## 24th June, 2024

## 1. <u>Duties of a Speaker</u> GS 2 (Legislation)

Why in News: The election of a new Speaker for the 18th Lok Sabha highlights the crucial role this position plays in India's parliamentary system. Understanding the duties and responsibilities of the Speaker is essential for comprehending the functioning of the lower house of Parliament.

#### Constitutional Provisions

- Presiding Officer: The Speaker serves as the presiding officer of the Lok Sabha, as stipulated in Article 93 of the Constitution, and is responsible for maintaining order during proceedings.
- Constitutional Functions: The Speaker certifies Money Bills under Article 110 and decides on disqualification of members under the Anti-Defection Law (Tenth Schedule).

## What are the duties of a Speaker?



**Rule Interpretation:** The Speaker interprets and enforces the Rules of Procedure and Conduct of Business in Lok Sabha, making rulings on points of order and parliamentary procedures.

#### Administrative Responsibilities

- House Management: The Speaker oversees the functioning of the Lok Sabha secretariat and determines the agenda of the House in consultation with the Business Advisory Committee.
- Committee Appointments: The Speaker nominates members to various parliamentary committees and serves as the ex-officio Chairman of certain committees.
- Inter-Parliamentary Relations: The Speaker represents the Lok Sabha in international parliamentary forums and hosts visiting delegations from foreign parliaments.

#### Judicial and Quasi-Judicial Functions

- **Privilege Matters:** The Speaker adjudicates on matters of privilege and contempt of the House, issuing warrants for breach when necessary.
- **Disqualification Proceedings:** As the sole arbiter in cases of disqualification under the Anti-Defection Law, the Speaker conducts hearings and passes orders.
- **Notice Admissibility:** The Speaker decides on the admissibility of notices for various parliamentary devices like adjournment motions and calling attention notices.

#### Guardian of Parliamentary Privileges

- **Rights Protection:** The Speaker protects the rights and privileges of members and the House as a whole, ensuring equal opportunities for participation.
- Minority Rights: The Speaker safeguards the rights of the minority and opposition in the House, maintaining a balance of power.
- Impartiality: Despite being elected on a party ticket, the Speaker is expected to conduct proceedings in a fair and unbiased manner.

## 2. <u>European Union's 'Chat Control' Law: Balancing Security and Privacy</u> GS 2 (International Relations)

• Why in News: The European Union's proposed 'chat control' law, aimed at combating child sexual abuse online, has sparked controversy due to concerns over privacy and

potential undermining of encryption.

#### Key-highlights of the Proposal

- Report Title: Regulation on combating child sexual abuse online
- Proposed by European Commissioner for Home Affairs Ylva Johansson in May 2022
- Allows for mass scanning of private messages by breaking end-to-end encryption
- France, Germany, and Poland have opposed the clause on encryption breaking
- Spain and Ireland's Interior Ministers have supported the proposal
- A network of children's rights advocates criticize EU leaders for inaction on child sexual abuse



Is the European Union's 'chat control' law

#### Privacy Concerns

- End-to-end Encryption: Breaking encryption could create vulnerabilities exploitable by third parties, compromising user privacy.
- Mass Surveillance: The law could potentially be misused by governments for bulk surveillance of citizens.
- Precedent Setting: Implementation of such measures in the EU could encourage similar laws in less democratic countries.

#### Technical Challenges

- **Feasibility Issues:** Scanning encrypted messages without compromising security remains a technical challenge.
- False Positives: Mass scanning could lead to a high rate of false positives, causing unnecessary intrusions.
- Operational Costs: Implementing and maintaining such systems could be expensive for tech companies.

#### Impact on Tech Industry

- **Company Resistance:** Major tech firms and messaging apps threaten to leave markets if forced to implement such measures.
- Innovation Hindrance: Stringent regulations could stifle innovation in privacy-preserving technologies.
- Market Fragmentation: Differing regulations across regions could lead to fragmentation of digital services.

#### Child Protection Perspectives

- Advocacy Support: Some children's rights organizations support the law as a necessary step to combat online child abuse.
- **Detection Improvements:** Proponents argue that the law could enhance the detection and prevention of child exploitation.
- **Balancing Act:** The challenge lies in balancing child protection with privacy rights.

#### Proposed Compromises

- Selective Scanning: New drafts propose scanning only photos, videos, and URLs, not text messages.
- User Consent: Consideration of requiring user consent for scanning, though critics argue this is not a genuine choice.
- **Temporary Derogations:** Discussions on extending temporary exemptions for certain service providers to scan messages.

## 3. <u>Industry Seeks Rethink on Chinese FDI Curbs and High Import Tariffs GS 3 (Economy)</u>

 Why in News: Indian industry is urging the government to reconsider restrictions on Chinese Foreign Direct Investment (FDI) and high import tariffs on electronics components, arguing that these measures hinder India's competitiveness in the global electronics market.

#### FDI Restrictions

- Press Note 3 Reconsideration: Industry argues the 2020 measure has outlived its utility and needs review with adequate safeguards.
- Investment Environment: Current restrictions send a message of non-friendly investment climate, hurting component ecosystem development.
- **Skilled Manpower Movement:** Easing restrictions on inward movement of skilled personnel from China suggested.

## Industry seeks rethink on Chinese FDI curbs and high import tariffs

Country's electronics sector heavily import-dependent for vital components; PLI scheme may no longer help, and the curl



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product manufacturers to come competitive," the report mosted. India's import daties c Il8 electronic-related tarlines range from zero i 22.5%, with the large number of componen facturing costs. Abo 47.2% of the electronic in ports pass through und zero tariff, the remaini was a superior of the contractive of the remaining costs. 22.8% imports are subjeced to varying tariff leve but largely over 10%.

#### Import Tariffs

- Global Competitiveness: High import duties make Indian electronic goods uncompetitive compared to Vietnam
- Localization Impact: Tariffs haven't boosted local production of critical inputs as intended.
- Tariff Rationalization: Industry suggests bringing majority of tariff lines to 5% or lower to enhance competitiveness.

#### Production Linked Incentive (PLI) Scheme

- Inadequate Support: 4%-6% fiscal support under PLI deemed insufficient to offset cost disadvantages.
- Effectiveness Concerns: Tariff-induced costs may soon negate PLI scheme's benefits.
- Scheme Revision: Need for reassessment of PLI scheme in light of global competition.

#### Electronics Manufacturing Ecosystem

- Value Addition: Need to transition from assembly-led manufacturing to component-level value-added manufacturing.
- Import Dependence: India's components demand largely met through imports from China.
- Balanced Approach: Industry suggests right balance between imports and exports of higher value-added products.

#### Global Context

- Interdependence: Report highlights no country can produce all components domestically in an interdependent world
- China's Model: Largest electronics manufacturer China relies on 42% imports despite \$1.6 trillion international electronics trade.
- Competing Economies: Need to align import tariffs with key competing economies emphasized.

#### Production Linked Incentive Scheme (PLI)?

- The PLI scheme was conceived to scale up domestic manufacturing capability, accompanied by higher import substitution and employment generation.
- Launched in March 2020, the scheme initially targeted three industries:
  - ◆ Mobile and allied Component Manufacturing
  - ♦ Electrical Component Manufacturing and
  - Medical Devices.
- Later, it was extended to 14 sectors.
- In the PLI scheme, Domestic and Foreign companies receive financial rewards for manufacturing in India, based on a percentage of their revenue over up to five years.

## 4. <u>Russia Approves Draft Logistics Agreement with India</u> <u>GS 2 (International Relations)</u>

Why in News: After years of delay, Russia has approved the draft of a mutual logistics agreement to be signed with India, marking a significant step in military-to-military cooperation between the two nations.

After years, Russia approves

## • What is RELOS?

- The Reciprocal Exchange of Logistics Agreement(RELOS)is a longawaited administrative agreement that would enable the militaries of both the countries(India and Russia) to access logistics and support facilities at each other's bases and ports.
- It would facilitate the replenishment of fuel, rations, spare parts and berthing for troops, warships and aircrafts while operating away from home ports and bases during the war and peacetime missions.
- RELOS would further ensure smooth use of the host nation's existing logistics networkswhich would reduce the overall costs of the mission and provide a strategic edge to each other's military operations.

## Scope of the Agreement

- Military Exchanges: Simplifies logistics for exercises, training, and port calls between the two militaries.
- **Humanitarian Assistance:** Facilitates cooperation in Humanitarian Assistance and Disaster Relief (HADR) efforts.
- Operational Efficiency: Aims to improve operational turnaround and increase interoperability, especially for the Indian Navy.

## Broader Defence Cooperation

- Strategic Partnership: Defence cooperation is a major pillar of India-Russia strategic ties.
- **Decadal Agreement:** A military technical cooperation agreement for 2021-2031 was signed in December 2021.
- Navy-to-Navy Cooperation: A separate agreement for naval cooperation is also in the works.

#### Global Context

- Similar Agreements: India has signed comparable logistics agreements with several countries, starting with the U.S. in 2016.
- Mutual Benefits: These agreements have been advantageous for both parties involved.
- Maritime Focus: Indian Navy has been the biggest beneficiary of such administrative arrangements globally.

After years, Russia approves draft logistics agreement to be signed with India

Dinakar Peri NEW DELHI

After being held up for several years, the India-Russia mutual logistics agreement is ready for conclusion, with Russia approving the draft agreement over the

The agreement will sin plify military-to-militar exchanges for exercise training, port calls and Hi manitarian Assistance an Disaster Relief (HADR) e forts. It is similar to a serie of such agreements that Ir dia has signed with a num ber of countries, beginnin with the US. in 2016.

ber of countries, beginnis with the U.S. in 2016.
An official order data June 20 was published a Russia's official legal info mation website, authori ing the signing of the logi tics agreement with Indi The drant of the agreement and make relevant instruction to the agreement and make relevant instruction to the fence. It is a diplomate source said, commentif a diplomate source said, commentif and the control of the countries o

The agreement involves interaction between troops, and supply of weapons and military gear

on the order. Russia Prime Minister Mikha Mishustin has instructe the MoD to hold negotic tions with the Indian sid on the draft documen sources said.

The conclusion of the ke procal Exchange of Log Inca Agreemen (RELC has been delayed for sev al years. Official source said that this was the agreement which has no been approved by the 8 sian side, and has to signed by both sides befine a concluded, will walf dor five years and when concluded, will valid for five years and when concluded in the process of the control of the con

a major pillar of the India-Russia strategic partnership and is guided by the agreement on military technical cooperation. The agreement for the decade from 2021 to 2031 was signed during the imagural meeting of India-Russia 2-2 dialogue held in December 2021.

The cooperation agreement involves interaction between troops, and also addresses issues of the supply and development of weapons and military equipment, the Russian Ministry of Defence explained.

A Navy-to-Navy cooperation agreement along the same lines has also been in the works for some time.

Among the three servicis, the Indian Navy has seen the biggest beneficiyof these administrative rangements signed with veveral countries, improvgits operational turnaund and increasing inteperability on the high ass. The agreements have een a win-win for both the parties involved.

#### Significance for India:

- India has signed military logistics agreements with several countries in the past. This includes the India–US Logistics Exchange Memorandum of Agreement (LEMOA), India–Japan Acquisition and Cross-Servicing Agreement (ACSA) and India–Australia Mutual Logistics Support Agreement (MLSA), demonstrating all the Quad countries.
- Apart from this, India maintains such military logistics agreements with France, Singapore and South Korea. It is currently in the process of finalising such an agreement with the UK and Vietnam.

#### Economic and Geo-Strategic significance:

- India's interests in the Arctic region are increasing and it is keen to make investments particularly in the exploration of Russian oil, gas and other rare earth minerals in the near future.
- It is likely that these investments would increase further in future, therefore some kind of **strategic security backing** is required to safeguard India's investments in the Arctic.
- At present, India does not maintain any port facility or naval base in this region as a whole. An agreement such as RELOS would enable Indian Navy to have greater **operational reach in the Arctic**.
- It would provide logistics and other required facilities to Indian naval ships venturing through the region.
- Further, in case of any **hostile situation arising in the region**, RELOS would enable greater coordination between the Indian and Russian Navy to respond appropriately in the region.

#### **■** Emerging Shipping Connectivity:

- The Arctic sea-ice along the Russian coast is receding drastically. The **Northern Sea Route** is humming with shipping activity that is significantly increasing annually.
- ◆ India has openly called for supporting the Russian vision of developing the Northern Sea Route (NSR).
- ◆ The signing of RELOS between India and Russia, would open India's access to Russian Arctic naval ports and military bases from Vladivostok to Murmansk and beyond.
- ◆ India, does not have its own full-fledged base or naval docking or refuelling facility in the Arctic, but through RELOS it would have access to all such facilities in the near future.

#### Strategic Counterweight:

- India has signed logistics agreements with all its partner **Quad countries**. Though Russia is openly critical of the Quad and has maintained distance from the alliance, RELOS could strategically act as **counterweight leverage** to both India and Russia in the Indo-Pacific.
- The similar lines on which RELOS would enable the Indian Navy's reach in the Russian Far East and the Arctic region, it would also provide logistics support and easy access of required facilities to the Russian Navy via Indian naval ports and military bases located in the Indian Ocean.
- RELOS in a way, without involving Russia in the Quad, would facilitate and strengthen Russian naval presence in the Indo-Pacific to any future hostile scenarios in the region.

## 5. <u>ISRO's Reusable Launch Vehicle 'Pushpak'</u> GS 3 (Science and Tech)

- Why in News: ISRO completed the third Reusable Launch Vehicle (RLV) Landing Experiment (LEX) of its winged vehicle 'Pushpak', at the Aeronautical Test Range (ATR) in Chitradurga, Karnataka.
- What is a RLV and How is it Different from Other Launch Vehicles?
  - Primarily, launch vehicles comprise three or four stages apart from the payload, which needs to be launched into a polar or a geosynchronous orbit, depending on a mission's requirements.
  - In ISRO's 3-stage rockets,
    - ◆ The first/ lowermost stage has solid fuel/ up to 4 liquid strap-on boosters in the GSLV;
    - ◆ The second stage has the Vikas engine powered by liquid fuel; and
    - ◆ The third and uppermost stage has a cryogenic engine, which uses liquid oxygen and liquid hydrogen.

#### In the 4-stage PSLV,

- The first stage has a motor using solid fuel augmentable with up to six solid-fuel strap-on boosters,
- The second stage has a Vikas engine,
- The third stage again has a solid-fuel motor, and
- The fourth stage has two liquid engines.
- The RLV that ISRO is building has only two stages to propel the vehicle into orbit.
  - Once the fuel in the first stage has been expended, the vehicle will shed it and carry on with the second stage.
  - The first stage will re-enter the atmosphere and land in an autonomous fashion at a predetermined location.
  - After some maintenance, it will be available for reuse.

#### What is the Significance of RLVs?

Low lift-to-drag (L/D) ratio: In aerodynamics, the L/D ratio is the lift generated by an aircraft, divided by the aerodynamic drag caused by moving through air.

- Cost-effective: The use of two staged RLVs can reduce the cost of a launch by nearly 80% of the current cost.
- Foundation for advanced technologies: It has the potential to serve as the foundation for advanced technologies such as
  - Hypersonic flight,
  - Autonomous landing,
  - Return flight experimentation,
  - Powered cruise flight, and
  - Air-breathing propulsion systems.
- Scientific, strategic and commercial advantages for India: The building of RLVs will ensure that the country does not lag in important scientific and strategic areas and will also commercially help ISRO.

#### What is the History of ISRO's RLV Missions?

- In 2010, ISRO began developing a winged reusable rocket, taking the first step towards realising a two-stage-toorbit (TSTO) launch vehicle that could be fully reusable.
- In 2016, the winged vehicle successfully flew at hypersonic speed and touched down at a predetermined site 425 km east of Sriharikota, in the Bay of Bengal.
- While several other related technologies have been tested through the years, ISRO's RLV's autonomous landing was only tested successfully in 2023.
- Currently, ISRO is working on the 'Orbital Reentry Experiment' (ORE), which will be taken to orbit by a modified launch vehicle comprising existing GSLV and PSLV stages.
- The vehicle will stay in orbit for a stipulated period, re-enter, and finally land autonomously on a runway, with landing gear.

#### What are the RLV LEX Missions?

- The mission was accomplished by Vikram Sarabhai Space Centre (VSSC) along with the Liquid Propulsion System Centre (LPSC) and the ISRO Inertial Systems Unit (IISU).
- This is the third and final test in the series of LEX (03), following the success of the RLV LEX-01 and LEX-02 missions.
- The third and final test re-demonstrated the autonomous landing capability of the RLV under more challenging release conditions.
- The mission simulated high-speed landing conditions for a vehicle returning from space, reaffirming ISRO's expertise in acquiring the most critical technologies required for the development of a RLV.

## Pushpak, ISRO's reusable launch vehicle, clears test

#### 6. Hajj Pilgrimage

#### **Recent events of importance**

Why in News: At least 1,301 people died during Hajj, Saudi Arabia says, mostly unauthorised pilgrims who walked long distances in intense heat.
 Heat tragedy in Mecca, and what makes Hajj pilgrims vulnerable

#### About:

The Hajj is a religious pilgrimmage to the holy city of Mecca in Saudi Arabia that is mandatory for all able-bodied Muslimswho can afford it. It is one of the Five Pillars of Islam and is considered a central part of Muslim religious life.



#### Five Pillars:

- Shahada (Faith): The declaration of faith in the oneness of God and the acceptance of Muhammad as God's prophet.
- **Zakat (Charity):**Giving a portion of one's wealth to those in need
- Salah (Prayer):Performing the five daily prayers facing the Kaaba in Mecca.
- Sawm (Fasting): Fasting during the month of Ramadan.
- Hajj (Pilgrimage): Making a pilgrimage to the holy city of Mecca at least once in a lifetime if one is physically and financially able.

#### • Rituals:

- Ihram: State of spiritual purity marked by simple white garments.
- Tawaf and Sa'i: Circumambulation of the Kaaba and walking between Safa and Marwah.
- Day of Arafat: Standing in prayer and reflection.
- Muzdalifah and Mina: Collecting pebbles and symbolic stoning of the devil.
- Eid al-Adha: Festival of Sacrifice, animal sacrifice, and charity.
- Final Tawaf: Conclusion with a final circumambulation of the Kaaba.

## 7. <u>18th Lok Sabha session - Oath taking in Lok Sabha</u> GS 2 (Legislature)

#### Why in news:

The first session of the 18th Lok Sabha will start today. Before the House can begin its legislative functioning, the newly elected members will have to take the oath of Members of Oath-taking in Lok Sabha

Parliament (MP), which is provided in the Constitution.

Bhartruhari Mahtab, elected for the seventh consecutive time

- from Cuttack, Odisha, will be the first to take the oath as a Lok Sabha MP at Rashtrapati Bhavan in front of President Droupadi Murmu.
- The President has appointed him as the Speaker (pro tem) under Article 95(1) of the Constitution until the new Speaker is elected. Mahtab will preside over the House during the oath-taking ceremony of his colleagues.

#### Term of an MP

- The five-year term of a Lok Sabha MP begins when the Election Commission of India (ECI) declares the results as per Section 73 of the Representation of the People Act, 1951.
- From that point, MPs are entitled to certain rights as elected representatives.
- For instance, they start receiving their salary and allowances from the date of the ECI notification
- Additionally, the start of their term means that if MPs switch party allegiance, their political party can request the Speaker to disqualify them from Parliament under the anti-defection law.

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#### Parliamentary oath

#### ■ About

- ◆ The third schedule of the Constitution contains the parliamentary oath.
- Through this, members swear or affirm to bear true faith and allegiance to the Constitution of India, uphold India's sovereignty and integrity, and faithfully discharge their duties.

#### ■ Importance of the Parliamentary Oath Despite the Start of an MP's Term

- ♦ Winning the election and starting the term does not automatically allow an MP to participate in House proceedings.
- ◆ An MP must take an oath or affirmation, as prescribed by the Constitution (Article 99), to debate and vote in the Lok Sabha.
- ◆ The Constitution imposes a financial penalty of Rs 500 (Article 104) if a person participates or votes without taking the oath.
- ◆ An exception exists for ministers who are not yet elected to Parliament; they can participate, but not vote, in House proceedings for up to six months while they secure a seat in either Lok Sabha or Rajya Sabha.

#### Evolution of oath over the years

- ◆ The draft Constitution, prepared by the committee chaired by Dr. B.R. Ambedkar, initially did not invoke God in any oaths, emphasizing a solemn and sincere promise to uphold the Constitution.
- ◆ During the Constituent Assembly discussions, members like K.T. Shah and Mahavir Tyagi proposed amendments to include God in the President's oath.
- ◆ They argued that it would provide a divine sanction for believers while allowing non-believers to affirm solemnly.
- Despite disagreements, Ambedkar accepted the amendments, recognizing the significance of invoking God for some individuals.
- ◆ The last modification to the oath came with the Constitution (Sixteenth Amendment) Act, 1963.
- ◆ This amendment added the commitment to uphold India's sovereignty and integrity, following recommendations from the National Integration Council.

#### Process

- ◆ Before taking the oath or affirmation, MPs must submit their election certificate to the Lok Sabha staff.
- This requirement was introduced after a 1957 incident where a mentally unsound individual posed as an MP and took the oath.
- ◆ MPs can then take their oath or affirmation in English or any of the 22 languages specified in the Constitution.
- ◆ About half of the MPs take their oath in Hindi or English, with Sanskrit also becoming popular in recent years.
- ◆ MPs must use the name on their election certificate and adhere to the text of the oath.
- Deviations, such as adding suffixes or phrases, are not recorded, and MPs may be asked to retake the oath.
- ♦ While oaths and affirmations are a personal choice, 87% of MPs swore in the name of God in the last Lok Sabha, with the remaining 13% affirming allegiance to the Constitution.
- ◆ Some MPs alternate between swearing by God and affirming across different terms.

#### ■ Can MPs in jail take the oath?

- ◆ The Constitution specifies that if an MP does not attend Parliament for 60 days, their seat can be declared vacant.
- Courts have used this ground to allow MPs in jail to take an oath in Parliament.

## 8. Govt mulls new bank to bridge credit gap for MSMEs GS 3 (Economy)

- Why in news: The government is considering a proposal to set up a separate bank for direct lending to the micro, small and medium enterprises (MSMEs). This is being planned to deepen credit flows to the under-penetrated sector and thereby boost economic activity and job creation.
- 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. The 64 million-strong MSMEs are the backbone of the Indian economy.

#### ■ 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, Al 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.

#### New bank to bridge credit gap for MSMEs

#### ■ Proposal

- Government is planning to set up a separate bank for direct lending to MSMEs.
- Among the details to be worked out is the ownership structure of the bank, which might include a hybrid (public-private partnership) model.

#### ■ Current scheme

- ◆ The Small Industries Development Bank of India (SIDBI) primarily provides refinance to banks lending to MSMEs, helping to lower the cost of finance for these units.
  - Established under an Act of Parliament in 1990, SIDBI's majority shareholders include:
  - Government of India (20.85%),
  - State Bank of India (15.65%), Life Insurance Corporation of India (13.33%), and
  - National Bank for Agriculture and Rural Development (9.36%).
  - SIDBI accesses low-cost funds from banks that fall short of their priority sector lending (PSL) targets.
  - SIDBI's growth prospects depend on the coverage achieved by scheduled commercial banks in meeting their PSL targets.
- Additionally, state financial corporations and state industrial development corporations, among others, lend directly to MSME units.

Revised Definition of Micro, Small and Medium Enterprises			
Parameters	Micro	Small	Medium
Investment in Plant and Machinery	< 1 Crore INR	< 10 Crore INR	< 50 Crore INR
Annual Turnover	< 5 Crore INR	< 50 Crore INR	< 250 Crore INR
No. of MSMEs (Based on NSS data)	6.3 Crore	3.3 Lakh	5 thousand
No. of MSMEs (Based on Udyam data as on 31st March 2023)	1.5 Crore	4.6 Lakh	41 thousand

#### ■ Need for new bank

Ph: 9100791003 Email: iasncsc@gmail.com

## Govt mulls dedicated bank for MSMEs to enhance credit access, economic growth

#### PRASANTA SAHU NEW DELHI, JUNE 23

THE COVERNMENT is considering a proposal to set up a separate bank for direct lending to the micro, small and medium enterprises (MSMEs). This would help deepen credit flows to the underdeepen credit flows to the underpendent discount of the control of the committee of the control of the co

The government would soon or of the acali on the proposal, the oftrain indicated. The ownership (M
pructure of the bank, which ight include a hybrid (publicivate partnership) model, is nong the details to be worked in a fine of the control of

Currently, the small industries bevelopment Bankof India (SIDBI) provides largely refinance to banks that lend to MSMEs, lowering the cost offinance to these units. State financial corporations and state industrial development corpora-



tions, among others, lend directly to units in the MSME sector. It has access to low-cost fitneds, which are made available by banks agains their shortfalls in meeting their proofity sector lending (PSL) target The micro and small enterpris (MSE) refinance allocation for

According to an EY report
Memory and the Memory and

The 64 million-strong MSMI are the backbone of the India economy. MSMEs employ over 110 million people or 23 per cent of the country's labour force, making it the second-largest employer in India after agriculture. They account for 27 per cent of India's GDP, 38.4 per cent for the total manufacturing output and 45 per cent for the country's total exports "A separate bark within understands the needs and the working

or the MSMiss is required; said simple probabilities the Federation of Indian Misconain Simulation of Indian Misconain Enterprises Large banks don't understand Enterprises large banks don't understand the MSMIs, plain statement of the MSMIs, plain duples of the MSMIs of the MSMIs, plain duples of the MSMIs of the MSMIs

Kalantri also said that MSMEshould be given loans at the sam interest rate as housing, i.e., at the rate of 6 per cent for exports and 8 per cent for regular domestic production activities. Currently, he said, the bank interest rate for MSMEs is 11-13 per cent and for exports 8-9 per cent.

- ◆ According to a report, MSME credit penetration is still 14% in India compared with 50% in the US and 37% in China.
- ◆ There is a credit gap of Rs 25 trillion for the Indian MSME sector, reflecting the large untapped credit market.
- ◆ The outstanding credit to the MSMEs by scheduled commercial banks expanded by 20.9% annually to Rs 26 trillion at the end of December 2023.
- ◆ Access to adequate, timely and low-cost finance is seen as a key bottleneck, stymieing MSMEs' growth to bigger enterprises.
- ◆ A separate bank which understands the needs and the working of the MSMEs is required.
- Poor access to Markets:

  Low outreach and non availability of new markets.

  Lack of skilled manpower and ineffective marketing strategy.

  Difficult for MSMEs to sell products to government agencies.

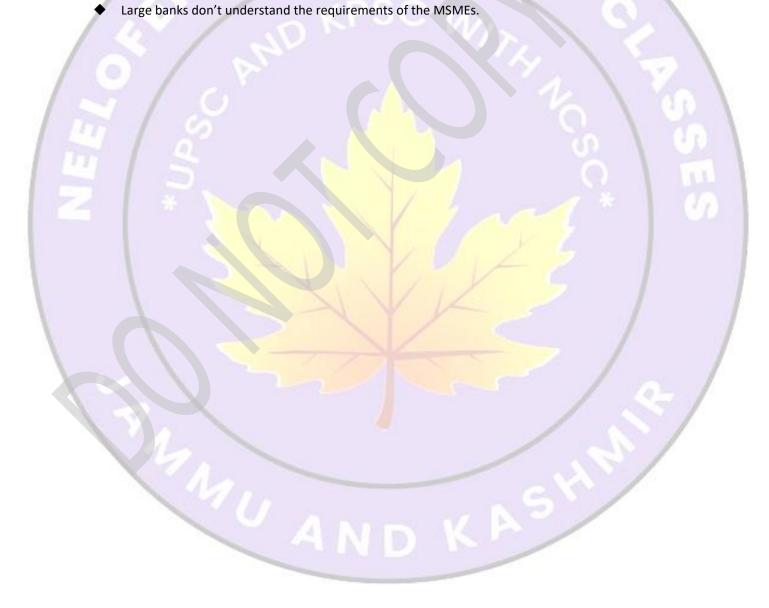
  Competition from MNCs and other big industries.

  Ease of Doing Business:

  Cumbersome government procedures and rules for establishing new units.

  Bureaucratic delays in getting clearances.

  Poor litigation system in the country.



## MCQ Current Affairs 24<sup>th</sup> June, 2024

## 1. Namaqualand, recently seen in the news, lies in which one of the following regions?

- a) Southeast Asia
- b) Middle East
- c) Southwestern Africa
- d) South America

### 2. Barda Wildlife Sanctuary is located in:

- a) Rajasthan
- b) Madhya Pradesh
- c) Maharashtra
- d) Gujarat

### 3. With reference to Methane, consider the following statements:

A. It is a short-lived greenhouse gas.

B. It is a colorless, odorless and flammable water insoluble gas.

C. It leads to ground-level ozone pollution.

How many of the above statements are correct?

- a) One only
- b) Two only
- c) All three
- d) None

## 4. Consider the following statements with reference to the Sensorineural deafness:

A. It is caused due to prolonged exposure to loud noise.

B. It can occur in persons who are infected with meningitis and mumps.

Which of the statements given above is/are correct?

- a) A only
- b) B only
- c) A and B
- d) Neither of two

## 5. Consider the following statements with reference to the Gas Flaring:

A. It is the process of burning of the natural gas associated with oil extraction.

B. It releases nitrogen oxides which impacts air quality.

Which of the statements given above is/are correct?

- a) A only
- b) B only
- c) A and B
- d) Neither of two

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