

NEWS TODAY

RESERVE BANK OF INDIA (RBI) RELEASED STATE FINANCES: A STUDY OF BUDGETS OF 2022-23 REPORT

- It is an **annual publication** that provides **information, analysis and an assessment of finances of State governments** for 2022-23.

- Theme of this year's Report is **"Capital Formation in India - The Role of States"**.

- Key findings of report**

- State's **Gross fiscal deficit (GFD)** is budgeted to decline to **3.4 percent of GDP** in 2022-23 from 4.1 percent in 2020-21.

- GFD is **excess of total expenditure including loans net of recovery over revenue receipts** (including external grants) and non-debt capital receipts.

- States' **debt** is budgeted to ease to **29.5 percent of GDP** in 2022-23 as against 31.1 percent in 2020-21.

- In 2022-23, states have budgeted **higher capital outlay than in previous three years**.

- Recommendations**

- Increase allocations of capital expenditure** for sectors like health, education etc.

- Create a capex buffer fund** during good times to **smoothen and maintain expenditure quality** and flows through economic cycle.

- Strengthen timely devolution mechanism to local bodies** through State Finance Commissions.

- Encourage and facilitate higher inter-state trade and businesses.

CAPITAL FORMATION

- It refers to process by which **resources are invested in Assets** like plants, machinery etc. and **Human capital** through education, health, skill development etc.

- In 2021, India's **capital investment/GDP ratio** of 31.2 percent in 2021 is **higher than other BRICS nations**.

ISRO'S VENUS MISSION SHUKRAYAAN- I COULD BE SHIFTED FROM 2024 TO 2031

- ISRO stated that it is **yet to receive approval from Indian government for Venus mission**, as a result mission may be delayed until 2031.

- In 2031, **Earth and Venus would be aligned** in manner that it would **require minimum amount of propellant for spacecraft** to enter Venus orbit.

- Shukrayaan I will be an **orbiter mission**. Its **scientific payloads** include **high-resolution synthetic aperture radar and ground-penetrating radar**.

- Mission is expected to **study Venus's geological and volcanic activity, emissions on ground, wind speed, cloud cover**, and other planetary characteristics from an elliptical orbit.

- Mission Challenges:** Venus has **crushing air pressure at its surface**, which is 90 times more than Earth's, and its **atmosphere is highly toxic and filled with Sulphuric Acid** that causes a powerful greenhouse effect.

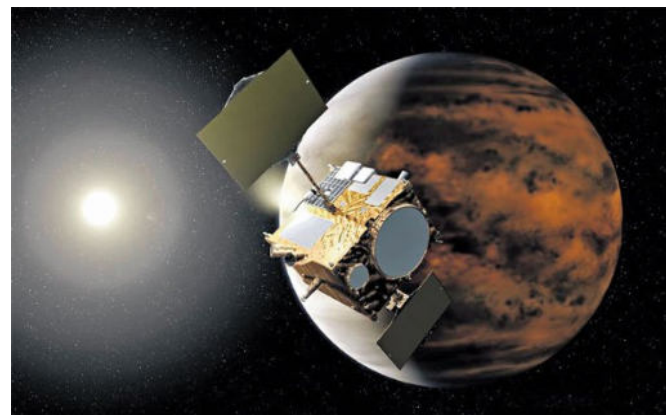
- Other mission to Venus:** **Venera program** (Russia); **Akatsuki project** (Japan); **VERITAS** i.e., **Venus Emissivity, Radio Science, InSAR, Topography, and Spectroscopy**, Mariner 2 and Magellan (NASA); EnVision mission (Europe) etc.

- Venus is second planet from Sun** and sixth in solar system in size and mass.

- Often **referred to as Earth's twin**. Both planets are almost **alike in size, density and gravity**.

- At 850 degrees Fahrenheit, it is **hottest planet in solar system**.

- It **rotates on its axis backward**, compared to most of other planets in solar system.



SOLITARY WAVE (SW)

- Indian scientists reported first evidence of **presence of SW in Martian magnetosphere** with help of data recorded by **MAVEN spacecraft of NASA**.

- SW are **Distinct electric field fluctuations** (bipolar or monopolar) that **follow constant amplitude-phase relations**. Their **shape and size are less affected** during their propagation.

- Mars Atmosphere and Volatile Evolution (MAVEN)** explore the Mars atmosphere, ionosphere and how they interact with Sun and solar wind.



CENTRE SEEKS SEARCH PANEL FOR POSTINGS IN JUDICIARY

- Ministry Law and Justice has written to Chief Justice of India (CJI) expressing the **need for Search-cum-Evaluation Committee (SEC)** to bring **transparency in judicial appointments through collegium system**.
- SECs will be entrusted to **prepare a panel of eligible candidates from which respective collegiums will make recommendations**.
 - A **representative of Union government** should be a **member of SEC for appointment of judges in Supreme Court and chief justices of high courts**.
 - SECs for appointment of judges in high court should have a nominee of state government.
- At present, **appointment mechanism** as outlined in Memorandum of Procedure (MoP) **does not include a SEC**.
 - MoP is a crucial document that **governs collegium system of appointing judges**.
- CJI and Judges of SC are appointed by President under Article 124 (2)** with the help of collegium system.
- Collegium system** is the way by which judges of SC and HC are appointed and transferred.
 - SC collegium** is a **five-member body**, which is headed by **incumbent CJI** and **comprises four other senior-most judges** of court at that time.
 - HC collegium** is led by **incumbent Chief Justice** and **two other senior-most judges** of that court.

COLLEGIUM SYSTEM HAS EVOLVED WITH THREE JUDGES CASE

- First Judges Case, 1981 or S P Gupta Case:** SC ruled that recommendation made by CJI to President can be refused for "cogent reasons", thereby giving greater say to executive.
- Second Judges Case, 1993 (Supreme Court Advocates on Record Association (SCARA) vs Union of India):** CJI only need to consult two senior-most judges over judicial appointments and transfers.
- Third Judges Case, 1998:** CJIs should consult with four senior-most SC judges to form his opinion on judicial appointments and transfers.

RBI RELEASES DISCUSSION PAPER ON EXPECTED LOSS (EL)-BASED APPROACH FOR LOAN LOSS PROVISIONING BY BANKS

- Provisioning for loan losses refers to the **mechanism used to recognise credit impairments to ensure effective financial reporting and prudential supervision**.
- Presently, **banks are required to make loan loss provisions** based on an '**incurred loss**' approach, which used to be the standard globally till recently.
 - In short, banks need to provide for losses that have occurred / incurred.

NEED TO REVIEW CURRENT APPROACH

- Current approach do not permit recognizing credit losses** based on events that are expected to occur in future.
- Basel Committee supports an EL approach** that captures actual losses more transparently.
- Delays in recognizing EL under an "incurred loss" approach** was highlighted during Global financial crisis (2007-09).

Expected Loss (EL)-based Approach

- Proposed approach is to **formulate principle-based guidelines**. Further, **Regional rural banks and smaller cooperative banks** are proposed to be kept **out of the framework**.
- Three-stage classification of financial assets (FAs)** is envisaged i.e.,

Stage 1	<ul style="list-style-type: none">FAs that have not had a significant increase in credit risk. For these assets, 12-month expected credit losses are recognized.Interest revenue is calculated on gross carrying amount of asset.
Stage 2	<ul style="list-style-type: none">FAs that have had a significant increase in credit risk. For these assets, lifetime expected credit losses are recognized.Interest revenue is still calculated on gross carrying amount of asset.
Stage 3	<ul style="list-style-type: none">FAs that have objective evidence of impairment. For these assets, lifetime expected credit loss is recognized.Interest revenue is calculated on net carrying amount.

- Banks would be allowed to **design and implement their own models for measuring expected credit losses** for purpose of estimating loss provisions.

WORLD EMPLOYMENT AND SOCIAL OUTLOOK: TRENDS 2023 REPORT RELEASED

- It is an **annual report of International Labour Organisation (ILO)** that provides labour market projections for 2023 and 2024 and presents trends in labour productivity growth.
- Key findings**
 - Global employment will grow by just 1 percent in 2023**, and **global unemployment rate has been pegged at 5.8 percent**.
 - Emerging geopolitical tensions, recovery from pandemic, and issue in supply chains** fuelled conditions for labour market deterioration.
 - Labour force participation rate of women stood at 47.4 percent in 2022**, compared with 72.3 percent for men.
 - In Asia and the Pacific and Latin America and the Caribbean, **annual employment growth is projected to be around 1%**.
- ILO is a **specialized agency of United Nations** headquartered in **Geneva, Switzerland**.
 - It is the **only tripartite U.N. agency that brings together governments, employers and workers of 187 member states** to set labour standards for **promoting decent work for all women and men**.
 - It was **created in 1919 as part of Treaty of Versailles**.
 - It was awarded **Noble Peace Prize 1969 for promoting fraternity among nations** by ensuring social justice.
 - Other reports released by ILO:** Global Wage Report, and World Social Protection Report.

ALSO IN NEWS



National Financial Reporting Authority (NFRA)

- NFRA has published draft requirements for auditors to **prepare and publish annual transparency reports** to increase transparency in management and governance of audit firms.
- NFRA was **constituted in 2018** under section 132(1) of **Companies Act, 2013**.
 - It is an **independent regulator** to oversee auditing profession and accounting standards with **jurisdiction extending to all listed companies and large unlisted companies**.
 - It has **same powers as a Civil Court** while trying a suit.
 - It consists of a **chairperson** who will be **appointed by Central Government** and a **maximum of 15 members**.



Advance Traffic Management System (ATMS)

- National Highways Authority of India (NHAI) is implementing ATMS on highways to reduce accidents.
- ATMS is an **integrated solution to manage highway traffic through real time information** and ensure safety.
 - ATMS has been implemented for around 3,000 km of National Highways.
 - In case of commercial vehicles, system **check for valid fitness certificate**.
- NHAI is also looking at **leveraging GIS technology for analysing drone videos and Network Survey Vehicle data** for identifying safety issues on highway.



Survival of the Richest report by Oxfam International

- Key Findings related to India:**
 - Richest 1% in India** now own **more than 40% of country's total wealth** and bottom half of the population together share just 3% of wealth.
 - Female workers** earned **only 63 paise for every 1 rupee a male worker earned**.
 - Since the pandemic** began till November 2022, **billionaires wealth surged by 121%**.
- Suggestions**
 - Introduce one-off solidarity wealth taxes** and **windfall taxes** to end crisis profiteering.
 - Permanent increase in taxes on richest 1%** and especially raise taxes on capital gains.



Startup India Innovation Week

- Startup India Innovation week, **organised by DPIIT**, culminated with **felicitation of Winners of National Startup Awards 2022** on National Startup Day.
 - Awards **acknowledges startups and enablers instrumental in revolutionizing development story of India** and in demonstrating exceptional capabilities.
- ASCEND (Accelerating Startup Calibre & Entrepreneurial Drive) SAMAGAM event** was conducted by Department for Promotion of Industry and Internal Trade (DPIIT).
 - Its objective was to **capacitate and augment knowledge on entrepreneurship** and continue efforts towards creating a robust startup ecosystem in Northeast.



Exercise Varuna

- It is a Bilateral Naval Exercise between **India and France**.



Katarnighat Wildlife Sanctuary (KWS)

- Forest department of Katarnighat division and NABARD planning to give skill-development training to **Tharu people** that live near KWS.
- Tharu People are **ethnic group indigenous to Terai region of Himalayan foothills**, located in **southern Nepal**. In India, they mostly lived in Uttar Pradesh, Bihar, Uttarakhand.
 - They speak various **dialects of Tharu, a language of Indo-Aryan subgroup**.
- KWS is situated in **Upper Gangetic plain** falling in Terai of Bahraich district, UP.
 - It is **part of core area of Dudhwa Tiger reserve**.
 - It provides **strategic connectivity between tiger habitat of India and Nepal**.



Geospatial Hackathon

- Department of Science and Technology** has announced the Geospatial Hackathon.
- Hackathon seeks to **promote innovative and cutting-edge solutions from India's start-up community** as well as **recognise research work** that could be applied to solve geospatial issues.
- Aim to **promote partnerships** not only among public and private geospatial sectors but also to **strengthen country's geospatial Start-Up ecosystem**.



Exoplanets

- NASA stated that James Webb Space Telescope has discovered its **first new exoplanet LHS 475 b**.
- Exoplanets are **planets that orbit other stars** and are **beyond our solar system**.
 - Most of exoplanets discovered so far are in a relatively small region of Milky Way Galaxy.
 - **Discovering exoplanets is tough** as they are small and hard to spot around their bright host stars.
 - Thus, **scientists rely on indirect methods like transit method**, which is measuring the dimming of a star that happens to have a planet pass in front of it.



International Health Regulations (IHR), 2005

- During first meeting of Working Group on amendments to IHR, India had proposed several amendments like:
 - **Implement IHR in accordance with common but differentiated responsibilities of States Parties**, taking into consideration their social and economic development.
 - **Assess human health in congruence with animal and environment health** to promote One Health.
- Working group is expected to submit its report by January 2024.
- **IHR, 2005 is a legally binding agreement of 196 countries** to build capability to detect and report potential public health emergencies worldwide.
 - IHR require that all countries have ability to **detect, assess, report, and respond to public health events**.



Personality in news

- Thiruvalluvar**
- Thiruvalluvar Day observed on 15 January as a part of Pongal celebrations to mark his birth anniversary.
 - He is also **known as Valluvar**. He was a **Tamil poet-saint and philosopher**.
 - It is **believed that he was born in Mylapore**, a neighbourhood in present-day Chennai and flourished between 4th century and 6th century.
 - In early 16th century, a **temple was built within Ekambareswarar temple complex** in Mylapore and it was **dedicated to Thiruvalluvar**.
 - In 1976, a **temple-memorial called Valluvar Kotam** was built in Chennai and houses one of largest auditoriums in Asia.
 - **133-foot tall statue of Thiruvalluvar stands at Kanyakumari**.
 - He is **best known for his work — Tirukkural**, a collection of couplets on politics, love, ethics, and matters concerning economics.
 - **Personal Values:** Hardworking, kindness, patience, ethical etc.

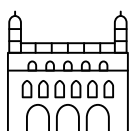


Places in news

- Egypt (Capital: Cairo)**
- Egypt's President to be Chief Guest at India's Republic Day.
 - **Political Boundaries**
 - Located in **North-eastern corner of Africa**.
 - It is bordered by Libya (west), **Sudan (south)**, **Palestinian territory (Gaza Strip)** and **Israel (northeast)**, **Red Sea (east)**, and **Mediterranean Sea (north)**.
 - **Geographical features**
 - **Terrain:** Vast **desert plateau** interrupted by Nile valley and delta.
 - **Suez canal (connects Gulf of Suez (Red Sea) with Mediterranean Sea):** Separates western portion of Egypt from Sinai Peninsula, African continent from Asia.
 - Major mountain ranges: **Eastern Highlands**.
 - **Longest River:** Nile.
 - **Highest Mountain:** Mt. Catherine.



DELHI



LUCKNOW



JAIPUR



HYDERABAD



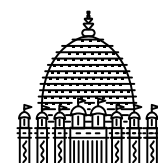
PUNE



AHMEDABAD



CHANDIGARH



GUWAHATI