River.
- Region: The proposed dam site is situated in Tibet, near a massive gorge in the Himalayan region where the Brahmaputra takes a U-turn to flow into Arunachal Pradesh in India and subsequently into Bangladesh.
- Surpasses China's Three Gorges Dam: The project will surpass China's Three Gorges Dam, which is currently the largest hydropower project in the world.
- In 2015, China operationalized its first hydropower project at Zangmu in Tibet. Three additional dams Dagu, Jiexu, and Jiacha are under development on the upper and middle reaches of the river.

### Concerns for India

- The project raises concerns regarding China's capacity to control the flow of water into India and Bangladesh.
- The size and scale of the project could enable China to release large quantities of water, potentially flooding border areas during times of hostility.



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## '22% rise in enrolment after smart classroom initiative'

### POLITY AND GOVERNANCE

Introduction of smart classrooms under the Smart Cities Mission (SCM) has led to a 22% increase in overall enrolment as per data reported by 19 cities between 2015-16 and 2023-24, says a study by the Indian Institute of Management, Bangalore. The national-level study said that 71 cities have developed 9,433 smart class-rooms in 2,398 government schools. The highest number of smart class room projects are in Karnataka (80), followed by Rajasthan (53). Tamil Nadu has 23 and Delhi 12. West Bengal, with just two, is among the States at the bottom of the table.

#### About Smart Cities Mission

The Smart Cities Mission (SCM) was launched by the Ministry of Housing and Urban Affairs in June 2015. The objective of the Mission is to promote cities that provide core infrastructure and give a decent quality of life to its citizens — a clean and sustainable environment and application of 'smart' solutions. As on November 2024, 91% of the projects under SCM have been completed, according to the Ministry. The mission launched a platform in 2022, named 'SAAR' (Smart Cities and Academia towards Action and Research), to bring together the academia and government to document and research new urban initiatives.

#### Objectives:

- Provide core infrastructure and decent quality of life
- Clean and sustainable environment
- Application of 'Smart' Solutions
- Sustainable and inclusive development
- Compact areas
- Replicable model

#### Components of the SCM:

- **Redevelopment:** Renewal of existing urban areas to improve infrastructure and amenities. E.g. Bhendi Bazar, Mumbai.
- **Retrofitting:** Upgrading infrastructure in existing areas to make them more efficient and sustainable. E.g. Local Area Development (Ahmedabad).
- **Greenfield Projects:** Development of new urban areas with a focus on sustainability and smart technologies. E.g. New Town, Kolkotta, Naya Raipur, GIFT City.

## Current account deficit eased in Q2 but may double in Q3

### ECONOMY

India's current account deficit (CAD) for the July- September period, or Q2 of 2024-25, moderated marginally to \$11.2 billion or 1.2% of GDP from \$11.3 billion or 1.3% of GDP a year ago. As per preliminary balance of payments (BoP) data released by the Reserve Bank of India (RBI) on Friday, the merchandise trade deficit increased to \$75.3 billion from \$64.5 billion in Q2 of 2023-24, while net services receipts rose to \$44.5 billion from \$39.9 billion a year ago.

#### What is Current Account Deficit (CAD)?

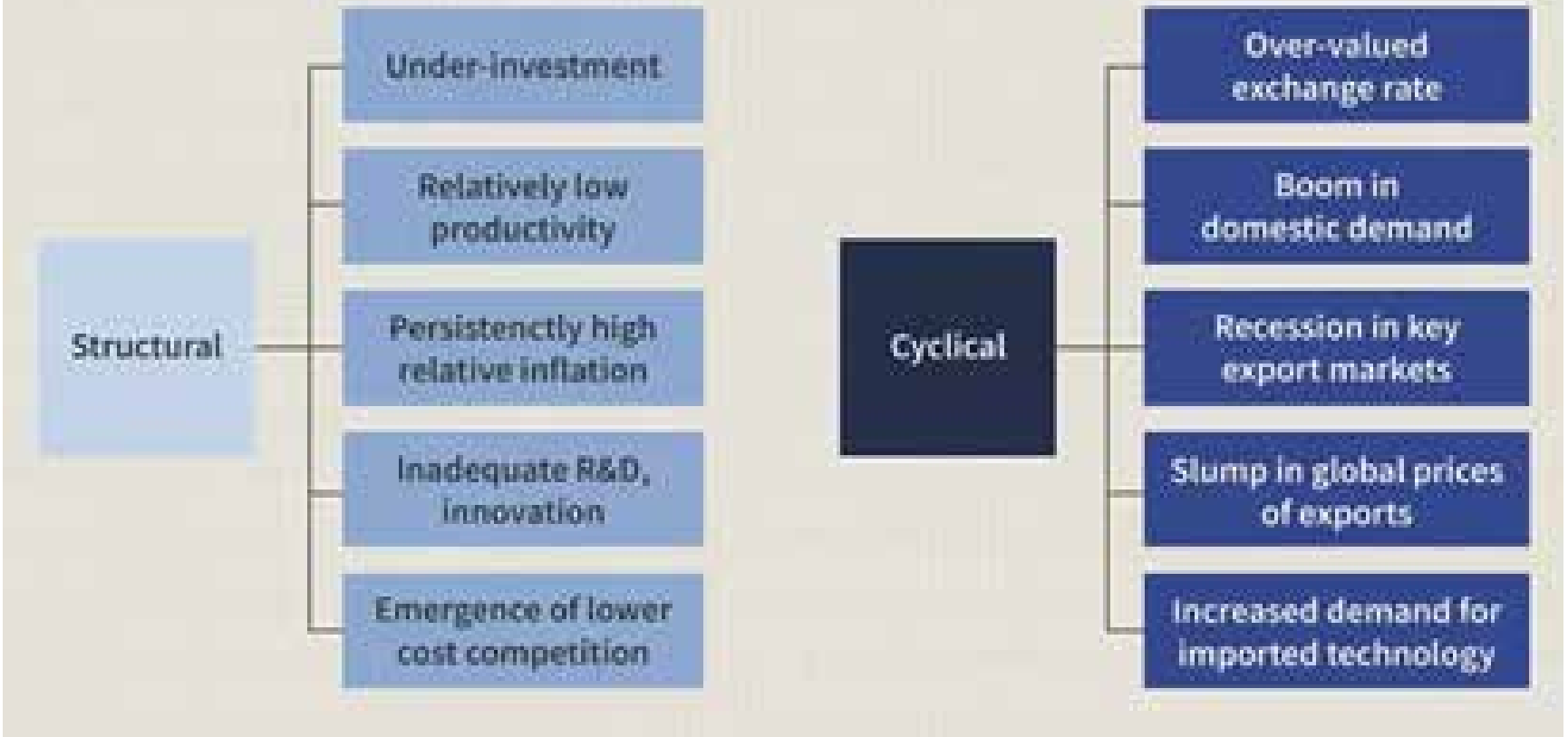
- The current account deficit is a measurement of a country's trade where the value of the goods and services it imports exceeds the value of the products it exports.
- The current account includes net income, including interest and dividends, and transfers, like foreign aid.
- It represents a country's foreign transactions and, like the capital account, is a component of a country's

balance of payments (BOP).

**What is the significance of CAD?**

- CAD and the fiscal deficit together make up the twin deficits – the enemies of the stock market and investors.
- If the current account shows surplus, that indicates money is flowing into the country, boosting the foreign exchange reserves and the value of rupee against the dollar.
- While an existing deficit can imply that a country is spending beyond its means, having a current account deficit is not inherently disadvantageous.
- If a country uses external debt to finance investments that have higher returns than the interest rate on the debt, the country can remain solvent while running a current account deficit.
- If a country is unlikely to cover current debt levels with future revenue streams, however, it may become insolvent.

**Causes of current account deficits**



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# UNSC authorises new peacekeeping mission in Somalia

## INTERNATIONAL RELATIONS

The United Nations Security Council authorised an African Union stabilisation and support mission in Somalia – known as AUSSOM on Friday that will replace a larger AU anti-terrorism operation from January 1, 2025. Somalia's security has been underwritten by foreign resources since Ethiopia invaded in 2006, toppling an Islamist-led administration but galvanising an insurgency that has since killed tens of thousands of people.

### About United Nations Security Council (UNSC):

- It is one of the five principle organizations of the United Nations (UN).
- It has primary responsibility for the maintenance of international peace and security.
- Under the Charter of the UN, all Member States are obligated to comply with UNSC decisions.
- The Security Council takes the lead in determining the existence of a threat to peace or act of aggression.
- It calls upon the parties to a dispute to settle it by peaceful means and recommends methods of adjustment or terms of settlement.
- In some cases, the Security Council can resort to imposing sanctions or even authorize the use of force to maintain or restore international peace and security.

### Powers:

- Establishment of peacekeeping operations
- Establishment of international sanctions
- Authorization of military action through Security Council resolutions

### Members

- It has 15 Members, and each Member has one vote.
- 5 permanent members known as P5, including the United Kingdom, China, France, Russia, and the United States.
- The P5's privileged status has its roots in the United Nations' founding in the aftermath of World War II.
- They have veto power over decisions of UNSC.
- 10 non-permanent members: Each year the 193-member General Assembly elects five non-permanent members for a two-year term at the UNSC.
- The non permanent members are generally chosen to achieve equitable representation among geographic regions, with five members coming from Africa or Asia, one from eastern Europe, two from Latin America, and two from western Europe or other areas.
- The Security Council has permanent headquarters at the United Nations Headquarters in New York City.

# NCLT directs initiation of insolvency proceedings against Hero Electric

## INTERNATIONAL RELATIONS

The National Company Law Tribunal (NCLT) has directed initiation of insolvency proceedings against Hero Electric after admitting a plea filed by Metro Tyres, an operational creditor claiming a default of ₹1.85 crore. As per provisions of the Insolvency & Bankruptcy Code (IBC), NCLT has appointed Bhoopesh Gupta as Interim Resolution Professional (IRP) to run the company after suspending the board of Hero Electric. The Delhi-based bench of NCLT rejected the contentions of Hero Electric of a pre-existing dispute with the operational creditor saying that it was "not just a moonshine or feeble legal argument".

## National Company Law Appellate Tribunal (NCLAT)

NCLAT was established in 2013 under Section 410 of the Companies Act and is the appellate authority for decisions, instructions, or orders issued by the NCLT, the IBB, and the CCI.

### Why in news?

NCLT will review the banks' offer of a one-time settlement for Siva Industries.



### Benefits of NCLT and NCLAT

The establishment of the NCLT and the NCLAT is a key step toward achieving a quick and effective settlement of issues involving Indian corporate.

### National Company Law Tribunal (NCLT)

NCLT was constituted under Section 408 of the Companies Act, 2013 and is a quasi-judicial body that adjudicates problems connected to Indian corporations.

### Tribunals

Tribunals were intended to be temporary solutions to the problem of judicial delays.



### About National Company Law Tribunal

- It is a quasi-judicial authority incorporated for dealing with corporate disputes that are of civil nature arising under the Companies Act, 2013.
- It was constituted on 1 June 2016 under the Companies Act, 2013.
- It was established based on the recommendation of the Balakrishna Eradi committee on law relating to the insolvency and the winding up of companies.
- Composition: It shall consist of a President and such number of Judicial and Technical Members as may be required.

### What are the Powers of NCLT?

- It is not limited or bound by the rules laid down in the Code of Civil Procedure and is guided by the principles of natural justice, subject to the other provisions of this Act and of any rules that are made by the Central Government.
- It can enforce any order that it gives in the same manner as a court would enforce it.
- It has the power to scrutinize its own orders.
- It has the power to regulate their own procedure.
- It is the adjudicating authority for the insolvency resolution process of companies and limited liability partnerships under the Insolvency and Bankruptcy Code, 2016.



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*Corporate office:*  
**Vedhik IAS Academy**  
Samkalp Bhawan, Plot No.15,  
Sector 4, Rama Krishna Puram,  
New Delhi, Delhi-110022

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**Vedhik IAS Academy**  
202, Raheja Chambers, 12,  
Museum Road. Bangalore -  
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