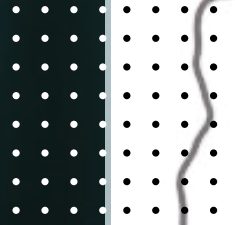




EDITION #2

FEBRUARY 2023



# NISHCHAY

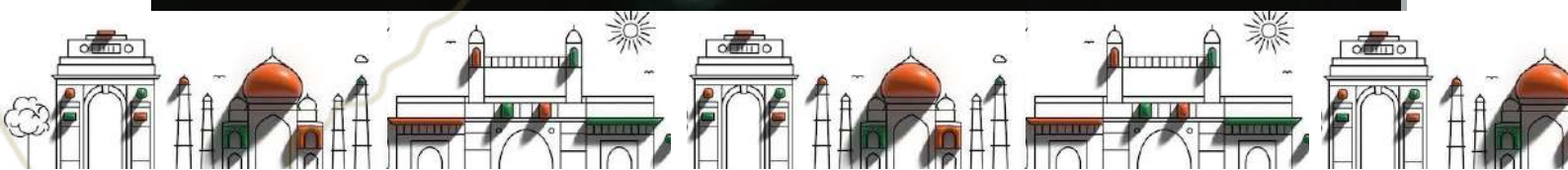
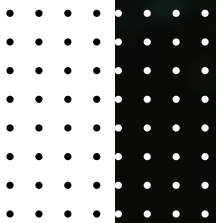
## NEWSLETTER

A Publication of

# NISHTHA

The Civil Services Society of Hansraj College

# Indian Economy



# NISHTHA- THE CIVIL SERVICES SOCIETY HANSRAJ COLLEGE

लोग क्या कहेंगे परवाह इसकी छोड़ कर,  
बंदिशों की जंजीरें अपनी सारी तोड़ कर,  
नाम तेरा याद करे विशाल ऐसा काम कर,  
निश्चय अपनी जीत कर, निश्चय कर रास्ता



# NISHTHA

The Civil Services Society of Hansraj College



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# From the President's Desk

Dear readers,

I am infused with great delight and exuberance to announce the launch of our new monthly newsletter Nishchay. This novel initiative aims to proffer all the ardent aspirants with valuable insights and information on a wide range of topics that are important from the perspective of the prestigious civil services examination.



It is written for the sole purpose of coordinating all the critical areas of the coveted UPSC-CSE. It not only focuses on the static portions of syllabus of the examination but also revolves around the current affairs as the heart of this novel endeavour.

We believe that this initiative will be of great benefit to our members, helping them to stay up-to-date with the latest developments in and around the globe along with the essential knowledge of the static portions.

Thank you for your continued support, and we hope you enjoy our newsletter!

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Sincerely,

Akshat Bhadoriya  
President

Nishtha— The Civil Services Society of Hansraj College

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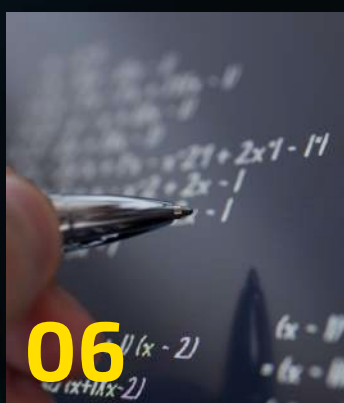
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# FOCUS OF THE MONTH



## TOP STORIES

An insight into the news that matters.



## CSAT- Nishtha Special

A sample aptitude test prepared on the lines of the CSAT Paper for a quick practice.



## TOP PERFORMERS

Celebrating the contribution and hard work of the most dedicated members of our society.

On February 1st, when Finance Minister, Nirmala Sitharaman delivered the budget speech to the legislature, all eyes were on her. Corporate men were anticipating policies for smooth businesses, whereas students had their focus on the schemes that the government would bring for them. Since then, there have been numerous mentions of budget and its effects. The budget is uniquely focused on creating an environment of sustained growth and development. It seeks to focus on areas such as digital connectivity, workforce skilling, financial inclusion and renewable energy. It also seeks to address the need for socio-economic upliftment through a combination of budget allocation and policy levels. This budget has paved the way for the “Amrit Kaal” – the next 25 years.

But the Budget is just one part of what we call, our economy. It sets the momentum for our economic growth. The last two months have witnessed the economic strengthening of India. Be it of diplomatic achievement in assuming the presidency of G20 or having become the fifth-largest economy in the world, India has revoked the spirit that once used to lead the world. India has emerged as the fastest-growing major economy in the world and is expected to be one of the top three economic powers in the world over the next 10–15 years, backed by its robust democracy and strong partnerships.

Taking note of the same, Nishtha- The Civil Services Society of Hansraj College presents to you the second edition of the monthly newsletter 'Nishchay' with its theme 'Our Indian Economy'. The previous edition made you feel the pride which our legacy upholds and now, this edition of Nishchay will bring you closer to the heart of India – the Indian Economy. This magazine will act as a lens to have a look at the India of tomorrow.



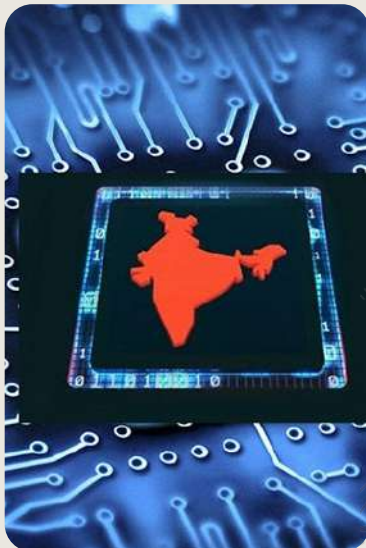


# TOP STORIES

- **India's Haj quota for 2023 fixed at 1,75,025: Government**



Minority Affairs Minister Smriti Irani has informed that the Government, under the Annual Bilateral Agreement with Saudi Arabia for Haj pilgrimage this year, has restored the original Haj Quota which stands at one lakh seventy-five thousand twenty-five. Minister Ms. Irani added that in this direction, the Ministry held a number of interactive sessions on Haj management with the stakeholders, including Haj Committees of the States and Union Territories, wherein requests for restoration of Haj Quota were received.



- **Foxconn, Vedanta plan tech tie-up with STM for Semiconductor Manufacturing unit in India**

Foxconn and Vedanta are close to inducting European chipmaker STMicroelectronics as the technology partner in their proposed semiconductor chip manufacturing unit in India. Foxconn will be the lead partner in the joint venture (JV) that was announced last February. The Vedanta-Foxconn consortium is one of the five applicants seeking government incentives under the \$10-billion package announced in December 2021 to promote domestic semiconductor manufacturing.



- **India joins UAE, France for trilateral on clean energy, counter-pandemic steps**

India, France, and the United Arab Emirates declared their common intent to formalize a “trilateral cooperation initiative” to collaborate on nuclear energy and explore opportunities in the Indian Ocean region. The Foreign Ministers of the three countries held a telephonic conversation in this regard and agreed to work together in the field of solar and nuclear energy, climate change and biodiversity.



# TOP STORIES

- **Himachal Pradesh celebrated its 53rd Statehood Day**

Himachal Pradesh celebrated its 53rd Statehood Day with joy and enthusiasm across the state on 25th January 2023. In 1971, on this day, Himachal Pradesh became the 18th state of India. The state – level function of Full Statehood Day was held at Hamirpur district, where Chief Minister Sukhwinder Singh Sukhu hoisted the national flag. The occasion was also marked by a march past presented by various state army contingents.



- **India among top 3 nations in expanding organic farming in 2020**

India has emerged as one of the top three countries in the world where the area under organic agriculture expanded the maximum in 2020. The total increase in area under organic cultivation globally in 2020 was 3 million hectares (mh), out of which Argentina accounted for 7,81,000 hectares (up by 21 per cent), followed by Uruguay at 5,89,000 hectares (28 per cent) and India at 3,59,000 hectares.



- **After Co-Win, Govt Launches U-WIN To Digitize Universal Immunization Programme**

After the success of the Co-WIN platform, the government has now replicated it to set up an electronic registry for routine vaccinations. Known as U-WIN, it aims to digitize India's Universal Immunization Programme (UIP). It has been launched in a pilot mode in two districts of each State and Union Territory. The platform will be used to register and vaccinate every pregnant woman, record her delivery outcome, register every newborn delivery, administer birth doses and all vaccination event thereafter, according to the official sources.



# TOP STORIES



- **Pakistan economy crumbles: Forex falls, inflation soars**

Pakistan's economy is on the brink of collapse. The country has asked the International Monetary Fund for a bailout from an impending default. Pakistan is in its 13th bailout from the IMF since the late 1980s. It is grappling with widespread blackouts, runaway inflation, depreciating currency and plummeting foreign exchange reserves. Its economic troubles have worsened following the devastating floods last year.



- **RBI lifts loan costs to tame inflation**

The Monetary Policy Committee (MPC) of the Reserve Bank of India raised the benchmark lending rate by 25 basis points (bps) to 6.5% as the RBI targets persistently high core or underlying inflation which it sees as a risk to the improving outlook for the economy. The immediate impact of the RBI's repo rate hike is on the retail loans such as home, auto and other loans which are linked to the bank's external benchmark.



- **No age bar to register for cadaver organ transplant**

The government has decided to do away with the clause in the National Organ and Tissue Transplant Organization (NOTTO) guidelines as it violates the right to life. "Now an individual of any age can register for organ transplant." The Indian government has also decided to do away with the domicile policy and all States have been intimated about this decision. Apart from this, certain states such as Kerala and Maharashtra have been charging fees ranging from ₹5,000 to ₹10,000 for registering organ transplant patients.



# TOP STORIES

- **India Has Huge Potential To Lead World In Green Energy: PM Modi**

While addressing the post-budget webinar on green growth, Modi remarked that this budget will play a key role in establishing India as a leading player in the global green energy market. The Prime Minister outlined three pillars for green growth and energy transmission. First, increasing the production of renewable energy; second, reducing the use of fossil fuel in the economy; and finally, rapidly moving towards a gas-based economy in the country. He stated that this strategy has underlined the announcements of measures like ethanol blending, PM KUSUM Yojana, incentives for solar manufacturing, rooftop solar scheme, coal gasification and battery storage in the budgets of the past few years.



- **India ranks 42 among 55 countries on the International IP Index**

India ranks 42nd among 55 leading global economies on the International IP Index released by the U.S. Chambers of Commerce, according to which India is ripe to become a leader for emerging markets seeking to transform their economy through IP-driven innovation. In the annual report published by the U.S. Chamber of Commerce Global Innovation Policy Center, India has maintained continued strong efforts in copyright piracy through the issuing of “dynamic” injunction orders. India not only has generous R&D and IP-based tax incentives, but also undertakes strong awareness-raising efforts regarding the negative impact of piracy and counterfeiting. It is a global leader of targeted administrative incentives for the creation and use of IP assets for SMEs.



- **Movement to get horizontal quota for trans people gains momentum**

Nearly nine years after the historic National Legal Services Authority (NALSA) judgment of the Supreme Court, which recognized transgender persons as a third gender and issued directions to protect their rights and dignity, a movement to secure horizontal reservation for them in public education and employment is gaining momentum. It includes a legal battle that seeks to modify a part of the landmark 2014 judgment.



## Basics

1. If the ratio of speeds A and B is  $x:y$ , then the time taken by this to cover the same distance is  $(1/x).(1/y)$ .
2. If the two bodies are moving in the same direction with speeds  $x$  and  $y$  km/hr where  $x > y$ , then their relative speed is  $(x-y)$  km/hr.
3. If the directions are opposite for the same for the above case, then their relative speed will be  $(x+y)$  km/hr.

## Rules for Solving the Circular Track Problems

1. When two people with speed  $x$  kmph and  $y$  kmph, start at the same time and from the same point in the same direction around a circular track of circumference  $c$  km, then
  - time taken to meet anywhere on the track is equal to  $(c / x-y)$  hr.
  - Time taken to meet at the starting point is equal to LCM of  $(c/x, c/y)$  hr.
2. When the people in the above case start in the opposite direction, then
  - time taken to meet anywhere on the track =  $(c/x+y)$  hr.
  - time taken to meet at the starting point = LCM of  $(c/x, c/y)$  hr.

## Some Questions

1. Two men A and B start together from the same point to walk around a circular path 8 km long. A walks 2 km and B walks 4 km in an hour. When will they be at the starting point if they walk in the same direction?
2. Three persons A, B, & C run around a circular track of length 1 m with respective speeds of 10, 20 & 25 kmph. If they start at the same point and at the same time in the same direction, then when will they meet again at the starting point?
3. Two cyclists start from the same place in the opposite direction, one goes towards North at 12 kmph and the other goes towards South at 15 kmph. What time will they take to be 8.1 km apart?



## General Rules For Solving Boats and Streams Problems

- When the object is flowing in the direction in which the stream is moving, then the object is said to be in downstream.
- When the object is moving against the direction in which the stream is moving, then the object is said to be moving upstream.

1. If the speed of boat in still water is  $x$  km/hr, and speed of the stream be  $y$  km/hr, then

Downstream speed =  $(x+y)$  km/hr

Upstream speed =  $(x-y)$  km/hr

2. If the downstream speed of boat is  $a$  km/hr and the upstream speed is  $b$  km/hr, then

Speed of boat in still water =  $\frac{1}{2}(a+b)$  km/hr

Speed of stream =  $\frac{1}{2}(a-b)$  km/hr

## Practice Questions

1. In a stream running at 2 kmph, a boat goes 5 km upstream and comes back to the starting point in 1h 20min. Find the speed of the motorboat in still water.
2. A man rows 20 km downstream and 16 km upstream, taking 4 h each time. What is the speed of the current?
3. A man can row 20 km upstream and 36 km downstream in 11 hours. Also he can row 28 km upstream and 42 km downstream in 14 hour. Find the speed of the man in still water.
4. A man can row 6 kmph in the still water. If the river is running at 2kmph, it takes 3 hour to row to a place and back. How far is the place?

# Top Performers

The bright gems from our treasury have once again dazzled the world of Nishtha with their sparkle. Nishtha is proud to have such brilliant minds who are adding to its legacy with their staggering alacrity and unbridled efforts. We sincerely believe that such industrious performance is worthy of recognition. Thus with utmost jubilation, we announce the top performers of the month of February 2023:



Vedika Shukla  
CREATIVE WING



Sakshi Solanki  
TECHNICAL WING



Prayush Kumar  
PR & SPONS. WING



Daina  
EDITORIAL WING



Saurabh Harinkhere  
ORGANISING WING

We congratulate you on using your remarkable talent and skills to fuel our mutual efforts. Keep aspiring, achieving and inspiring!

"When everyone is moving forward together success takes care of itself". By chronicling these efforts, we intend to invigorate the spirit of coalescing individual efforts and unlocking new possibilities. We hope to witness all our members following these footsteps of dedication, hard work and persistence.



# HISTORY OF THE INDIAN ECONOMY

## Economics in the Ancient World

Economics in its basic form began during the Bronze Age (4000–2500 BCE) with written documents in four areas of the world: Sumer and Babylonia (3500–2500 BCE); the Indus River Valley Civilization (3300–1030 BCE), in what is today's Afghanistan, Pakistan, and India; along the Yangtze River in China; and Egypt's Nile Valley, beginning around 3500 BCE. Societies in these areas developed notation systems using markings on clay tablets, papyrus, and other materials to account for crops, livestock, and land. These accounting systems, arising in tandem with written language, eventually included methods for tracking property transfers, recording debts and interest payments, calculating compound interest, and other economic tools still used today.



## The Origins of Economic History

The Origins of Economic History and its recognition of as a distinct subject can be traced back to the consolidation of British neoclassical economics at the turn of the twentieth century, under the towering influence of Alfred Marshall and his Cambridge successor, A.C. Pigou. The analytical core of the dominant school held that economies tended toward 'long-run equilibria' that were independent of initial conditions (though Marshall himself was by no means dogmatic about this doctrine in practice). Having lost out in the struggle for the disciplinary identity of economics itself, the 'historical school of economics' emerged at that time as a reaction against the neoclassical paradigm and the laissez-faire program with which it was associated. Drawing ideas and inspiration from the 'German historical school' of Gustav Schmoller and Friedrich List, early historical economists emphasised the virtues of inductive studies as contrasted with the deductive or axiomatic approach.

## History of Indian Economy

India was one of the largest economies in the world, for about two and a half millennia starting around the end of 1st millennium BC and ending around the beginning of British rule in India.

Around 500 BC, the Mahajanapadas minted punch-marked silver coins. The period was marked by intensive trade activity and urban development. By 300 BC, the Maurya Empire had united most of the Indian subcontinent including Tamilakam, which was ruled by Three Crowned Kings. The resulting political unity and military security allowed for a common economic system and enhanced trade and commerce, with increased agricultural productivity.

The Maurya Empire was followed by classical and early medieval kingdoms, including the Cholas, Pandyas, Cheras, Guptas, Western Gangas, Harsha, Palas, Rashtrakutas and Hoysalas. The Indian economy had the largest economy of any region in the world for most of the interval between the 1st and 18th centuries. Until 1000 AD, it was a subsistence economy with GDP per capita just above subsistence level, and with no GDP growth between 1 and 1000 AD.



## Economy of India under the British Raj

The role and scale of British imperial policy during the British Raj (1858 to 1947) on India's relative decline in global GDP remains a topic of debate among economists, historians, and politicians. Some commentators argue that the effect of British rule was negative, and that Britain engaged in a policy of de-industrialization in India for the benefit of British exporters, which left India relatively poorer than before British rule. Others argue that Britain's impact on India was either broadly neutral or positive, that India's declining share of global GDP was due to other factors, such as new mass production technologies or internal ethnic conflict.



## Indian economy after Independence

India is all set to celebrate 75 years of Independence on Monday (15 August 2022). Over the last seven decades, the Indian economy has seen several ups and downs. The country has gone from having a GDP of just Rs 2.7 lakh crore at the time of Independence to now sitting close to Rs 150 lakh crore. Once branded a “third world country”, India is now among the biggest economies of the world. India’s economic history has been marked by several critical milestones amongst which are the crisis years of 1966, 1981 and 1991, and India’s emergence from the economic crisis as the world’s fastest growing major economy. Crisis after Nehru; Green and White Revolution to the rescue the quest to quickly industrialize the nation caused a large reallocation of funds away from the farm sector. As a result, food shortages worsened, and inflation spiked in the country. In 1964, Lal Bahadur Shastri became India’s Prime Minister after Nehru’s demise. Besides the already persisting inflation, food shortages, the war with China had exposed more of India’s economic weakness. Shastri thought that India needed to move away from centralised planning and price controls and he renewed focus on agriculture. Shastri’s focus on food security arose from the fact that in the 1960s, India was on the verge of a mass famine, and food aid imports from the US were beginning to hit India’s foreign policy autonomy.



## Liberalisation

In 1991, the collapse of the Soviet Union, which was India’s major trading partner, and the Gulf War, which caused a spike in oil prices, resulted in a major balance-of-payments crisis for India, which found itself facing the prospect of defaulting on its loans. India had asked for a \$1.8 billion bailout loan from the International Monetary Fund (IMF), which demanded de-regulation in return. In response, the Narasimha Rao government, including then Finance Minister Manmohan Singh, initiated economic reforms in 1991.. GST, Demonisation Two of the most talked about economic events in the 21st century are Demonetisation and Good & Services Tax (GST). On November 8, 2016, Prime Minister Narendra Modi appeared on national television and said that all Rs 500, Rs 1,000 high value notes would turn invalid by midnight. The move was aimed at flushing out black money hidden from the taxman. This announcement led to nearly 86 percent of the currency in circulation becoming invalid by midnight. Close on its heels, the GST regime was introduced in 2017.





# INDIA'S G20 PRESIDENCY

India took hold of G20 presidency from Indonesia on December 1, 2022 and will hold the post for a year. The G20 presidency marks a major milestone for India as it is the first time that a developing nation has held the post of G20 president. This offers a unique opportunity for India to contribute to the global agenda on pressing issues of international importance. According to PM Modi, this term can be an opportunity for India to share its expertise with the world in areas of women empowerment, democracy and digital technologies.



The theme of India's presidency is "Vasudhaiva Kutumbakam" or "One Earth • One Family • One Future". Hope, harmony, peace and stability are the significant ideas that will outline India's presidency of G20 grouping of the world's most advanced and emerging economies. The G20 Logo draws inspiration from the vibrant colors of India's national flag – saffron, white, green, and blue. It juxtaposes planet Earth with the lotus, India's national flower that reflects growth amid challenges.



India's presidency of the G20 in 2023 is a significant event that highlights its growing global standing and economic importance. The G20 is a forum of the world's largest economies, representing 85% of global GDP, 80% of world trade, and two-thirds of the world's population. India's presidency provides the country with an opportunity to shape the global economic discourse and influence decision-making on key issues, as well as showcase its achievements and commitment to reforms that support sustainable growth. India has stated that its presidency will focus on inclusiveness and sustainability, with a special emphasis on addressing the needs of the most vulnerable populations.

This highlights India's commitment to inclusive growth and addressing social and economic inequalities. India's presidency of the G20 is a significant milestone in its journey as a rising global power and responsible stakeholder in the international community. It gives India an authority on major international economic issues. G20 is the premier forum for international economic cooperation representing around 85% of the global GDP, over 75% of global trade and about two-thirds of world's population. This presidency provides India to build on the decisions and mechanisms of previous summits. India can mobilize global solidarity for solutions to pressing problems of humanity. India's multi-alignment can be leveraged to bridge systematic and ideological differences. India can also drive consensus on key reforms of the UN, World Bank, IMF, etc.

India decides to focus on some issues of global interests. India's G20 priorities are:

- (i) Green Development, climate finance and life,
- (ii) Accelerated, inclusive and resilient growth,
- (iii) accelerating progress on SDGs, technological transformations and digital public infrastructure,
- (iv) Multilateral institutions for 21st century and
- (v) Women led development.

India's presidency of G20 will also lead to worldwide impacts. During India's G20 presidency, the country will host a series of meetings and summits, including the G20 Leaders' Summit, which brings together the heads of state and government of the member countries. Through its presidency, India aims to highlight important global issues such as economic recovery from the COVID-19 pandemic, strengthening the international trade and investment system, promoting digital transformation and innovation, and enhancing international cooperation on climate change and sustainability. The G20 is widely recognized as a key forum for international economic cooperation, and its decisions and initiatives can have a significant impact on the global economy. As such, India's presidency of the G20 is a major responsibility and an opportunity to demonstrate its leadership on the world stage.



However it is also a challenge for India to assume the presidency when the world is confronting various geopolitical problems with geopolitics at its highest points. It can prove to be an enormous task for India to overcome such issues. India has a big challenge to address the forthcoming consequences of economic decline, global poverty, delay in achievement of SDGS and the Russia-Ukraine conflict. As the President, India will be tasked with coordinating and building consensus among the diverse and influential members of the G20. One of the major challenges India will face is managing the global economic recovery from the impacts of the COVID-19 pandemic. India will need to balance its own economic interests with those of the global community and navigate the complex trade-offs involved in international economic policymaking.



Another key challenge will be addressing climate change and environmental sustainability. India will have to take a leadership role in promoting green growth, and coordinate with other countries on initiatives like carbon pricing and transition to renewable energy. In addition, India will be expected to promote inclusiveness and equality, addressing the root causes of poverty and inequality through initiatives like education, health, and access to financial services. To successfully meet these challenges, India will need to demonstrate strong leadership, diplomatic skills, and a deep commitment to the values and goals of the G20. Ultimately, by successfully navigating these challenges, India can play a key role in promoting global cooperation and stability and building a better future for all.



India apparently expressed its views at the G20 summit, arguing that without peace and security, future generations will not benefit from economic growth and technological innovation. India is now recognized as a world leader. The emphatic promise of action and determined presidency of the Indian Prime Minister Modi is followed not only by the G20 countries, but also by international organizations such as the United Nations, think tanks, diplomats around the world and most importantly, countries in the Indian Ocean Region (IOR). India has already taken the lead in some things, especially technology with digital public goods and its management, independence ie. Atma Nirbhar, vaccine diplomacy and boosting his confidence on various geopolitical issues. Thus, India is ready to strive for global peace, rule-based governance and growth for all in this world.



# DIGITAL RUPEE

**“An action to make the lifetime of currencies indefinite compared to physical notes – The Digital Rupee”.**



Digital Rupee is a tokenized digital version of the Indian Rupee, issued by the Reserve Bank of India (RBI) as a Central Bank Digital Currency (CBDC). The Digital Rupee was proposed in January 2017 and was finally launched on 01 December 2022 financial year. Digital Rupee is using blockchain distributed-ledger technology. Like banknotes, it is uniquely identifiable and regulated by Central Bank. Liability lies with RBI. Plans include online and offline accessibility.

**RBI has demarcated the digital rupee into two categories:**

**Retail E-rupee:** It is an electronic version of cash primarily meant for retail transactions, which can potentially be used by almost everyone, and can provide access to safe money for payment and settlements.

**Wholesale CBDC:** It is designed for restricted access to selected financial institutions. Financial transactions involving government securities (G-Sec) and interbank transactions could be transformed by this technology. It also makes the capital market more efficient and secure in terms of operational costs, use of collateral, and liquidity management.





## Advantages of Digital Rupee

**Reducing dependency on dollar:** India has established Digital Rupee as a superior currency for trade with its strategic partners, thus reducing reliance on the dollar. This occurs at a time when India is already in talks with Russia, UAE and Saudi Arabia to allow settlement of trade in the Indian rupee.

**Cutting cost of maintaining physical currency:** CBDC has the potential to reduce dependency on cash. To the extent large cash usage can be replaced by CBDCs, the cost of printing, transporting, storing and distributing currency can be reduced.

**Regulated intermediation:** Along with reducing operational costs, it also aims to offer the public the same features as any private virtual currency would (cryptocurrency) without any risks associated with it. Unlike crypto, E-rupee has regulated intermediation and control arrangements that plays the crucial role of ensuring integrity and stability of the monetary and financial ecosystem.

**Globalisation of payment system:** CBDC can also enable a more real-time and cost-effective globalisation of payment systems. It could eliminate the need for an expensive network of correspondent banks to settle cross-border payments. For Indians working abroad, sending money home has become simpler and cheaper resulting in huge savings for India, the world's top recipient of remittances.



## Current Trend of Digital Rupee

- One hundred and fourteen countries are exploring digital currencies, and their collective economies represent more than 95% of the world's GDP, according to the Atlantic Council's Central Bank Digital Currency tracker. Some countries, including China, India, Nigeria and the Bahamas, have already rolled out digital currencies. Others, like Sweden and Japan, are preparing for possible rollouts.
- The U.S. is studying the issue and has run trials of various technologies to enable a digital currency, although Fed chair Jerome Powell has indicated that U.S. central bank has no plans to create one, and won't do so without any direction from Congress.





YES BANK



- The central bank of India has started the pilot of digital Rupee in four cities including – Mumbai, New Delhi, Bengaluru, and Bhubaneswar. For the initial testing, RBI partnered with four banks – State Bank of India, ICICI Bank, Yes Bank, and IDFC First Bank.

- Once the testing process begins, RBI will extend the partnership to four more banks including – Bank of Baroda, Union Bank of India, HDFC Bank and Kotak Mahindra Bank. The service will also be expanded to more cities in the days to come. Cities that will get access to digital Rupee in the second phase include – Ahmedabad, Gangtok, Guwahati, Hyderabad, Indore, Kochi, Lucknow, Patna, and Shimla.



## Challenges associated with Digital Rupee

**Privacy and Security Concern:** E-rupee has the capacity to accumulate sensitive user and payment data on a massive scale. In the wrong hands, this data can be easily used to spy on private transactions of citizens. If implemented without proper security protocols, an E-Rupee could substantially amplify the scope and scale of many of the security and privacy threats that already exist in today's financial system.

**Digital Divide and Financial Illiteracy:** High level of digital illiteracy is the biggest challenge and hindrance in the success of E-rupee in India. India had a rank of 73 out of 120 countries for internet literacy (2021). Also, digital services are not available in local languages, which is a major barrier to financial literacy.

**Acceptability Concern:** Traceability of e-rupee transactions could become a deterrent to its uptake in India where cash transactions are still hugely popular, largely because of their anonymity. According to government data, the volume of bank notes in circulation rose 5% in fiscal year 2022.





## Reasons why digital currency is the future of money

**Dawn of decentralization:** We have set foot in the era where we can solely own and control all our assets. Decentralization provides financial freedom that can remain unaffected by the vicissitude of the banks and government. As there is no third-party involvement, it can offer more transparency and better transactional security. Networks built on blockchain do not require any trust or knowledge of others. Decentralized finance (Defi) as a system can easily replace the conventional financial processes for obvious reasons.



**Peer to peer transaction:** 'Save extra cost', is the utmost persuading factor for all. Earlier, the presence of middlemen in the financial blockchain incurred extra cost on the transactions. A peer-to-peer transaction is transparent, secured and less complicated. In short, peer-to-peer transactions offer privacy and no additional cost on the transfer.



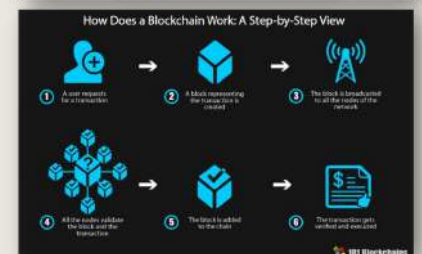
**Ease of use :** The undebatable advantage of digital currencies is its ease of use. Having a smart device allows you to be your own bank and make transactions much easier and time saving.



**Fraud proof and transparent:** Digital currency is dedicated to focus on user privacy, so data breaches would be rare since it contains limited personal details. All transactions are encrypted between "digital wallets" and will result in an exact parity calculation on the ledger. Essentially, blockchain technology is poised to disrupt every aspect of our existence with this type of security.



**Global acceptance:** Earlier, people had to pour in more money to send or receive payments across borders. By transcending global borders, digital currency promises flexibility and economic growth. Adding to the big picture, it also would be inexpensive, easy and fast. Digital currencies can boost trade and open up multiple opportunities to strengthen the financial health of the countries. Undeniably, digital currency is securing itself as the chosen currency for generations to come.





# UNION BUDGET ANALYSIS

2023 - 24



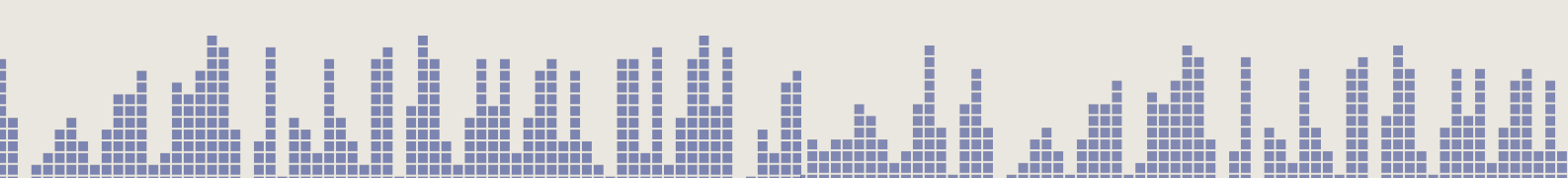
Before the Lok Sabha elections in 2024, India's Finance Minister unveiled the final full-fledged Union Budget (for 2023–24).

## What are the Constitutional Provisions regarding Budget?

The Indian Constitution's Article 112 refers to the Union Budget for a year as the Annual Financial Statement (AFS). It is a forecast of the government's anticipated income and expenses for a financial year, which runs from April 1 to March 31 of the following year. The Budget includes estimates of capital expenditures and revenue, methods for increasing revenue, estimates of spending, information on actual receipts and expenditures for the most recent fiscal year, as well as the causes of any deficit or surplus in that year. The taxation plans, income projections, spending plans, and introduction of new programmes or projects will guide economic and financial policy in the upcoming year.

The Budget passes through six stages in Parliament, Budget presentation, General Discussion, Departmental Committees' scrutiny, Voting on Grant Requests, Passing a budgetary bill, Adoption of the finance bill

The nodal organisation in charge of creating the budget is the Department of Economic Affairs under the Ministry of Finance. In 1947, Independent India's first budget was submitted.

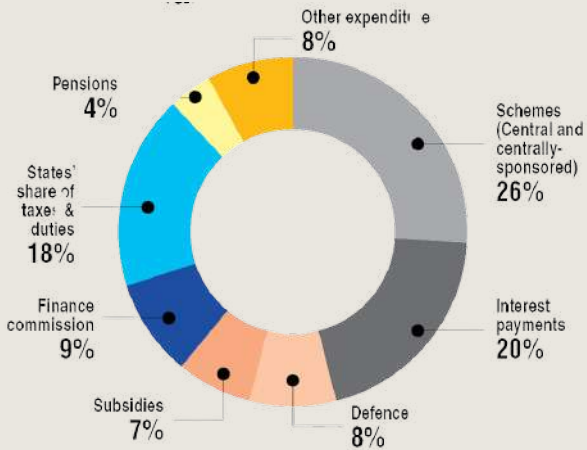




# BUDGET HIGHLIGHTS

## Spending

Spending: The government's proposed spending for 2023–24 is Rs. 45,03,097 crore, an increase of 7.5% above the previously revised estimate for 2022–23. The total spending for 2022–23 is anticipated to be 6.1% higher than anticipated in the budget.



## Receipts

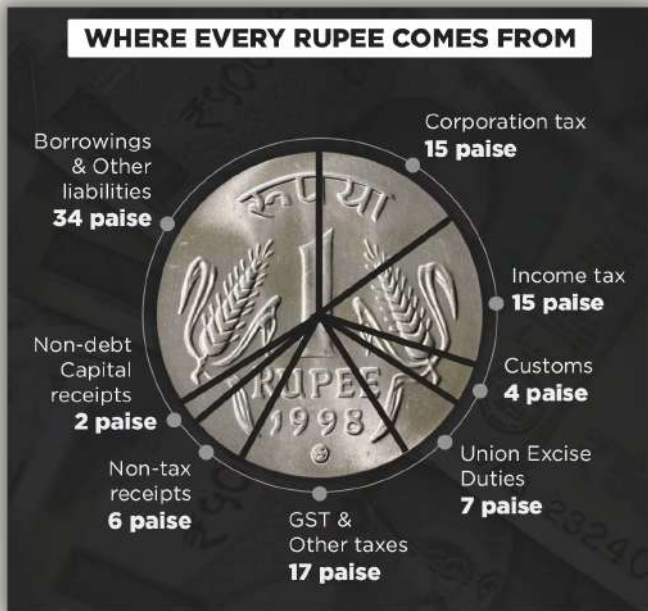
In 2023–24, receipts (other than borrowings) are anticipated to total Rs 27,16,281 crore, up 11.7% from the revised projection for 2022–23. The total receipts (excluding borrowings) are anticipated to be 6.5% higher in 2022–23 than projected in the budget.

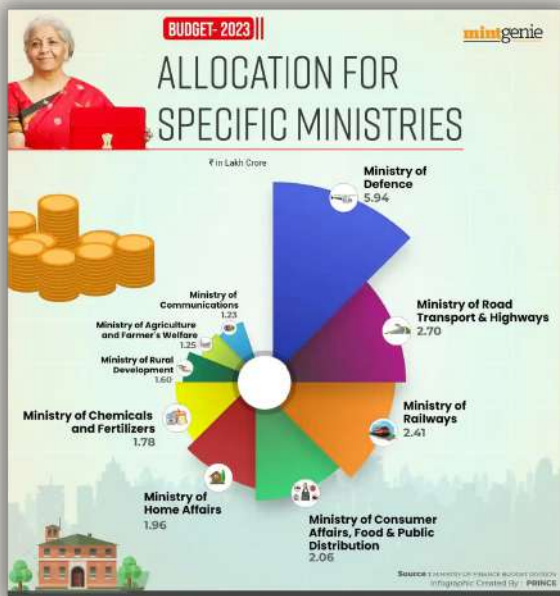
## GDP

In 2023–2024, the government forecasts a nominal GDP growth rate of 10.5%. (i.e., real growth plus inflation).

## Deficits

The revenue deficit is expected to be 2.9% of GDP in 2023–24, which is less than the previously estimated 4.1% in 2022–23. The target fiscal deficit for 2023–24 is 5.9% of GDP, which is less than the previously estimated 6.4% for 2022–23. Although the revised estimate was identical to the budget projection in terms of GDP, the fiscal deficit in 2022–23 was higher in nominal terms by Rs 94,123 crore (an increase of 5.7%). An estimated 41% of revenue revenues, or Rs 10,79,971 crore, will be spent on interest.





## Ministry appropriations

Of the top 13 ministries with the greatest allocations, the Ministry of Railways will get the largest percentage increase in 2023–2024, followed by the Ministries of Jal Shakti (31%), and Road Transport and Highways (25%).

## BUDGET ESTIMATES OF 2023-24 AS COMPARED TO REVISED ESTIMATES OF 2022-23



## Total Expenditure

The target fiscal deficit for 2023–24 is 5.9% of GDP, which is less than the previously estimated 6.4% for 2022–23. Although the revised estimate was identical to the budget projection in terms of GDP, the fiscal deficit in 2022–23 was higher in nominal terms by Rs 94,123 crore (an increase of 5.7%). An estimated 41% of revenue revenues, or Rs 10,79,971 crore, will be spent on interest. Ministry appropriations: Of the top 13 ministries with the greatest allocations, the Ministry of Railways will get the largest percentage increase in 2023–2024, followed by the Ministries of Jal Shakti (31%), and Road Transport and Highways (25%).



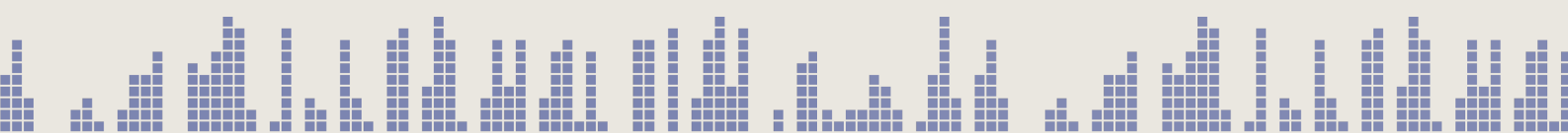
## Total Receipts

Estimated government revenues (excluding borrowings) are Rs 27,16,281 crore, up 11.7% from the updated projections for 2022–23. Borrowings, which are estimated to total Rs 17,86,816 crore, an increase of 1.8% above the revised projection for 2022–2023, would be used to close the gap between these receipts and expenditures.

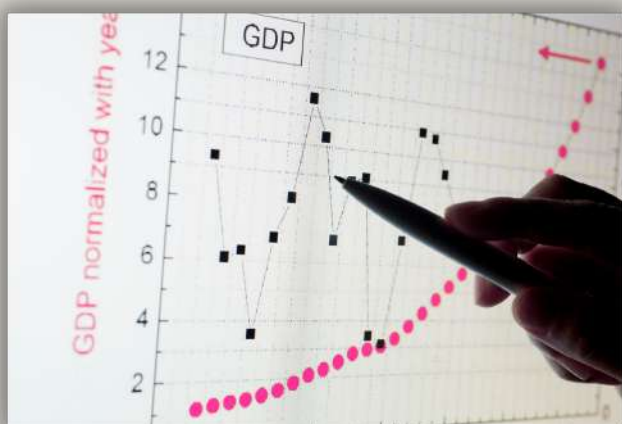


## Transfers to State

In 2023–24, the federal government would give states and union territories a total of Rs 18,62,874 crore, an 8.9% increase over the revised estimates for 2022–23. Transfers to states include grants totaling Rs. 6,86,773 crore, and special loans worth Rs. 1.3 lakh crore, and devolution of Rs. 10,21,448 crore from the dividend pool of central taxes.







## Deficits

In 2023–2024, the revenue deficit is expected to be 2.9% of GDP and the fiscal deficit is expected to be 5.9% of GDP. In 2023–2024, 2.3% of GDP is the main deficit objective, which is the fiscal deficit minus interest payments. In comparison to the budgeted estimate for 2022–2023, the revised estimate for the revenue shortfall objective has increased. The updated budget deficit goal for 2022–2023 has not changed. Even though receipts have increased, the revised budget deficit projection for 2022–2023 has not changed. Compared to a budget forecast of 3.8% of GDP, the federal government's revenue deficit is projected to be 4.1% of GDP in 2022–2023.

## Estimated nominal GDP growth for 2023–2024

10.5% nominal GDP growth is projected for 2023–2024.

# Conclusion

Even though there is a strong connection between women's and children's development programmes, the divergent trends in spending by gender and by age group—where spending on women developmental programmes is rising while spending on children development programmes is falling as a proportion of GDP—raise severe financial questions. This is primarily a result of a decrease in total spending (as a percentage of GDP).

The fiscal deficit to GDP ratio has decreased as a result of the total spending drop, which looks to be a paradoxical catch-up scenario. Revenue expenditure has significantly decreased, which has resulted in a decrease in total expenditure even if capital outlay has increased.

Economists have had varying opinions about the effectiveness of several initiatives relating to tax and non-tax revenue receipts, disinvestment, ministry/department-wise expenditure trends, and capital infrastructure spending in the Union Budget FY2023–24. Therefore, it is reasonable to infer that there is ample policy room for developing, carrying out, and managing budgetary provisions.



# Weekly FOCUS



## The Economic Survey that wasn't

### Highlights of Present Economic Survey

- It has only one volume
  - Separate 'Highlights' volume that lays out the key messages creatively and simplistically for a larger audience.
- The Indian economy has recovered from the novel coronavirus pandemic but impacted by global geo-political developments
  - \* Praises Goods and Services Tax because it has improved tax buoyancy and of the corporate tax cuts of 2019 because it seemingly helped clean up bloated corporate balance sheets.
  - \* The chapter on the social sector has researched deeper than previous surveys have done into issues of:
    - Employment
    - Rural wages
    - Demand under the Mahatma Gandhi National Rural Employment Guarantee Act
  - \* Other important human capital topics supplemented with vast amounts of data.
  - \* Discussion on the employment intensity of contemporary economic growth models and ideas to boost job creation is missing.
  - \* The chapter concludes that the 'PM's Minimum government Maximum governance vision holds key to equitable economic growth.
  - \* The Survey emphasized the increase in government capital expenditure from 12% of total expenditure in 2014 to 19%
  - \* On private sector investment: It clearly expressed about manufacturing and Production Linked Incentive schemes
    - It claims to attract ₹3 lakh crore in capital investment and generate six million new jobs in the next five years.



# Weekly FOCUS

## ChatGPT and the AI challenge



### ChatGPT

- \*It is based on the company's GPT 3.5 series of language learning models (LLM). GPT stands for Generative Pre-trained Transformer 3
- \*It is a kind of computer language model that relies on deep learning techniques to produce human-like text based on inputs.
- \*The model is trained to predict what will come next, and that's why one can technically have a 'conversation' with ChatGPT.
- \*ChatGPT can answer follow-up questions.
- \*It can also "admit its mistakes, challenge incorrect premises, and reject inappropriate requests."
- \*The chatbot was trained using Reinforcement Learning from Human Feedback (RLHF).

### Concerns

- \*Concerns about plagiarism in universities and beyond
- \*Many white-collar jobs may become redundant in the coming years, as AI becomes more ubiquitous and sophisticated.
- \*The issue of privacy and regulating the relationship between data principles and fiduciaries
- \*The AI revolution is likely to have serious implications on labor, education, authenticity of content and its authorship.

### What are the positives in budget?

- \* Keeping the fiscal deficit limited to 6.4(six point four)% of GDP in the current fiscal despite a sharp increase in food and fertilizer subsidies, by ₹2 lakh crore.
- \*Despite the revenue deficit increasing in absolute terms, from ₹9.9(nine point nine)lakh crore in the Budget estimate to ₹11.1(eleven point one) lakh crore in the revised estimate
- \*As a percentage of GDP, it was from 3.8(three point eight)% of GDP to 4.1(four point one)%.
- Case of fiscal deficit:The increase was by ₹1 lakh crore — from ₹16.6(sixteen point six) lakh crore to ₹17.6(seventeen point six)lakh crore, but it was contained at 4(six point four)% of GDP mainly due to the increase in the nominal value of GDP and also the increase in tax collections.
- \*Greater allocation to infrastructure spending

# Weekly FOCUS



## A Budget that signals growth with stability

### Capital expenditure:

- \*It is budgeted to increase from 7(two point seven)% of GDP to 3.3(three point three)%.
- \*The Reserve Bank of India has estimations:the multiplier effect of capital expenditure at 1.2(one point two).
- \*It should help revive the sagging investment climate.
- \*The continuation of the interest-free loan to States to augment their capital expenditures should help in increasing States' capital expenditures as well.
- \*The 6.5(six point five)% growth rate for 2023-24 estimated in the Economic Survey: It could indeed materialize with the budgeted increase in infrastructure spending.

### Way Forward

- \*Capital expenditure has a significant 'crowding in' effect: It should help to increase private capital expenditures as well.
- \*This comes after the 25% increase in capital expenditures in the last Budget.
- \*The increased capital spending should help revive the investment climate further and arrest the declining trend in the overall investment-GDP ratio in the country.
- \*The Finance Minister in the 2020-21 Budget had stated that the government would bring down the fiscal deficit to 4.5(four point five)% by 2025-26.
- \*In the next three years, the deficit will have to be reduced by 9(one point nine)percentage points.
- \*Overall this is a well-crafted Budget, but its success will depend on its implementation.

# Quiz

1. The Payments Fraud Reporting Module 'Daksh' is maintained by which institution?

- (a) SEBI
- (b) NITI Aayog
- (c) SBI
- (d) RBI

2. Who has been appointed as the Prime Minister of Israel?

- (a) Isaac Herzog
- (b) Benjamin Netanyahu
- (c) Amir Ohana
- (d) Esther Hyatt

3. Which cricketer has been shortlisted for the ICC Men's T20 cricketer of the year 2022?

- (a) Suryakumar Yadav
- (b) Hardik Pandya
- (c) Arshdeep Singh
- (d) Ishan Kishan

4. Saur Revolution, which was seen in the news, is associated with which country?

- (a) USA
- (b) Afghanistan
- (c) Germany
- (d) Russia

5. Parakram Diwas is celebrated on the birth anniversary of which of the following persons?

- (a) Rani Lakshmibai
- (b) Netaji Subhash Chandra Bose
- (c) Chandrashekhar Azad
- (d) Durgawati Devi

6. Which state commenced India's first Nilgiri Tahr Project?

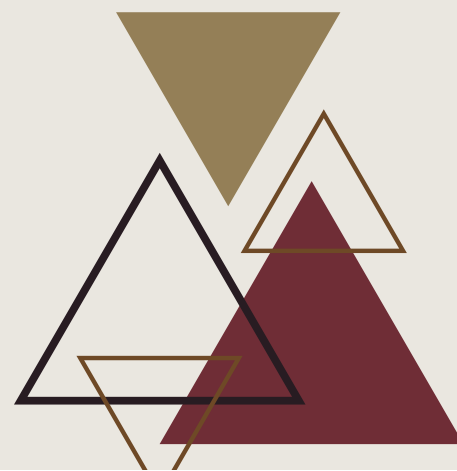
- (a) Kerela
- (b) Tamil Nadu
- (c) Odisha
- (d) Karnataka

7. Which state organises the world's largest open-air theatre 'Dhanu Yatra' festival?

- (a) Gujarat
- (b) Maharashtra
- (c) Andhra Pradesh
- (d) Odisha

8. In which state Lok Adalat was organised for the first time?

- (a) Tamil Nadu
- (b) Rajasthan
- (c) Gujarat
- (d) Maharashtra





# Quiz

9. In which article of Indian Constitution the matter related to the press is described?

- (a) Article 19
- (b) Article 21
- (c) Article 15
- (d) Article 22

10. Who invented the vaccine for cholera?

- (a) Luc Montagnier
- (b) Humphry Davy
- (c) Christiaan Eijkman
- (d) Waldemar Haffkine

11. When does India celebrate National Security Day?

- (a) 15 March
- (b) 4 March
- (c) 21 March
- (d) 26 March

12. Zuari Bridge, the second largest cable-stayed bridge in India, is located in which state/UT?

- (a) Delhi
- (b) Gujarat
- (c) Goa
- (d) Jammu & Kashmir

13. Which institution launched its Medium-term Strategy Framework named 'Utkarsh 2.0'?

- (a) NASA
- (b) DRDO
- (c) RBI
- (d) SEBI

14. 'Future Engineer Program' is an initiative of which multinational company?

- (a) Facebook
- (b) Amazon
- (c) Nokia
- (d) IBM

15. Which country recently switched to euro from its kuna currency and became the 20th member of the Eurozone?

- (a) Fiji
- (b) Croatia
- (c) Ghana
- (d) Romania



# SOLUTIONS

## Quiz

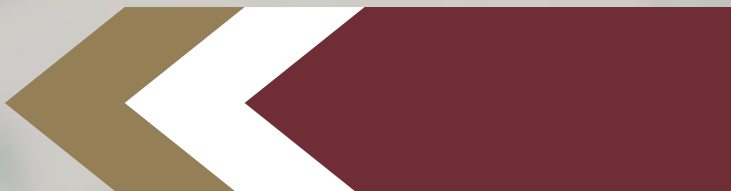
- (1) RBI
- (2) BENJAMIN NETANYAHU
- (3) SURYA KUMAR YADAV
- (4) BRAHMOS
- (5) WEST BENGAL
- (6) TAMIL NADU
- (7) ODISHA
- (8) GUJARAT
- (9) ARTICLE 19
- (10) WALDEMAR HAFFKINE
- (11) 4 MARCH
- (12) GOA
- (13) RBI
- (14) AMAZON
- (15) ROMANIA

## CSAT

### CIRCULAR TRACK PROBLEMS

- (1) 4 hrs
- (2) 12 mins
- (3) 18 mins

### BOATS AND STREAMS PROBLEMS

- (1) 8 km/h
  - (2)  $1/2$  km/h
  - (3) 5 km/h
  - (4) 8 km
- 



# NISHTHA

THE CIVIL SERVICES SOCIETY OF HANSRAJ COLLEGE