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1. The withdrawal of the United States from the Paris Climate Agreement

- The withdrawal of the United States from the Paris Climate Agreement under President Donald Trump marks a major setback in global efforts to combat climate change. The withdrawal of the United States from the Paris Climate Agreement under President Donald Trump marks a major setback in global efforts to combat climate change.
- As the second-largest emitter of greenhouse gases (GHGs) and the biggest historical contributor to climate change, the US plays a critical role in international climate action. The decision, combined with other policy reversals, has profound environmental, diplomatic, and economic consequences.

The Paris Climate Agreement

- The Paris Agreement (also called the Paris Accords or Paris Climate Accords) is an international treaty on climate change that was signed in 2016. The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 Parties at COP 21 in Paris, on 12 December 2015 and entered into force on 4 November 2016.
- The treaty covers climate change mitigation, adaptation, and finance. The Paris Agreement was negotiated by 196 parties at the 2015 United Nations Climate Change Conference near Paris, France. As of February 2023, 195 members of the United Nations Framework Convention on Climate Change (UNFCCC) are parties to the agreement. Of the three UNFCCC member states which have not ratified the agreement, the only major emitter is Iran. The United States, the second largest emitter, withdrew from the agreement in 2020, rejoined in 2021, and announced its withdrawal again in 2025.
- The Paris Agreement has a long-term temperature goal which is to keep the rise in global surface temperature to well below 2 °C (3.6 °F) above pre-industrial levels. The treaty also states that preferably the limit of the increase should only be 1.5 °C (2.7 °F). These limits are defined as averages of the global temperature as measured over many years.
- The lower the temperature increase, the smaller the effects of climate change can be expected. To achieve this temperature goal, greenhouse gas emissions should be reduced as soon as, and by as much as, possible. They should even reach net zero by the middle of the 21st century. To stay below 1.5 °C of global warming, emissions need to be cut by roughly 50% by 2030. This figure takes into account each country's documented pledges. After the Paris Agreement was signed, global emissions continued to rise rather than fall. 2024 was the hottest year on record, with a global average temperature above 1.5 °C.
- The treaty aims to help countries adapt to climate change effects, and mobilize enough finance. Under the agreement, each country must determine, plan, and regularly report on its contributions. No mechanism forces a country to set specific emissions targets, but each target should go beyond previous targets. In contrast to the 1997 Kyoto Protocol, the distinction between developed and developing countries is blurred, so that the latter also have to submit plans for emission reductions.
- The Paris Agreement was opened for signature on 22 April 2016 (Earth Day) at a ceremony inside the UN Headquarters in New York. After the European Union ratified the agreement, sufficient countries had ratified the agreement responsible for enough of the world's greenhouse gases for the agreement to enter into force on 4 November 2016.

Objectives and US Commitments

- The US, under President Barack Obama, had pledged to: Reduce GHG emissions by 26-28% below 2005 levels by 2025. Contribute \$3 billion to the Green Climate Fund (GCF) to assist developing nations in climate mitigation and adaptation efforts.

Trump's Decision to Withdraw: Reasons and Justifications

Economic Concerns

- Trump argued that the Paris Agreement was unfair to the US, as it imposed economic burdens while allowing countries like China and India to continue using fossil fuels. Claimed that compliance with the agreement would lead to job losses in the US, particularly in coal and fossil fuel industries.

National Sovereignty

- Trump framed the withdrawal as protecting US sovereignty, stating that the agreement undermined America's ability to determine its own energy policies.

Global Impact of the US Withdrawal

- The US withdrawal weakened collective action and set a dangerous precedent for other nations. It placed additional pressure on countries like the EU, China, and India to lead global climate efforts.

Increased Emissions & Fossil Fuel Expansion

- Trump's policies promoted oil drilling in the Arctic, increased coal production, and weakened vehicle emission standards. The rescinding of the Biden-era target for 50% electric vehicle sales by 2030 further cemented US dependence on fossil fuels.

Financial Disruptions to Climate Funds

- The US had committed \$3 billion to the Green Climate Fund (GCF) but Trump withheld \$2 billion, impacting climate mitigation projects in developing nations.

Reactions from Other Countries and Organizations

The Global Community

- **European Union (EU):** Strongly criticized the move and pledged to intensify climate action.
- **China and India:** Expressed disappointment but reaffirmed their commitments to climate targets.
- **United Nations (UNFCCC):** Called the withdrawal regrettable but reaffirmed support for global climate action.

US States and Cities

- Many states, including California, New York, and Washington, formed the We Are Still In coalition, pledging to uphold Paris Agreement commitments.
- Over 2,700 businesses, cities, and institutions in the US announced independent climate initiatives.

Biden's Reinstatement and Policy Reversals

- After assuming office, President Joe Biden signed an executive order on Day 1 (January 2021) to rejoin the Paris Agreement.

Stronger Climate Commitments

- Introduced the Clean Energy Plan, aiming for a net-zero emissions economy by 2050. Announced \$2 trillion for clean energy investments, including incentives for electric vehicles and renewable energy.

Restored US Leadership in Climate Negotiations

- The US played an active role in COP26 (2021) and COP27 (2022). Announced stricter methane regulations and commitments to phasing out coal.

Trump's Second Exit: Implications for Climate Diplomacy

- The US withdrawal under Trump for a second time significantly impacts upcoming climate summits. Countries are expected to announce stricter emission reduction targets, and the absence of the US weakens diplomatic momentum.

Impact on Developing Nations

- The withdrawal affects climate finance mechanisms, delaying essential adaptation and mitigation projects in the Global South.

Long-term Policy Uncertainty

- Frequent shifts in US climate policy (Obama-Trump-Biden-Trump) create global uncertainty, undermining long-term climate agreements. If a future administration reverses Biden's climate commitments again, it could derail decades of progress.

The Future of Climate Action without the US

- The European Union (EU) and China may lead global climate efforts, filling the void left by the US. India's leadership in solar energy (International Solar Alliance) and Brazil's renewed commitments under President Lula da Silva may help stabilize negotiations.

Greater Emphasis on Private Sector Initiatives

- Many global corporations, financial institutions, and non-state actors are increasing their investment in renewable energy.

International Pressure on the US

- Countries may impose carbon border taxes or trade restrictions on US goods if its policies fail to meet climate standards.

Know more about Kyoto Protocol

- The Kyoto Protocol was an international treaty which extended the 1992 United Nations Framework Convention on Climate Change (UNFCCC) that commits state parties to reduce greenhouse gas emissions, based on the scientific consensus that global warming is occurring and that human-made CO₂ emissions are driving it. The Kyoto Protocol was adopted in Kyoto, Japan, on 11 December 1997 and entered into force on 16 February 2005. There were 192 parties (Canada withdrew from the protocol, effective December 2012) to the Protocol in 2020.
- The Kyoto Protocol implemented the objective of the UNFCCC to reduce the onset of global warming by reducing greenhouse gas concentrations in the atmosphere to “a level that would prevent dangerous anthropogenic interference with the climate system” (Article 2). The Kyoto Protocol applied to the seven greenhouse gases listed in Annex A: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), nitrogen trifluoride (NF₃). Nitrogen trifluoride was added for the second compliance period during the Doha Round.
- The Protocol was based on the principle of common but differentiated responsibilities: it acknowledged that individual countries have different capabilities in combating climate change, owing to economic development, and therefore placed the obligation to reduce current emissions on developed countries on the basis that they are historically responsible for the current levels of greenhouse gases in the atmosphere.

- The Protocol's first commitment period started in 2008 and ended in 2012. All 36 countries that fully participated in the first commitment period complied with the Protocol. However, nine countries had to resort to the flexibility mechanisms by funding emission reductions in other countries because their national emissions were slightly greater than their targets.
- Negotiations were held in the framework of the yearly UNFCCC Climate Change Conferences on measures to be taken after the second commitment period ended in 2020. This resulted in the 2015 adoption of the Paris Agreement, which is a separate instrument under the UNFCCC rather than an amendment of the Kyoto Protocol.

QUESTIONS

Solve the multiple choice questions:

1. Which of the following best describes the main objective of the Paris Climate Agreement?
 - A. To legally bind all signatory countries to specific emission reduction targets
 - B. To facilitate international trade by regulating carbon tariffs
 - C. To set long-term temperature goals and encourage countries to reduce emissions voluntarily
 - D. To impose economic sanctions on countries failing to meet their climate goals
2. Why was the withdrawal of the United States from the Paris Climate Agreement considered a significant setback?
 - A. The United States was the only country contributing to climate change at the time
 - B. The United States was the largest historical emitter and a key player in international climate efforts
 - C. The withdrawal led to the complete collapse of the agreement, as no other nations remained committed
 - D. The Paris Agreement specifically required the United States to contribute the most financially
3. Which of the following statements about the Paris Climate Agreement is FALSE?
 - A. It includes a legally binding requirement for countries to submit emission reduction plans
 - B. It mandates that all participating countries must achieve net-zero emissions by 2050
 - C. It blurs the distinction between developed and developing nations in setting emission reduction targets
 - D. It allows countries to determine their own climate goals without imposing external enforcement mechanisms
4. Which of the following statements about the Kyoto Protocol is TRUE?
 - A. It required both developed and developing nations to equally reduce their emissions.
 - B. It was adopted in 1997 but did not enter into force until 2005.
 - C. It was an amendment to the Paris Agreement that imposed stricter emission targets.
 - D. It was signed by fewer than 100 countries due to disagreements over emission reductions.
5. What was the principle underlying the Kyoto Protocol's allocation of emission reduction responsibilities?
 - A. Equal responsibility for all nations, regardless of historical emissions
 - B. A market-based approach where countries could trade emissions freely
 - C. Common but differentiated responsibilities, assigning greater obligations to developed nations
 - D. A voluntary commitment for nations to reduce emissions without binding targets

6. Which of the following was NOT a feature of the Kyoto Protocol?
- A. It covered multiple greenhouse gases, including methane and sulfur hexafluoride.
 - B. It introduced flexibility mechanisms allowing countries to meet targets through foreign investments.
 - C. It required all participating nations to set legally binding emission reduction targets.
 - D. It was replaced by the Paris Agreement, which introduced a different approach to climate commitments.

2. India's 2035 targets will 'reflect the disappointment of COP29 outcome on climate finance in Baku'

- India is likely to skip the February 2025 deadline for submitting the next round of climate action plans under the Paris Agreement requirements. These plans, called Nationally Determined Contributions or NDCs, are supposed to provide details of the climate actions countries intend to take up to the year 2035.
- The Paris Agreement requires its member countries to refresh their NDCs in five-year cycles. The existing NDCs, submitted in 2020, pertain to the 2030 period. At a meeting of Paris Agreement Implementation and Compliance Committee last year, it was decided to ask countries to submit their 2035 NDCs by February 10 this year, about nine months ahead of the year-ending annual climate conference. Advance submissions allow for adequate time to compile, seek clarifications, and produce synthesis reports.
- India, however, is not yet ready with its 2035 action plan, and in no hurry to meet the deadline. In fact, the Indian NDC might be submitted only in the second half of the year, closer to the annual climate meeting, being held in Brazil in November this year, official sources said. There are no penalties for late submissions. Not many countries have submitted their 2035 NDCs. Even many developed country parties are yet to make their submissions. The United States, incidentally, is among those that have submitted. The Joe Biden administration had approved and submitted the 2035 submissions in December, well before Donald Trump assumed charge.
- India has also skipped the December 31, 2024 deadline for the submission of the first Biennial Transparency Report (BTR), the new format in which a country has to report its detailed inventory of emissions. This report is expected to be submitted around the middle of the year.
- The sources also said that India's NDC would likely "reflect the disappointment of the climate finance outcome at COP29 in Baku" last year. It is a subtle hint that its 2035 NDC was unlikely to be a significant or ambitious upgrade of climate actions compared to the existing NDC for 2030. India, and other developing countries, have expressed serious disappointment with the outcome of COP29, last year's climate conference in Baku, which delivered an extremely weak agreement on climate finance. The developing countries had been seeking a commitment of at least one trillion dollars every year from the developed world in climate finance. But developed countries agreed to mobilise no more than 300 billion dollars a year, and that too only from 2035.

Eye on hosting COP33 in 2028

- Besides the climate finance issue, there is another reason why India is unlikely to stretch itself while making commitments for 2035 — it's planning to host the COP33 climate conference in 2028. Host countries usually announce new climate initiatives ahead of the conference to demonstrate their leadership and create momentum for a more meaningful outcome. India would like to leave some room for enhancing its NDC commitments during that time. It had enhanced its 2030 NDCs mid-way through the five-year cycle, having met two of its three initial targets well ahead of the 2030 deadline.
- Developed countries are obligated under the Paris Agreement to provide money to the developing nations to help them fight climate change, but the quantum of money has to be decided through the negotiated process. As of now, they are under a commitment to raise 100 billion dollars a year. COP29 in Baku was supposed to scale up this amount substantially, in keeping with multiple assessments of countries' needs, all of which had put the requirements in excess of a trillion dollars a year.
- For the 2030 period, India has made three commitments. It has said it would reduce the emissions intensity of its economy (emissions per unit of GDP) by 45 per cent from 2005 levels, and would ensure that at least 50 per cent of its installed electricity generation capacity comes from non-fossil fuel sources. It has also promised to increase its forest and tree cover so that they can absorb an additional 2.5 to 3 billion tonnes of carbon dioxide every year. India is on course to achieve all these three targets well ahead of 2030.
- The Government of India has articulated and put across the concerns of developing countries at the 26th session of the Conference of the Parties (COP26) to the United Nations Framework Convention on Climate Change (UNFCCC) held in Glasgow, United Kingdom. Further, India presented the following five nectar elements (*Panchamrit*) of India's climate action: 1. Reach 500GW Non-fossil energy capacity by 2030. 2. 50 per cent of its energy requirements from renewable energy by 2030. 3. Reduction of total projected carbon emissions by one billion tonnes from now to 2030. 4. Reduction of the carbon intensity of the economy by 45 per cent by 2030, over 2005 levels. 5. Achieving the target of net zero emissions by 2070.

Know more about Conference of the Parties 29 (COP29)

- Recently, the United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties 29 (COP29) concluded in Baku, Azerbaijan. This conference saw around 200 countries negotiate agreements aimed at addressing global climate challenges.

What are the Key Highlights of the COP29?

- **New Climate Finance Goal:** A major breakthrough at COP29 was the New Collective Quantified Goal on Climate Finance (NCQG). It aims to triple climate finance for developing countries to USD 300 billion per year by 2035 from the previous goal of USD 100, with developed countries taking the lead. It also makes a general call on all actors to scale up climate financing to USD1.3 trillion per year by 2035 from all public and private sources to help developing countries mitigate and adapt to climate impacts.
- **Carbon Markets Agreement:** COP29 reached a landmark agreement to finalise the mechanisms for carbon markets, including country-to-country trading (Article 6.2 of the Paris Agreement) and a centralised carbon market under the United Nations (UN) (Article 6.4 of the Paris Agreement). Article 6.2, allows bilateral agreements between countries to trade carbon credits based on mutually agreed terms. Paris Agreement Crediting Mechanism (also known as Article 6.4) seeks to develop a centralised, United Nations-managed carbon emissions offset and trading system.
- **Declaration on Reducing Methane:** Over 30 countries, including the US, Germany, UK, and UAE, endorsed the COP29 Declaration on Reducing Methane from Organic Waste (India is not a signatory).

- The declaration targets the waste sector’s methane emissions, which contribute to 20% of global methane emissions. It focuses on five priority areas: Nationally Determined Contributions (NDCs), regulation, data, finance, and partnerships.
- Countries are encouraged to include sectoral targets for reducing methane emissions from organic waste in their NDCs.
- This builds on the Global Methane Pledge (India is not a signatory) to reduce global methane emissions by 30% by 2030, addressing methane from agriculture, waste, and fossil fuels.
- **Gender and Climate Change:** A decision was made to extend the Lima Work Programme on Gender (LWPG) for another 10 years, reaffirming gender equality in climate action and the need for a new gender action plan to be adopted at COP30 (Belém, Brazil).
- Established in 2014, the LWPG aims to advance gender balance and integrate gender considerations to ensure gender-responsive climate policy and action under the Convention and the Paris Agreement.
- Baku Harmoniya Climate Initiative for Farmers: The COP29 Presidency in partnership with the Food and Agriculture Organization (FAO) launches the Baku Harmoniya Climate Initiative for Farmers. It is a platform that brings together the dispersed landscape of existing climate initiatives in the field of food and agriculture, in order to make support for farmers easier to find and to facilitate access to finance.

What is India’s Stance at COP 29?

- **Opposition to the Deal:** India rejected the NCQG, criticising it for its inadequacy. The USD 300 billion pledge was deemed insufficient for addressing the climate challenges faced by developing nations. India, alongside other Global South countries, has been advocating for at least USD 1.3 trillion annually to meet the growing demands of climate change mitigation and adaptation in developing nations, with USD 600 billion as grants or grant-equivalent resources.
- **Article 9 of the Paris Agreement:** India emphasised that developed countries should lead in mobilising climate finance, in line with Article 9 of the Paris Agreement, which places responsibility on developed nations. However, the final deal shifted the responsibility to all actors, including developing countries, instead of holding developed nations accountable for their historical emissions and financial commitments.
- **Solidarity with Vulnerable Nations:** India backed the concerns of Least Developed Countries (LDCs) and Small Island Developing States (SIDS), who walked out of the negotiations, citing that their demands for a fair and adequate financial target were being ignored.

Know more about 28th Conference of Parties (COP28)

- The 2023 United Nations Climate Change Conference or Conference of the Parties of the UNFCCC, more commonly known as COP28, was the 28th United Nations Climate Change conference, held from 30 November to 13 December at Expo City, Dubai, United Arab Emirates. The COP conference has been held annually (except for the year 2020 due to the COVID-19 pandemic) since the first UN climate agreement in 1992. The event is intended for governments to agree on policies to limit global temperature rises and adapt to impacts associated with climate change.
- The conference was originally scheduled to end on 12 December, but had to be extended following Saudi objections on the final agreement. On 13 December, the conference president, Sultan Al Jaber announced that a final compromise agreement between the countries involved had been reached. The deal commits all signatory countries to move away from carbon energy sources “in a just, orderly and equitable manner” to mitigate the worst effects of climate change, and reach net zero by the year 2050.

Loss and Damage (L&D) Fund

- COP28, member countries reached an agreement to operationalize the Loss and Damage (L&D) fund aimed at compensating countries grappling with climate change impacts. The World Bank will be the “interim host” of the fund for four years, aligning with UNFCCC and the Paris Agreement. All developing countries are eligible to apply, and every country is “invited” to contribute voluntarily. A specific percentage is earmarked for Least Developed Countries and Small Island Developing States.

Global Stocktake Text

- The Global Stocktake (GST) is a periodic review mechanism established under the Paris Agreement in 2015. The fifth iteration of the Global Stocktake (GST) text was released at COP28 and adopted with no objection. The text proposes eight steps to keep the global temperature rise within the ambit of 1.5 degrees Celsius.
- Tripling renewable energy capacity globally and doubling the global average annual rate of energy efficiency improvements by 2030; Transitioning away from fossil fuels in energy systems, in a just, orderly and equitable manner, accelerating action in this critical decade, so as to achieve net zero by 2050 in keeping with the science; Accelerating and substantially reducing non-CO2 emissions, including, in particular, methane emissions globally by 2030;

QUESTIONS

Solve the multiple choice questions:

7. Which of the following best describes the key outcome of COP29’s New Collective Quantified Goal on Climate Finance (NCQG)?
 - A. It mandates that all countries must contribute equally to climate finance, regardless of economic status.
 - B. It triples the climate finance commitment for developing countries, with developed nations taking the lead.
 - C. It establishes a legally binding obligation for developed nations to contribute USD 600 billion annually.
 - D. It replaces all previous climate finance agreements, making new contributions voluntary.
8. Why did India oppose the NCQG deal at COP29?
 - A. India believed the proposed USD 300 billion pledge was insufficient for developing nations.
 - B. India opposed any form of climate finance, advocating self-reliance in climate mitigation.
 - C. India wanted climate finance to be sourced exclusively from private-sector investments.
 - D. India rejected the inclusion of Small Island Developing States (SIDS) in climate finance discussions.
9. What was a significant agreement on carbon markets at COP29?
 - A. Countries agreed to phase out carbon markets in favor of direct emission reductions.
 - B. The conference finalized the mechanisms for both country-to-country carbon trading and a UN-managed carbon credit system.
 - C. COP29 rejected carbon trading, emphasizing regulatory approaches instead.
 - D. A universal carbon tax was introduced for all participating nations.

3. RBI cuts repo rate by 25 basis points to 6.25%, a first in 5 years

- The Reserve Bank of India's (RBI) six-member Monetary Policy Committee (MPC) cut the repo rate — the rate at which the RBI lends to other banks — by 25 basis points to 6.25 per cent. This is the first rate cut initiated by the RBI in five years, the last one being in May 2020. The repo rate, till now, stood at 6.5 per cent. The move comes barely a week after the Centre cut personal income tax to boost consumption.
- The RBI's MPC, in a unanimous decision, lowered the repo rate in a bid to stimulate economic activity by making borrowing cheaper, thereby encouraging spending and investment. The MPC, however, decided to continue with its “neutral” stance for the economy, which RBI Governor Sanjay Malhotra explained would provide flexibility to respond to the evolving macroeconomic environment.
- Malhotra said that the framework has served the Indian economy very well over the years, including the very challenging period since the pandemic, and average inflation has been lower post the introduction of this framework. He added that since the introduction of the framework, CPI has been largely aligned to the target, barring a few occasions of breaching the upper tolerance band.
- RBI and MPC will continue to improve the macro-economic outcomes in the best interest of the economy using the flexibility embedded in the inflation targeting framework, while responding to the evolving growth-inflation dynamics, the RBI Governor said, adding that the building blocks of the Framework will be refined further by making advances in the use of new data, improving forecasting of key macroeconomic variables, and develop more robust models.
- The policy is being announced amid global uncertainty, with US President Donald Trump announcing tariffs on Canada, Mexico and China. The tariffs on Canada and Mexico have been postponed for a month. The tariffs have also triggered a fear of global trade wars, resulting in a rise in the dollar against major currencies.

What about GDP forecast?

- The central bank estimates GDP growth in next fiscal year at about 6.7 per cent, Governor Sanjay Malhotra announced. The central bank estimates GDP growth in next fiscal year at about 6.7 per cent, Governor Sanjay Malhotra announced.
- The government, according to the Economic Survey that was released before the Budget, projected a growth rate of 6.3-6.8 per cent for 2025-26 on the back of a “strong external account, calibrated fiscal consolidation and stable private consumption”. This came in the backdrop of a slowing economy, which is estimated to grow at 6.4 per cent in 2024-25, the slowest in four years.

What has been said about inflation?

- The Reserve Bank has projected retail inflation at 4.2 per cent for next financial year beginning April while retaining the forecast for 2024-25 at 4.8 per cent.
- “Assuming a normal monsoon next year, CPI inflation for 2025-26 is projected at 4.2 per cent with Q1 at 4.5 per cent; Q2 at 4 per cent; Q3 at 3.8 per cent; and Q4 at 4.2 per cent,” the Governor said, while adding that risks were evenly balanced.
- CPI-based inflation declined to a four-month low of 5.22 per cent in December, mainly on account of easing of prices in the food basket, including vegetables. It was at 5.48 per cent in November.

- “MPC noted that inflation has declined, supported by a favourable outlook on food and continued transmission of past monetary policy action. It is expected to further moderate in 2025-26, gradually aligning with the target. The MPC also noted that while growth is expected to recover from the low of Q2 of 2024-25, it is much below that of last year. This growth-inflation dynamic opens up policy space for the MPC to support growth, while remaining focussed on aligning inflation with the target,” Malhotra said.

What happens when repo rate is cut?

- When the RBI reduces the repo rate, all external benchmark lending rates (EBLR) linked to the repo rate will come down, giving relief to borrowers as their equated monthly instalments (EMIs) will fall.
- Lenders may also reduce interest rates on loans that are linked to the marginal cost of fund-based lending rate (MCLR), where the full transmission of a 250 bps hike in the repo rate between May 2022 and February 2023 has not happened.

Monetary policy in India

- Under the Reserve Bank of India, Act, 1934 (RBI Act, 1934) (as amended in 2016), RBI is entrusted with the responsibility of conducting monetary policy in India with the primary objective of maintaining price stability while keeping in mind the objective of growth.

The Monetary Policy Framework

- In May 2016, the RBI Act, 1934 was amended to provide a statutory basis for the implementation of the flexible inflation targeting framework.
- **Inflation Target:** Under Section 45ZA, the Central Government, in consultation with the RBI, determines the inflation target in terms of the Consumer Price Index (CPI), once in five years and notifies it in the Official Gazette. Accordingly, on August 5, 2016, the Central Government notified in the Official Gazette 4 per cent Consumer Price Index (CPI) inflation as the target for the period from August 5, 2016 to March 31, 2021 with the upper tolerance limit of 6 per cent and the lower tolerance limit of 2 per cent. On March 31, 2021, the Central Government retained the inflation target and the tolerance band for the next 5-year period – April 1, 2021 to March 31, 2026.
- Section 45ZB of the RBI Act provides for the constitution of a six-member Monetary Policy Committee (MPC) to determine the policy rate required to achieve the inflation target.
- **Failure to Maintain Inflation Target:** The Central Government has notified the following as the factors that constitute failure to achieve the inflation target: (a) the average inflation is more than the upper tolerance level of the inflation target for any three consecutive quarters; or (b) the average inflation is less than the lower tolerance level for any three consecutive quarters.
- Where the Bank fails to meet the inflation target, it shall set out in a report to the Central Government:
 - the reasons for failure to achieve the inflation target;
 - remedial actions proposed to be taken by the Bank; and
 - an estimate of the time-period within which the inflation target shall be achieved pursuant to timely implementation of proposed remedial actions.
- The operating framework of monetary policy aims at aligning the operating target – the weighted average call rate (WACR) – with the policy repo rate through proactive liquidity management to facilitate transmission of repo rate changes through the entire financial system, which, in turn, influences aggregate demand – a key determinant of inflation and growth.

The Monetary Policy Committee

- Section 45ZB of the amended RBI Act, 1934 provides for an empowered six-member monetary policy committee (MPC) to be constituted by the Central Government by notification in the Official Gazette. The first such MPC was constituted on September 29, 2016. The present MPC members, as notified by the Central Government in the Official Gazette of October 5, 2020, are as under:
 - Governor of the Reserve Bank of India—Chairperson, ex officio;
 - Deputy Governor of the Reserve Bank of India, in charge of Monetary Policy—Member, ex officio;
 - One officer of the Reserve Bank of India to be nominated by the Central Board—Member, ex officio;
 - Dr. Nagesh Kumar, Director and Chief Executive, Institute for Studies in Industrial Development, New Delhi — Member;
 - Shri Saugata Bhattacharya, Economist — Member; and
 - Prof. Ram Singh, Director, Delhi School of Economics, University of Delhi —Member (Members referred to at 4 to 6 above, will hold office for a period of four years or until further orders, whichever is earlier)
- The MPC determines the policy repo rate required to achieve the inflation target.
- The MPC is required to meet at least four times in a year. The quorum for the meeting of the MPC is four members.
- Each member of the MPC has one vote, and in the event of an equality of votes, the Governor has a second or casting vote.
- Each Member of the Monetary Policy Committee writes a statement specifying the reasons for voting in favour of, or against the proposed resolution.

Instruments of Monetary Policy

There are several direct and indirect instruments that are used for implementing monetary policy.

- **Repo Rate:** The interest rate at which the Reserve Bank provides liquidity under the liquidity adjustment facility (LAF) to all LAF participants against the collateral of government and other approved securities.
- **Standing Deposit Facility (SDF) Rate:** The rate at which the Reserve Bank accepts uncollateralised deposits, on an overnight basis, from all LAF participants. The SDF is also a financial stability tool in addition to its role in liquidity management. The SDF rate is placed at 25 basis points below the policy repo rate. With introduction of SDF in April 2022, the SDF rate replaced the fixed reverse repo rate as the floor of the LAF corridor.
- **Marginal Standing Facility (MSF) Rate:** The penal rate at which banks can borrow, on an overnight basis, from the Reserve Bank by dipping into their Statutory Liquidity Ratio (SLR) portfolio up to a predefined limit (2 per cent). This provides a safety valve against unanticipated liquidity shocks to the banking system. The MSF rate is placed at 25 basis points above the policy repo rate.
- **Liquidity Adjustment Facility (LAF):** The LAF refers to the Reserve Bank's operations through which it injects/absorbs liquidity into/from the banking system. It consists of overnight as well as term repo/reverse repos (fixed as well as variable rates), SDF and MSF. Apart from LAF, instruments of liquidity management include outright open market operations (OMOs), forex swaps and market stabilisation scheme (MSS).

- **LAF Corridor:** The LAF corridor has the marginal standing facility (MSF) rate as its upper bound (ceiling) and the standing deposit facility (SDF) rate as the lower bound (floor), with the policy repo rate in the middle of the corridor.
- **Main Liquidity Management Tool:** A 14-day term repo/reverse repo auction operation at a variable rate conducted to coincide with the cash reserve ratio (CRR) maintenance cycle is the main liquidity management tool for managing frictional liquidity requirements.
- **Fine Tuning Operations:** The main liquidity operation is supported by fine-tuning operations, overnight and/or longer tenor, to tide over any unanticipated liquidity changes during the reserve maintenance period. In addition, the Reserve Bank conducts, if needed, longer-term variable rate repo/reverse repo auctions of more than 14 days.
- **Reverse Repo Rate:** The interest rate at which the Reserve Bank absorbs liquidity from banks against the collateral of eligible government securities under the LAF. Following the introduction of SDF, the fixed rate reverse repo operations will be at the discretion of the RBI for purposes specified from time to time.
- **Bank Rate:** The rate at which the Reserve Bank is ready to buy or rediscount bills of exchange or other commercial papers. The Bank Rate acts as the penal rate charged on banks for shortfalls in meeting their reserve requirements (cash reserve ratio and statutory liquidity ratio). The Bank Rate is published under Section 49 of the RBI Act, 1934. This rate has been aligned with the MSF rate and, changes automatically as and when the MSF rate changes alongside policy repo rate changes.
- **Cash Reserve Ratio (CRR):** The average daily balance that a bank is required to maintain with the Reserve Bank as a per cent of its net demand and time liabilities (NDTL) as on the last Friday of the second preceding fortnight that the Reserve Bank may notify from time to time in the Official Gazette.
- **Statutory Liquidity Ratio (SLR):** Every bank shall maintain in India assets, the value of which shall not be less than such percentage of the total of its demand and time liabilities in India as on the last Friday of the second preceding fortnight, as the Reserve Bank may, by notification in the Official Gazette, specify from time to time and such assets shall be maintained as may be specified in such notification (typically in unencumbered government securities, cash and gold).
- **Open Market Operations (OMOs):** These include outright purchase/sale of government securities by the Reserve Bank for injection/absorption of durable liquidity in the banking system.

Legal Framework

- Reserve Bank of India Act, 1934 as amended from time to time.
- Reserve Bank of India Monetary Policy Committee and Monetary Policy Process Regulations, 2016

QUESTIONS

Solve the multiple choice questions:

10. What is the primary reason the Reserve Bank of India (RBI) cut the repo rate by 25 basis points?
- To align inflation with the central bank's long-term target
 - To reduce fiscal deficit and control government spending
 - To stimulate economic activity by making borrowing cheaper
 - To counter the effects of global trade tensions caused by U.S. tariffs

4. Union Minister of Finance and Corporate Affairs Smt. Nirmala Sitharaman presented the Union Budget 2025-26 in Parliament

- Union Minister of Finance and Corporate Affairs Smt. Nirmala Sitharaman presented the Union Budget 2025-26 in Parliament. Here is the summary of her budget speech; Together, we embark on a journey to unlock our nation's tremendous potential for greater prosperity and global positioning under the leadership of Hon'ble Prime Minister Shri Narendra Modi.
- Quoting Telugu poet and playwright Shri Gurajada Appa Rao's famous saying, 'A country is not just its soil; a country is its people.' - the Finance Minister presented the Union Budget 2025-26 with the theme "**Sabka Vikas**" stimulating balanced growth of all regions.

In line with this theme, the Finance Minister outlined the broad Principles of Viksit Bharat 2047 to encompass the following:

- Zero-poverty.
- Hundred per cent good quality school education.
- Access to high-quality, affordable, and comprehensive healthcare.
- Hundred per cent skilled labour with meaningful employment.
- Seventy per cent women in economic activities; and
- Farmers making our country the 'food basket of the world'.

Budget Estimates 2025-26

- The total receipts other than borrowings and the total expenditure are estimated at ₹34.96 lakh crore and ₹50.65 lakh crore respectively.
- The net tax receipts are estimated at ₹28.37 lakh crore.
- The fiscal deficit is estimated to be 4.4 per cent of GDP.
- The gross market borrowings are estimated at ₹14.82 lakh crore.
- Capex Expenditure of ₹11.21 lakh crore (3.1% of GDP) earmarked in FY2025-26.
- The Union Budget 2025-2026 promises to continue Government's efforts to accelerate growth, secure inclusive development, invigorate private sector investments, uplift household sentiments, and enhance spending power of India's rising middle class. The Budget proposes development measures focusing on poor (Garib), Youth, farmer (Annadata) and women (Nari).
- The Budget aims to initiate transformative reforms in Taxation, Power Sector, Urban Development, Mining, Financial Sector, and Regulatory Reforms to augment India's growth potential and global competitiveness. Union Budget highlights that **Agriculture, MSME, Investment, and Exports** are engines in the journey to Viksit Bharat using reforms as fuel, guided by the spirit of inclusivity.

1st Engine: Agriculture

- Budget announced ‘Prime Minister Dhan-Dhaanya Krishi Yojana’ in partnership with states covering 100 districts to increase productivity, adopt crop diversification, augment post-harvest storage, improve irrigation facilities, and facilitate availability of long-term and short-term credit.
- Union Finance Minister announced that Government will launch a 6-year “Mission for Aatmanirbharta in Pulses” with special focus on Tur, Urad and Masoor. Central agencies (NAFED and NCCF) will be ready to procure these 3 pulses, as much as offered during the next 4 years from farmers. Smt. Sitharaman announced the increase in loan limits from Rs. 3 lakh to Rs. 5 lakh for loans taken through Kisan Credit Cards under modified interest subvention scheme.

2nd Engine: MSMEs

- Finance Minister described MSMEs as the second power engine for development as they constitute for 45% of our exports. To help MSMEs achieve higher efficiencies of scale, technological upgradation and better access to capital, the investment and turnover limits for classification of all MSMEs enhanced to 2.5 and 2 times, respectively. Further, steps to enhance credit availability with guarantee cover have also been announced.
- The Finance Minister also announced the launch of a new scheme for 5 lakh women, Scheduled Castes and Scheduled Tribes first-time entrepreneurs. This will provide term loans up to Rs. 2 crore during the next 5 years.
- Smt. Sitharaman announced that the Government will also implement a scheme to make India a global hub for toys representing the ‘Made in India’ brand. She added that the Government will set up a National Manufacturing Mission covering small, medium and large industries for furthering “Make in India”.

3rd Engine: Investment

- Defining Investment as the third engine of growth, the Union Minister prioritized investment in people, economy and innovation.
- Under the **investment in people**, she announced that 50,000 Atal Tinkering Labs will be set up in Government schools in next 5 years.
- Smt. Nirmala Sitharaman announced that broadband connectivity will be provided to all Government secondary schools and primary health centres in rural areas under the Bharatnet project.
- She said Bharatiya Bhasha Pustak Scheme will be implemented to provide digital-form Indian language books for school and higher education.
- Five National Centres of Excellence for skilling will be set up with global expertise and partnerships to equip our youth with the skills required for “Make for India, Make for the World” manufacturing.
- A Centre of Excellence in Artificial Intelligence for education will be set up with a total outlay of 500 crore.
- Budget announced that Government will arrange for Gig workers’ identity cards, their registration on the e-Shram portal and healthcare under PM Jan Arogya Yojana.
- Under the investment in Economy, Smt Sitharaman said Infrastructure-related ministries will come up with a 3-year pipeline of projects in PPP mode.
- She added that an outlay of Rs 1.5 lakh crore was proposed for the 50-year interest free loans to states for capital expenditure and incentives for reforms.
- She also announced the second Asset Monetization Plan 2025-30 to plough back capital of Rs 10 lakh crore in new projects.

- The Jal Jeevan Mission was extended till 2028 with focus on the quality of infrastructure and Operation & Maintenance of rural piped water supply schemes through “Jan Bhagidhari”.
- Government will set up an Urban Challenge Fund of Rs.1 lakh crore to implement the proposals for ‘Cities as Growth Hubs’, ‘Creative Redevelopment of Cities’ and ‘Water and Sanitation’.
- Under the investment in Innovation, an allocation of ₹20,000 crore is announced to implement private sector driven Research, Development and Innovation initiative.
- Finance Minister proposed National Geospatial Mission to develop foundational geospatial infrastructure and data which will benefit urban planning.
- Budget proposes Gyan Bharatam Mission, for survey, documentation and conservation of more than 1 crore manuscripts with academic institutions, museums, libraries and private collectors. A National Digital Repository of Indian knowledge systems for knowledge sharing is also proposed.

4th Engine: Exports

- Smt. Sitharaman defined Exports as the fourth engine of growth and said that jointly driven by the Ministries of Commerce, MSME, and Finance; Export Promotion Mission will help MSMEs tap into the export market. She added that a digital public infrastructure, ‘BharatTradeNet’ (BTN) for international trade was proposed as a unified platform for trade documentation and financing solutions.
- The Finance Minister mentioned that support will be provided to develop domestic manufacturing capacities for our economy’s integration with global supply chains. She also announced that government will support the domestic electronic equipment industry for leveraging the opportunities related to Industry 4.0. A National Framework has also been proposed for promoting Global Capability Centres in emerging tier 2 cities.
- The government will facilitate upgradation of infrastructure and warehousing for air cargo including high value perishable horticulture produce.

Fiscal Consolidation

- Reiterating the commitment to stay the course for fiscal consolidation, the Union Finance Minister stated that the Government endeavours to keep the fiscal deficit each year such that the Central Government debt remains on a declining path as a percentage of the GDP and the detailed roadmap for the next 6 years has been detailed in the FRBM statement. Smt. Sitharaman stated that the Revised Estimate 2024-25 of fiscal deficit is 4.8 per cent of GDP, while the Budget Estimates 2025-26 is estimated to be 4.4 per cent of GDP.

Budget Estimates 2025-26

- For FY 2025-26, the Union Finance Minister stated that the total receipts other than borrowings and the total expenditure are estimated at ₹34.96 lakh crore and ₹50.65 lakh crore respectively. The net tax receipts are estimated at ₹28.37 lakh crore.
- Reposing faith on middle class in nation building, the Union Budget 2025-26 proposes new direct tax slabs and rates under the new income tax regime so that no income tax is needed to be paid for total income upto ₹ 12 Lakh per annum, i.e. average income of Rs 1 Lakh per month, other than special rate income such as Capital Gain. Salaried individuals earning upto ₹ 12.75 Lakh per annum will pay NIL tax, due to standard deduction of ₹ 75,000. Towards the new tax structure and other direct tax proposals, Government is set to lose revenue of about ₹ 1 lakh crore.
- The proposed income tax slabs under the new tax regime for FY 2025-26 are as follows: Rs 0- Rs 4 lakh Nil tax, Rs 4 lakh and Rs 8 lakh - 5%, Rs 8 lakh and Rs 12 lakh - 10%, Rs 12 lakh and Rs 16 lakh - 15%, Rs 16 lakh and Rs 20 lakh - 20%, Rs 20 lakh and Rs 24 lakh - 25% and above Rs 24 lakh - 30%.

Railway Budget

- Union Finance Minister Nirmala Sitharaman presented her eighth consecutive budget on 1 February 2025. It was the Narendra Modi government's second budget after returning to power for the third straight term. There has been no change in the budgetary support for the Indian railways as compared to last fiscal year and has been kept at Rs 2.52 lakh crore for the fiscal year 2025-26. Union Minister Ashwini Vaishnaw Saturday said the Budget 2025-26 maintained the government's continuous push to improve Railways by allocating ₹2.52 lakh crore to it and approving projects such as manufacturing 17,500 general coaches, 200 Vande Bharat and 100 Amrit Bharat trains, among others.

Railway Budget

- The Railway budget was presented with the British Indian Government Budget during the British rule of India.
- On the recommendation of the Acworth committee, in 1924 the railway budget was separated from the British Indian Government's Budget.
- The first railway budget of Independent India was presented by John Mathai on 20 November 1947.
- In 2017-18, the railway budget was merged with the Union Budget and it was presented in the Parliament by Union Finance Minister Arun Jaitley.
- The record for presenting the maximum railway budget -8 times- is held by Babu Jagjivan Ram.

What is Union Budget of India?

- The Union Budget of India also referred to as the Annual Financial Statement in Article 112 of the Constitution of India, is the annual budget of the Republic of India. The Government presents it on the first day of February so that it could be materialised before the beginning of new financial year in April. Until 2016 it was presented on the last working day of February by the Finance Minister in Parliament. The budget, which is presented by means of the Finance bill and the Appropriation bill has to be passed by Lok Sabha before it can come into effect on 1 April, the start of India's financial year.
- An interim budget is not the same as a 'Vote on Account'. While a 'Vote on Account' deals only with the expenditure side of the government's budget. An interim budget is a complete set of accounts, including both expenditure and receipts. An interim budget gives the complete financial statement, very similar to a full budget. While the law does not disqualify the Union government from introducing tax changes, normally during an election year, successive governments have avoided making any major changes in income tax laws during an interim budget. Since 1947, there have been a total of 73 annual budgets, 14 interim budgets and four special budgets, or mini-budgets.
- Morarji Desai has presented 10 budgets which is the highest count followed by P Chidambaram's 9 and Pranab Mukherjee's 8. Yashwant Sinha, Yashwantrao Chavan and C.D. Deshmukh have presented 7 budgets each while Manmohan Singh and T.T. Krishnamachari have presented 6 budgets.
- The first union budget of independent India was presented by R. K. Shanmukham Chetty on 26 November 1947. Total revenues stood at ₹171.15 crore, and the fiscal deficit was ₹24.59 crore. The total expenditure was estimated at ₹197.29 crore with Defense expenditure at ₹92.74 crore.
- Union Finance Minister Nirmala Sitharaman created a record of presenting the highest number of consecutive Union budgets on February 1. The budget for the financial year (FY) 2025-26 marked her eighth consecutive annual financial statement, a new record in India's Parliamentary history. She assumed the role of finance minister after the NDA won the 2019 general elections. The full budget for FY 2019-20 marked Sitharaman's first budget as a union minister. Last FY, Sitharaman surpassed former finance minister Morarji Desai's record of delivering six consecutive union budgets in Parliament. Desai was finance minister under Jawaharlal Nehru and Indira Gandhi and later became the Prime Minister of India in 1977.

- India's prime ministers have also delivered union budgets in the past. The first Prime Minister, Jawaharlal Nehru, presented the FY 1958-59 budget while he temporarily handled the finance portfolio. Former Prime Minister Indira Gandhi tabled the FY 1969-70 budget after Desai resigned as the finance minister.

QUESTIONS

Solve the multiple choice questions:

- Which of the following is NOT a key objective under the Viksit Bharat 2047 vision outlined in the Union Budget 2025-26?
 - Achieving zero poverty
 - Ensuring 100% good quality school education
 - Increasing foreign direct investment (FDI) inflows
 - Enabling 70% participation of women in economic activities
- What key measure has the government announced under the Prime Minister Dhan-Dhaanya Krishi Yojana in the Union Budget 2025-26?
 - Establishing a nationwide crop insurance scheme for all farmers
 - Increasing the minimum support price (MSP) for all food grains
 - Covering 100 districts to enhance productivity, crop diversification, and post-harvest storage
 - Providing direct cash transfers to farmers through a new subsidy program
- Which of the following statements best describes the MSME sector reforms announced in the Union Budget 2025-26?
 - The government doubled the investment and turnover limits for MSME classification.
 - The government introduced a universal tax exemption for all MSMEs.
 - MSMEs will receive direct grants for international expansion without loan obligations.
 - The government will replace MSME credit schemes with private sector financing.

5. Economic Survey 2024-25

- “The global economy grew by 3.3 per cent in 2023. The International Monetary Fund (IMF) projects global growth to average around 3.2 per cent over the next five years, which is modest by historical standards”, says the Economic Survey 2024-25 tabled by Union Minister of Finance and Corporate Affairs Smt. Nirmala Sitharaman, in the Parliament.
- As per the Survey, the global economy exhibited steady yet uneven growth across regions in 2024. A notable trend was the slowdown in global manufacturing, especially in Europe and parts of Asia, due to supply chain disruptions and weak external demand. In contrast, the services sector performed better, supporting growth in many economies. Inflationary pressures eased in most economies. However, services inflation has remained persistent, notes the Survey.
- The Survey highlights that, despite global uncertainty, India has displayed steady economic growth. India's real GDP growth of 6.4 per cent in FY25 remains close to the decadal average. From an aggregate demand perspective, private final consumption expenditure at constant prices is estimated to grow by 7.3 per cent, driven by a rebound in rural demand.

- On the supply side, the real gross value added (GVA) is estimated to grow by 6.4 per cent. The agriculture sector is expected to rebound to a growth of 3.8 per cent in FY25. The industrial sector is estimated to grow by 6.2 per cent in FY25. Strong growth rates in construction activities and electricity, gas, water supply and other utility services are expected to support industrial expansion. Growth in the services sector is expected to remain robust at 7.2 per cent, driven by healthy activity in financial, real estate, professional services, public administration, defence, and other services.
- Keeping in mind the upsides and downsides to growth, the Survey expects the real GDP growth in FY26 to be between 6.3 and 6.8 per cent.
- The Chapter on the Medium-Term Outlook elaborates on the global factors and the importance of strengthening the levers of domestic growth in the context of heightened risks due to global concerns about economic policies and trade policy uncertainties.
- To realize the aspirations of Viksit Bharat by 2047, it is important that the medium-term growth outlook of India be assessed in the context of emerging global realities of Geo-Economic Fragmentation (GEF), Chinese manufacturing prowess, and global dependency on China for energy transition efforts. The Survey puts forth a way forward to reinvigorate the internal engines and domestic levers of growth by focusing on one central element of systemic deregulation, which will enable a paradigm of economic freedom to businesses of individuals and organizations to pursue legitimate economic activity with ease. The Survey stresses that the reforms and economic policy must now be on systematic deregulation under Ease of Doing Business 2.0 so that it encourages creation of a viable *Mittelstand*, i.e. India's SME sector.
- The Economic Survey 2024-25 notes that agriculture growth remained steady in first half of FY25, with Q2 recording a growth rate of 3.5 per cent, marking an improvement over the previous four quarters. Healthy Kharif production, above-normal monsoons, and an adequate reservoir level supported agricultural growth. The total Kharif food grain production is estimated at a record 1647.05 lakh metric tonnes (LMT) in 2024-25, higher by 5.7 per cent compared to 2023-24 and 8.2 per cent higher than the average food grain production in the past five years.
- The industrial sector grew by 6 per cent in first half of FY25, and is estimated to grow by 6.2 per cent in FY25. Q1 saw a strong growth of 8.3 per cent, but growth moderated in Q2 due to three key factors. First, manufacturing exports slowed significantly due to weak demand from destination countries, and aggressive trade and industrial policies in major trading nations. Second, the above average monsoon had mixed effects - while it replenished reservoirs and supported agriculture, it also disrupted sectors like mining, construction, and, to some extent, manufacturing. Third, the variation in the timing of festivities between September and October in the previous and current years led to a modest growth slowdown in Q2 FY25.
- Despite various challenges, India continues to register the fastest growth in manufacturing PMI, stated the Survey. The latest Manufacturing PMI for December 2024 remained well within the expansionary zone, driven by new business gains, robust demand, and advertising efforts.
- The services sector continues to perform well in FY25, emphasizes the Survey. A notable growth in Q1 and Q2 resulted in 7.1 per cent growth in first half of FY25. Across sub-categories, all the sub-sectors have performed well. India's services export growth surged to 12.8 per cent during April–November FY25, up from 5.7 per cent in FY24.
- The Economic Survey states that growth process has been ably supported by stability on fronts such as inflation, fiscal health, and external sector balance. On inflation, the Survey states that retail headline inflation has softened from 5.4 per cent in FY24 to 4.9 per cent in April – December 2024. Food inflation, measured by the Consumer Food Price Index (CFPI), has increased from 7.5 per cent in FY24 to 8.4 per cent in FY25 (April-December), primarily driven by a few food items such as vegetables and

pulses. India's consumer price inflation will gradually align with the target of around 4 per cent in FY26 as per RBI and IMF.

- The Survey observes that stability in the banking sector is underscored by declining asset impairments, robust capital buffers, and strong operational performance. The gross non-performing assets (NPAs) in the banking system have declined to a 12-year low of 2.6 per cent of gross loans and advances. The capital-to-risk-weighted assets ratio (CRAR) for Schedule Commercial Banks stands at 16.7 per cent as of September 2024, well above the norm, says the Survey.
- Emphasizing that the external sector stability is safeguarded by services trade and record remittances, the Economic Survey quotes that India's merchandise exports grew by 1.6 per cent YoY in April – December 2024. Merchandise imports rose by 5.2 per cent. India's robust services exports have propelled the country to secure the seventh-largest share in global services exports, underscoring its competitiveness.
- In addition to the services trade surplus, remittances from abroad led to a healthy net inflow of private transfers. India was the top recipient of remittances in the world, driven by an uptick in job creation in OECD economies. These two factors combined to ensure that India's current account deficit (CAD) remains relatively contained at 1.2 per cent of GDP in Q2 FY25, as per the Survey.
- Gross Foreign Direct Investment inflows recorded a revival in FY25, increasing from USD 47.2 billion in the first eight months of FY24 to USD 55.6 billion in the same period of FY25, a YoY growth of 17.9 per cent, says the Survey. Foreign portfolio investment (FPI) flows have been volatile in the second half of 2024, primarily on account of global geopolitical and monetary policy developments.
- The Economic Survey states that as a result of stable capital flows, India's foreign exchange reserves increased from USD 616.7 billion at the end of January 2024 to USD 704.9 billion in September 2024 before moderating to USD 634.6 billion as on 3 January 2025. India's forex reserves are sufficient to cover 90 per cent of external debt and provide an import cover of more than ten months, thereby safeguarding against external vulnerabilities.
- The Economic Survey highlights continued good performance on the employment front. It states that India's labour market growth in recent years has been supported by post-pandemic recovery and increased formalisation. The unemployment rate for individuals aged 15 years and above has steadily declined from 6 per cent in 2017-18 to 3.2 per cent in 2023-24. The labour force participation rate (LFPR) and the worker-to-population ratio (WPR) have also increased.
- On infrastructure front, the Economic Survey highlights the need for continued step-up of infrastructure investment over next two decades to sustain a high growth. Under railway connectivity, 2031 km of railway network was commissioned between April and November, 2024, and 17 new pairs of Vande Bharat trains were introduced between April and October 2024. Port capacity improved significantly in FY25, leading to improvements in operational efficiency and reduction in average container turnaround time in major ports from 48.1 hours in FY24 to 30.4 hours during FY25 (Apr-Nov).
- In the total health expenditure of the country between FY15 and FY22, the Survey quotes the share of government health expenditure has increased from 29.0 per cent to 48.0 per cent. During the same period, the share of out-of-pocket expenditure in total health expenditure declined from 62.6 per cent to 39.4 per cent.
- Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant sector of the Indian economy, noted the Survey. To provide equity funding to MSMEs with the potential to scale up, the government launched the Self-Reliant India Fund with a corpus of ₹50,000 crore.

Know More about Economic Survey of India

- The Economic Survey of India is an annual document of the Ministry of Finance. The Department of Economic Affairs, Ministry of Finance presents the Survey in the Parliament every year, just before the Union Budget. It is prepared under the guidance of the Chief Economic Adviser of India. This document is presented to both Houses of Parliament during the Budget Session.
- The first Economic Survey of India was presented in 1950-51 as part of the Union Budget. After 1964 it was separated from the Budget and presented each year during the Budget Session before the presentation of the budget. The document is non-binding. Nevertheless, is constructed and presented each year due to its significance. The Survey has been tabled by the Finance Minister Nirmala Sitharaman on January 31 that details the state of the economy ahead of the government's Budget for the fiscal year beginning April 1, 2023. Dr V Anantha Nageswaran is the current Chief Economic Adviser.

QUESTIONS

Solve the multiple choice questions:

14. Which of the following is NOT mentioned as a challenge to India's industrial growth in the Economic Survey 2024-25?
 - A. Weak global demand for manufacturing exports
 - B. Impact of above-average monsoon on certain industries
 - C. Labor shortages due to skilled workforce migration
 - D. Trade and industrial policies in major trading nations
15. According to the Economic Survey 2024-25, which sector is expected to grow the fastest in India during FY25?
 - A. Agriculture
 - B. Industry
 - C. Services
 - D. Mining

6. Javier Milei announces Argentina to leave World Health Organization

- Argentina's President, Javier Milei, has announced that the country will withdraw from the World Health Organization (WHO), following in the footsteps of former U.S. President Donald Trump.
- Milei criticized the WHO's handling of the Covid-19 pandemic, calling the quarantine measures "one of the most outlandish crimes against humanity in history."
- This move has drawn sharp criticism from opposition parties and health organizations, who are concerned that Argentina's exit from the WHO will hinder its access to international funding and support.
- Milei, a self-declared "anarcho-capitalist" and staunch admirer of Trump, has often expressed opposition to international organizations.

- His decision to withdraw from the WHO mirrors Trump’s 2020 withdrawal and follows a pattern of aligning his policies with those of the former U.S. president. Milei’s government has also announced controversial measures, including a ban on gender-change treatments and surgeries for minors and restrictions on trans women in women’s prisons.
- These decisions follow Milei’s remarks in Davos, Switzerland, where he criticized progressive policies like feminism, diversity, and gender inclusion, calling them a “cancer that must be extirpated.”
- Milei has also signaled intentions to withdraw Argentina from the Paris climate agreement and construct a 200-meter wire fence along the border with Bolivia to limit immigration. Critics, including Professor Alejandro Frenkel, warn that Argentina’s attempt to mimic U.S. policies could be detrimental, as Argentina lacks the resources of a global power like the U.S.
- Since taking office, Milei has introduced austerity measures, such as laying off 1,400 health ministry workers, including those responsible for vaccines and disease response.

World Health Organization (WHO)

- The World Health Organization (WHO) is a specialized agency of the United Nations responsible for international public health.
- Established on April 7, 1948, its primary goal is to promote and protect global health and well-being.
- The WHO plays a central role in coordinating international health efforts, setting global health standards, providing leadership on global health issues, and offering technical support to countries in need.

Some key areas of WHO’s work include:

- **Disease Prevention and Control:** WHO works on reducing the global burden of diseases, such as malaria, tuberculosis, HIV/AIDS, and emerging diseases like COVID-19.
- **Health Systems Strengthening:** WHO helps countries improve their healthcare systems to provide better care and services, especially in low-resource settings.
- **Health Policy and Advocacy:** It provides guidance on global health policies and standards, promoting public health initiatives and advocating for universal health coverage.
- **Research and Data Collection:** WHO conducts health research and provides data on health trends, helping inform policies and interventions globally.
- **Emergency Response:** The WHO is instrumental in coordinating responses to public health emergencies, including natural disasters and disease outbreaks.
- **Sustainable Development Goals (SDGs):** WHO supports the United Nations’ SDGs, particularly Goal 3, which aims to ensure healthy lives and promote well-being for all at all ages.
- Headquartered in Geneva, Switzerland, WHO operates in more than 150 countries and works closely with other UN agencies, governments, and organizations to achieve its goals.
- The Director-General of WHO is the head of the organization, and the current Director-General is Dr. Tedros Adhanom Ghebreyesus, who has been in office since 2017.

General Information

- **Official Name:** Argentine Republic (República Argentina)
- **Capital:** Buenos Aires
- **Official Language:** Spanish
- **Currency:** Argentine Peso (ARS)

- **Population:** ~45 million (as of 2024)
- **Time Zone:** Argentina Time (ART), UTC -3

Geography

- **Location:** Southern part of South America
- **Borders:** Chile (west), Bolivia and Paraguay (north), Brazil (northeast), Uruguay and the Atlantic Ocean (east)
- **Landscapes:** Pampas (fertile plains), Patagonia (rugged wilderness), Andes Mountains (west), Iguazu Falls (northeast), and Glaciers (south)

History Highlights

- **Independence:** July 9, 1816 (from Spain)

Key Historical Periods

- Spanish colonization (16th century)
- Wars of Independence (early 19th century)
- Military dictatorships (20th century)
- Return to democracy in 1983

Government

- **Type:** Federal presidential constitutional republic
- **President (2024):** Javier Milei
- **Provinces:** 23 provinces + Autonomous City of Buenos Aires

Economy

- **Major Industries:** Agriculture (soybeans, wheat, beef), Automotive, Oil & Gas, Tourism, Technology
- **Key Exports:** Wine, beef, soy products, lithium, grains

Culture & Sports

- **National Sport:** Pato (traditional), but football (soccer) is the most popular
- **Famous Footballers:** Lionel Messi, Diego Maradona
- **Cuisine:** Asado (barbecue), empanadas, dulce de leche, mate (herbal tea)
- **Festivals:** Tango Festival, Carnival, Fiesta Nacional de la Vendimia (Grape Harvest Festival)

QUESTIONS

Solve the multiple choice questions:

- Which of the following best describes the primary goal of the World Health Organization (WHO)?
 - To regulate global pharmaceutical companies and oversee vaccine pricing
 - To promote and protect global health and well-being
 - To provide direct healthcare services to populations worldwide
 - To fund national healthcare systems and hospitals across countries
- Which of the following is NOT one of WHO's key areas of work?
 - Coordinating responses to public health emergencies
 - Promoting universal health coverage and policy guidance
 - Developing international health regulations and guidelines
 - Administering healthcare services in developing countries

7. NavIC: crucial indigenous SatNav system, a few hurdles in development path

- India's space agency reported the partial failure of its NVS-02 navigation satellite due to the non-firing of its engines in space.
- This was the latest in a series of setbacks suffered by the Indian Regional Navigation Satellite System (IRNSS), operationally referred to as the Navigation with India Constellation (NavIC) system.
- The IRNSS was conceived in 1999 following the war in Kargil, during which India's military could not use the American Global Positioning System (GPS) in the conflict zone.
- (India and the US now cooperate in many fields, and Washington has approved the system.)
- An indigenous seven-satellite constellation serving both defence and civilian needs was proposed to be put in place by 2016, and the first satellite, IRNSS 1A, was launched on July 1, 2013.
- Eleven years later, however, only five of the 11 satellites launched in the Rs 2,250 crore NavIC program – including replacements for failed satellites – are fully operational, the Indian Space Research Organisation (ISRO) has said.
- After IRNSS-1A in 2013, the IRNSS-1B, 1C, 1D, 1E, 1F, 1G, 1H, 1I, 1J, and 1K were launched between April 4, 2014 and January 29, 2025. Following the launch of IRNSS-1G, the seventh in the series on April 28, 2016, ISRO had said that “the successful launch... [of the satellite] signifies the completion of the IRNSS constellation”.

What went wrong with the satellites?

- Between mid-2016 and the following years, several failures were reported in the rubidium atomic clocks used in navigation satellites of both ISRO's Indian Regional Navigation Satellite System (IRNSS) and the European Space Agency's (ESA) Galileo Global Navigation Satellite System (GNSS). Each IRNSS satellite is equipped with three atomic clocks. In July 2016, then ISRO Chairman A S Kiran Kumar confirmed that all atomic clocks on IRNSS-1A had ceased functioning. Despite this setback, the overall performance of the navigation system remained unaffected, as other satellite components continued to operate effectively.
- To address this issue, ISRO planned to launch a replacement satellite, IRNSS-1H, with modified clocks in 2017.
- An official from ISRO's satellite navigation program noted that while six of the seven IRNSS satellites launched by April 2016 were operational, inherent hardware issues affected the rubidium atomic clocks in some satellites. Similar problems were observed in the Galileo system, indicating a broader issue with the clock technology.
- Subsequent to the IRNSS-1A failure, atomic clocks on four additional IRNSS satellites—1C, 1D, 1E, and 1G—also experienced malfunctions. Compounding these challenges, the IRNSS-1H launch on August 31, 2017, aimed at replacing IRNSS-1A, failed to achieve its intended orbit due to the non-separation of the heat shield during the PSLV-C39 rocket launch.
- Further complications arose with the IRNSS-1K (also referred to as NVS-02), launched recently, which suffered an engine failure, leaving it in a sub-optimal orbit.
- Consequently, out of the 11 IRNSS satellites launched to date, six have encountered partial failures.

- These issues underscore persistent technical challenges in ISRO's navigation satellite program, particularly related to the reliability of rubidium atomic clocks and the mechanical integrity of launch components.

So how many satellites in the NavIC system are operational currently?

- It is estimated that only four IRNSS satellites are fully operational currently – 1B, 1F, 1I (the replacement for 1A after the launch of 1H, the original replacement, failed), and 1J (the replacement for the partially failed 1G).
- ISRO's 2023-24 annual report says that following the launch of NVS-01 on May 28, 2023, five NavIC satellites are operational – IRNSS-1B, 1C, 1F, and 1I, and NVS-01 (IRNSS-1J). However, according to some estimates, 1C is only partially operational due to the presence of the old series of atomic clocks that were reported to be malfunctioning.
- First-generation IRNSS satellites launched after July 2016 – that is, 1H and 1I – carried modified versions of the original clocks provided by a European supplier under a Euro 4 million deal for an estimated 45 clocks.
- 1J, which is operational, and 1K, which reported an engine failure last month, belong to the next generation of IRNSS satellites, and are, on that account, called NVS-01 and NVS-02 respectively.
- These satellites are equipped with a mix of indigenous and foreign clocks instead of the defective clocks used in the first generation satellites.

Why is the IRNSS/ NavIC system important for India?

- The Navigation with Indian Constellation (NavIC) satellites offer two types of services: Standard Positioning Service (SPS) for general and commercial use, and Restricted Service (RS) for defense forces.
- Covering the Indian landmass and regions up to 1,500 km around India, NavIC provides accurate positioning data with an accuracy better than 20 meters, operational in all weather conditions on dual frequencies (L5 and S bands).
- According to A.S. Ganeshan, former director of ISRO's Satellite Navigation Program, NavIC's development addresses the need for a reliable indigenous system, particularly for defense applications.
- Global systems like GPS (US), GLONASS (Russia), Galileo (Europe), Beidou (China), and QZSS (Japan) were primarily designed for military use, with features like encrypted Precise Positioning Services exclusive to the US military and its allies.
- Hence, NavIC ensures India's strategic autonomy in military navigation and target acquisition.
- For NavIC to achieve widespread adoption in the Indian subcontinent, ISRO aims to promote its integration with general positioning service providers, including mobile phone and vehicle manufacturers.
- In December 2023, following the successful deployment of the NVS-01 (IRNSS-1J) satellite in May 2023, Qualcomm announced plans to support NavIC in select chipsets. Despite the partial failure of the NVS-02 (1K) satellite, ISRO remains committed to enhancing NavIC's capabilities with the upcoming launches of NVS-03, NVS-04, and NVS-05. These second-generation satellites aim to strengthen the NavIC constellation, ensuring service continuity and improved features.

Indian Regional Navigation Satellite System (IRNSS)

- The Indian Regional Navigation Satellite System (IRNSS), also known as NavIC (Navigation with Indian Constellation), is an independent regional navigation satellite system developed by the Indian Space Research Organisation (ISRO).
- It is designed to provide accurate position information services to users in India and the surrounding region, extending up to 1,500 km from its borders.

Features of IRNSS/NavIC

Constellation

- Comprises 7 satellites: 3 in geostationary orbit (GEO) and 4 in geosynchronous orbit (GSO).
- The satellites are named IRNSS-1A to IRNSS-1G.

Services Provided

- Standard Positioning Service (SPS): Available to all civilian users.
- Restricted Service (RS): Encrypted service for authorized users like military and security agencies.

Accuracy

- Offers positioning accuracy of up to 5 meters over India, superior to many other regional systems.

Frequencies Used

- Operates in the L5 (1176.45 MHz) and S-band (2492.028 MHz), enhancing signal reliability and accuracy.

Applications of NavIC

- Navigation for Vehicles (road, rail, maritime, and aviation)
- Disaster Management
- Mapping and Geodetic Data Collection
- Terrestrial and Marine Navigation
- Precise Timing Services

Fishermen Safety with special devices to assist in navigation and disaster alerts

Recent Developments:

- **NavIC's Global Expansion:** ISRO plans to expand NavIC's coverage beyond the Indian region, making it more globally competitive with systems like GPS (USA), GLONASS (Russia), Galileo (EU), and BeiDou (China).
- **NavIC in Smartphones:** The Indian government mandates smartphone manufacturers to integrate NavIC support in new models to reduce dependency on foreign systems.
- **IRNSS-1J Launch (2024):** A replacement satellite equipped with advanced atomic clocks, enhancing system reliability after earlier clock failures in some satellites.

QUESTIONS

Solve the multiple choice questions:

18. Which of the following statements accurately explains the significance of NavIC in the context of global navigation systems?
- A. NavIC is the only navigation system designed specifically for civilian applications.
 - B. Unlike GPS, GLONASS, and Beidou, NavIC operates entirely in the geostationary orbit, ensuring uninterrupted coverage.
 - C. NavIC provides India with strategic autonomy in navigation, reducing dependency on foreign systems like GPS for military applications.
 - D. NavIC is designed exclusively for military applications and does not offer services for commercial use.

19. What is the primary reason for the slow adoption of NavIC in commercial applications like smartphones and vehicles?
- A. NavIC lacks the technical capability to provide accurate positioning services for commercial use.
 - B. Global smartphone chipset manufacturers initially did not support NavIC, requiring hardware modifications.
 - C. NavIC signals cannot penetrate dense urban environments, limiting its usability.
 - D. The Indian government has restricted NavIC's civilian access to maintain strategic secrecy.

8. Bill to set up Tribhuvan Sahkari University in Lok Sabha

- The government introduced a Bill to establish a new university, the Tribhuvan Sahkari University, on the campus of the Institute of Rural Management Anand (IRMA) in Gujarat.
- The Tribhuvan Sahkari University Bill, 2025 was introduced by the Minister of State for Cooperation, Krishan Pal Gurjar, in Lok Sabha. The new university will be declared an institution of national importance.

What is the proposal?

- At present, IRMA offers specialised courses in rural management. It also provides training in the development sector, including the cooperative sector.
- The new university is aimed at imparting technical and management education and training in the co-operative sector. It also aims to promote co-operative research and development and to attain standards of global excellence.
- Home minister Amit Shah, who is also in charge of the Ministry of Cooperation, had announced the government's intention to establish a National Cooperative University back in 2021.
- "We have received requests from four places to establish National Cooperative University... There is a need to establish a National Cooperative University," Shah had said, addressing the National Cooperative Conference on September 25, 2021. Since then, he has spoken several times about his vision for a cooperative university.
- While it will be the first university of its kind in India, several countries, such as Germany, Kenya, Colombia and Spain, have a dedicated university for cooperatives.

How will the Tribhuvan Sahkari University be different from other universities?

- The Bill's Statement of Objects and Reasons says, "The University would be a specialised University, the first of its kind, in the co-operative sector, to impart and promote co-operative education, training, research and development and thereby strengthen the co-operative movement in the country."
- The university aims to establish sector-specific schools such as dairy, fishery, sugar, banking, rural credit, co-operative finance, co-operative marketing, co-operative accounting, co-operative laws, co-operative audit, multi-state co-operatives, etc., on its campus or in the states that are the leaders in the respective sectors.

- The university will have at least 4-5 affiliated colleges or institutions in states with a high concentration of co-operative societies, and at least 1-2 affiliated colleges or institutions in states with fewer such societies.
- It will also leverage existing mass e-learning platforms like SWAYAM, a government portal that offers online courses.

Why a cooperative university?

- The cooperative sector plays a significant role in the country's economy.
- It accounts for 19 per cent of the agricultural credit availed by farmers, 35 per cent of fertiliser distribution, 25 per cent of fertiliser production, 31 per cent of sugar production, 10 per cent of the production and procurement of milk, 13 per cent of wheat procurement, 20 per cent of paddy procurement, and 21 per cent of fish production.
- The government believes that the present education and training infrastructure in the co-operative sector is fragmented and inadequate to meet the demand for qualified manpower, and capacity building of existing employees, in co-operative societies.
- "It also lacks standardisation and quality monitoring mechanisms.
- It is, therefore, essential that a comprehensive, integrated and standardised structure is created for education, training and research by establishing a national University to ensure a stable, adequate and quality supply of professionally qualified manpower for different categories of jobs in co-operatives such as managerial, supervisory, administrative, technical, operational, etc., and also address the long pending issue of capacity building of employees and board members in the co-operative sector in a pan-India and focused manner," reads the Statement of Objects and Reasons of the Bill.

What is the IRMA?

- The IRMA was founded by Dr. Verghese Kurien, the Father of White Revolution in India, in 1979.
- It was established with support from the National Dairy Development Board (NDDB), the Swiss Agency for Development Cooperation (SDC), the Government of India, government of Gujarat, and the erstwhile Indian Dairy Corporation. It is spread over a 60-acre campus.

What will be IRMA's role after the new university comes up?

- The IRMA was registered as a society under the Societies Registration Act, 1860. Once the Tribhuvan Sahkari University Bill, 2025 is legislated into an Act and becomes effective, the IRMA society will be dissolved.
- The IRMA will become one of the schools of the new university and be declared a Centre of Excellence for rural management. Its autonomy and identity will be preserved within the institutional framework of the university.

QUESTIONS

Solve the multiple choice questions:

20. The establishment of Tribhuvan Sahkari University aims to achieve which of the following key objectives that distinguish it from existing higher education institutions in India?
- A. To provide specialized technical and management education exclusively for cooperative sector professionals and promote cooperative research.
 - B. To replace existing agricultural universities with a single cooperative-centric institution focused solely on dairy and rural development.

- C. To introduce a global cooperative education model that removes government intervention in cooperative governance.
 - D. To integrate rural management education with cooperative governance under direct administration of multinational cooperative agencies.
21. How does the proposed Tribhuvan Sahkari University align with the historical and institutional legacy of the Institute of Rural Management Anand (IRMA)?
- A. The university will expand IRMA's legacy by incorporating cooperative governance and policy studies, strengthening Dr. Verghese Kurien's vision for cooperative-led rural development.
 - B. Unlike IRMA, which focused on rural dairy management, the new university will exclusively train policymakers and government officials in cooperative law.
 - C. The university will function as an independent body with no academic or institutional connection to IRMA, ensuring a separation from its rural management curriculum.
 - D. The university is being established to replace IRMA and discontinue its existing programs to create a fully centralized cooperative education model.

9. World Wetlands Day

- February 2 is annually marked as World Wetlands Day to spread awareness about conserving one of the most critical ecosystems on the planet. This year, the theme was "Protecting Wetlands for Our Common Future". Ahead of the day, India announced four new Ramsar sites under the global agreement Ramsar Convention on Wetlands – Udhwa Lake in Jharkhand, Theerthangal and Sakkarakottai in Tamil Nadu and Khecheopalri in Sikkim.

What are wetlands?

- Wetlands are regions covered by water either perennially or seasonally, such as marshes and lakes. They are vital reservoirs of biodiversity, aid water conservation and provide habitat for numerous migratory birds, aquatic species, and plant life.
- They also help recharge groundwater, control floods and support fisheries and local communities.
- From the point of view of climate change mitigation, wetlands are important carbon sinks, meaning they absorb more carbon from the atmosphere than they release.
- To advance wetlands conservation globally, the Ramsar Convention of 1971 was signed in Ramsar, Iran, as an intergovernmental agreement.
- It defines wetlands as "areas of marsh, fen, peatland or water, whether natural or artificial, permanent or temporary, with water that is static or flowing, fresh, brackish or salt, including areas of marine water the depth of which at low tide does not exceed six metres".
- These sites receive international support for conservation and management.

What are some significant wetlands in India?

- India has 89 Ramsar sites. The designation of a wetland is based on various criteria under the convention.

- For example, “A wetland should be considered internationally important if it supports plant and/or animal species at a critical stage in their life cycles, or provides refuge during adverse conditions.” It also looks at the sites’ capacity to support fishes and waterbirds.
- Tamil Nadu has the most Ramsar sites at 20. Punjab has six major wetlands, including north India’s largest – the Harike wetlands or Harike Pattan which stretches over 86 sq. Designated as a Ramsar Site in 1990, it hosts migratory birds like the Siberian crane, bar-headed geese, and many waterfowl.
- The Kanjli wetlands in Kapurthala district are along the Kali Bein river, with various fish species, turtles and migratory birds found here. The Ropar Wetlands are located on the banks of the Sutlej River. Nangal Wetlands are a key part of the Bhakra-Nangal reservoir, home to over 40,000 migratory birds that come to India annually during the winter.
- The Beas Conservation Reserve, near the river of the same name, has Indus River Dolphins, turtles, and freshwater fish. The Ranjit Sagar wetlands were formed after the creation of the Ranjit Sagar Dam on the Ravi River. It has otters and migratory birds.

Decline in migratory birds in Punjab’s wetlands

- According to the 2023-24 bird census by the Punjab government’s Department of Forests and Wildlife Conservation, a decline in migratory bird populations has been observed across Punjab’s wetlands.
- From 2023-24, the collective count of migratory and resident birds at its six protected wetlands decreased by approximately 13.7% – from 85,882 in 2022-23 to 74,129 in 2023-24. This followed a 10.47% decline from 95,928 in 2021-22 to 85,882 in 2022-23. The only silver lining was that in 2023-24, 114 species of migratory and resident birds visited these sites compared to 107 species in 2022-23.
- Kanjli Wetland experienced the most significant drop, with numbers falling nearly 49.49% – from 1,190 in 2021-22 to 601 in 2022-23 and to a further 600 in 2023-24.
- The major threats to wetlands, in general, are due to man-made factors, leading to habitat degradation and declining biodiversity. In Punjab, industrial waste discharge from factories near Harike, Ropar, and Kanjli wetlands contaminates water bodies. Illegal sand mining in riverbeds further disrupts water retention and aquatic life.
- Pesticides and fertilisers used in agricultural fields near wetlands also affect wildlife.
- In Ludhiana, the polluted Budha Nallah’s water is discharged into the Sutlej river, eventually reaching the Harike Wetlands.
- The negative impact of climate change and rising temperatures is also being felt.
- To improve the conditions of wetlands, measures like afforestation of native tree species near the wetlands, soil conservation, checks on illegal mining and public awareness have been suggested.

QUESTIONS

Solve the multiple choice questions:

22. Why are wetlands considered one of the most critical ecosystems for biodiversity and climate change mitigation?
- A. They are the primary source of drinking water for most terrestrial animals.
 - B. Wetlands function as carbon sinks, regulate water cycles, and provide habitat for diverse species.
 - C. Unlike forests, wetlands do not release any carbon into the atmosphere.
 - D. Wetlands are primarily important for fisheries and have no role in flood control or groundwater recharge.

23. What is the significance of India's inclusion of four new wetlands in the Ramsar Convention ahead of World Wetlands Day 2024?
- A. It increases India's Ramsar site count to 89, strengthening global conservation efforts.
 - B. These new wetlands replace previously designated Ramsar sites that lost their ecological importance.
 - C. The Ramsar designation grants India full international funding for wetland conservation.
 - D. The new Ramsar sites focus solely on biodiversity conservation, excluding hydrological functions.
24. Which of the following criteria determine whether a wetland qualifies as a Ramsar site under the convention?
- A. The wetland must be a freshwater ecosystem covering at least 100 square kilometers.
 - B. It should support species at a critical stage in their life cycles and serve as a refuge during adverse conditions.
 - C. The wetland should be a man-made structure with commercial fisheries and aquaculture activities.
 - D. Only wetlands that directly provide economic benefits to local communities are designated as Ramsar sites.

10. Why temperatures at North Pole reached 20 degrees Celsius above average

- On February 2, 2025, temperatures in the Arctic surged by more than 20°C above the average, surpassing the threshold for ice melting.
- This marked an extreme winter warming event, with temperatures reaching 18°C higher than the 1991–2020 average in the northern part of Svalbard, Norway, on February 1, and then rising further the next day.
- Mika Rantanen, a scientist at the Finnish Meteorological Institute, described the event as a “very extreme winter warming” but noted it was not the most extreme ever observed. Nevertheless, it was at the upper edge of what can occur in the Arctic.
- Since 1979, the Arctic has warmed at a rate four times faster than the global average.
- This rapid warming is a significant concern because the Arctic acts as a cooling mechanism for the rest of the planet, essentially serving as a “refrigerator” for global climate regulation.
- If this trend continues, it could have severe global consequences, including rising sea levels, which would threaten coastal areas worldwide, and disruption of weather patterns that impact ecosystems, agriculture, and human livelihoods.

Why did the North Pole experience such high temperatures?

- The current unusually mild temperatures in the region during the depths of the polar winter (it is from November to February) were due to a deep low-pressure system — a region where the atmospheric pressure is lower than that of surrounding locations — over Iceland.

- The system opened gates for the arrival of warmer air from lower latitudes, effectively bringing heat to the region.
- Another factor was really hot sea surface temperatures in the north-east Atlantic, which further intensified the wind-driven warming.
- As a result, the daily average temperatures at the north pole were more than 20 degrees Celsius above average on February 2, with absolute temperatures being more than -1 degrees Celsius.

Why has the Arctic warmed faster than the global average?

- The global temperatures have increased by around 1.3 degrees Celsius compared to the 1850-1900 baselines.
- However, this rise in temperatures is not uniform across the planet. For instance, the Arctic has warmed 3.8 times faster than the global average since the late 1970s, according to a 2022 study.
- There are multiple factors behind the Arctic's rapid warming. One of the most prominent factors is the albedo effect or how much sunlight a surface reflects. Sea ice keeps temperatures down in the polar regions, as its bright, white surface reflects more sunlight back to space than liquid water.
- As the ice cover in the Arctic is melting, more land or water is getting exposed to the Sun and more heat is getting absorbed, leading to a rise in temperatures.
- The lack of convection in higher latitudes such as the Arctic is another reason.
- Convection occurs when air close to the ground is heated by the warm surface of the Earth.
- In the tropics, where more sunlight can reach the surface compared to the Arctic, strong convection takes place, causing warm air to rise.
- This vertical mixing distributes heat throughout the atmosphere.
- However, in the Arctic, due to weak convection, the extra warming from the greenhouse gases is not able to mix vertically and the heat remains concentrated near the surface.

Polar Regions

- The polar regions of Earth are fascinating areas located at the extreme north (Arctic) and south (Antarctic) of the planet.
- They have distinct characteristics that make them unique from other regions:

Arctic Region (North Pole)

- **Geography:** The Arctic is primarily an ocean (the Arctic Ocean) surrounded by landmasses like North America, Europe, and Asia. The ice sheet in the Arctic is composed of floating sea ice, and it is slowly shrinking due to global warming.
- **Climate:** The Arctic has long, cold winters and short, cool summers. Its climate is harsh, with temperatures often dipping below freezing, especially during the winter.
- **Wildlife:** Iconic animals of the Arctic include polar bears, seals, Arctic foxes, and various species of whales and seabirds. The region is crucial for marine biodiversity.
- **Human Activity:** Indigenous groups, like the Inuit, live in the Arctic. Additionally, there are scientific research stations in the region, especially focusing on climate change and environmental studies.
- **Environmental Concerns:** The Arctic is warming at twice the rate of the global average, contributing to rising sea levels and habitat loss for species adapted to cold climates.

Antarctic Region (South Pole)

- **Geography:** Antarctica is a vast landmass covered by an ice sheet that holds about 60% of the world's freshwater. Unlike the Arctic, it is a continent surrounded by the Southern Ocean.

- **Climate:** Antarctica is the coldest place on Earth, with temperatures in the interior reaching as low as -80°C (-112°F). The coastal regions are slightly warmer but still extremely cold.
- **Wildlife:** Despite its extreme cold, Antarctica is home to penguins (like the Emperor and Adélie), seals, and several bird species. However, it lacks terrestrial mammals due to its harsh environment.
- **Human Activity:** There is no permanent human population in Antarctica. It is governed by the Antarctic Treaty System, which preserves the region for scientific research and prohibits military activity. Various countries maintain research stations to study climate, wildlife, and the ice sheet.
- **Environmental Concerns:** Climate change is also affecting Antarctica, leading to ice sheet melting and contributing to rising global sea levels. The region is a key area for studying the impacts of global warming.
- Both Polar Regions are vital for scientific research, especially in understanding global climate systems and how environmental changes in these areas affect the rest of the planet. They also play an essential role in the Earth's ecosystems and weather patterns.

QUESTIONS

Solve the multiple choice questions:

25. What is the primary reason for the Arctic warming at a rate significantly higher than the global average?
- The ozone layer over the Arctic is depleting at a faster rate than over other regions, allowing more UV radiation to reach the surface.
 - The Arctic lacks vertical convection, causing greenhouse-gas-induced heat to remain trapped near the surface.
 - The Arctic Ocean generates large-scale thermal currents that amplify global warming effects in the region.
 - The gravitational pull of the Moon influences Arctic temperatures by altering atmospheric pressure patterns.
26. How did an unusually deep low-pressure system over Iceland contribute to the recent extreme warming at the North Pole?
- It enhanced the polar vortex, trapping cold air over the Arctic and causing a greenhouse gas-induced warming effect.
 - It created a high-pressure ridge that increased cloud cover, trapping outgoing infrared radiation and raising surface temperatures.
 - It allowed the intrusion of warm air from lower latitudes and amplified wind-driven warming due to abnormally warm sea surface temperatures in the North Atlantic.
 - It generated strong katabatic winds, which caused a temperature inversion, preventing the usual cooling cycle of Arctic air masses.

ANSWER KEY AND EXPLANATION

- 1. C** The Paris Climate Agreement's primary objective is to limit global warming to well below 2°C, preferably 1.5°C, above pre-industrial levels by encouraging countries to reduce their greenhouse gas emissions. While the treaty is legally binding in terms of requiring countries to submit and report their plans, it does not impose specific, enforceable emission reduction targets, making voluntary national contributions a key feature. Option A is incorrect because the treaty does not legally bind countries to specific reduction levels. Option B is incorrect as the treaty does not focus on carbon tariffs. Option D is incorrect because the agreement does not impose sanctions on non-compliant countries.
- 2. B** The United States' withdrawal was seen as a major setback because it is the second-largest emitter of greenhouse gases and the biggest historical contributor to climate change. Its participation is crucial for achieving global climate goals. Additionally, the U.S. has significant diplomatic and economic influence, meaning its absence could undermine global climate efforts and reduce the pressure on other nations to meet their targets. Option A is incorrect because climate change is caused by multiple countries, not just the U.S. Option C is incorrect because the agreement remained in force despite the U.S. withdrawal. Option D is incorrect because the agreement does not assign financial obligations based solely on a country's size or emissions.
- 3. B** The Paris Agreement aims to limit global warming by encouraging countries to reduce emissions, but it does not mandate that all nations reach net-zero emissions by 2050. Instead, it sets a general goal for global emissions to reach net zero by mid-century, recognizing that different countries will progress at different rates. Option A is true because the agreement legally requires countries to submit and update their climate action plans. Option C is true because, unlike the Kyoto Protocol, the Paris Agreement does not strictly differentiate between developed and developing nations regarding obligations. Option D is true because the agreement allows countries to set their own goals and lacks strict enforcement mechanisms. Thus, B is the false statement.
- 4. B** The Kyoto Protocol was adopted in 1997 in Kyoto, Japan, but did not enter into force until 2005 due to the requirement that a sufficient number of countries ratify it before it could take effect. Option A is incorrect because the protocol placed emission reduction obligations only on developed countries, recognizing their historical responsibility for greenhouse gas emissions. Option C is incorrect because the Paris Agreement is a separate treaty under the UNFCCC, not an amendment to the Kyoto Protocol. Option D is incorrect as the protocol had 192 parties at its peak, indicating broad international participation.
- 5. C** The Kyoto Protocol was founded on the principle of common but differentiated responsibilities, which acknowledged that developed countries had contributed more to historical greenhouse gas emissions and, therefore, bore a greater responsibility for reducing them. Developing countries were not subject to the same binding reduction targets. Option A is incorrect because the protocol did not impose equal obligations on all nations. Option B is partially correct in that the Kyoto Protocol included flexibility mechanisms, but these were supplementary to its primary principle. Option D is incorrect because the protocol did impose binding targets, at least on developed countries.
- 6. C** The Kyoto Protocol only required developed countries (listed in Annex I) to set legally binding emission reduction targets, while developing nations were encouraged but not legally obligated to do so. Option A is true because the protocol regulated seven greenhouse gases. Option B is true because the protocol included flexibility mechanisms, such as the Clean Development Mechanism (CDM),

which allowed developed countries to meet targets by funding emission reduction projects in other nations. Option D is true because the Kyoto Protocol was followed by the Paris Agreement, which took a different approach by allowing all nations to set their own voluntary climate commitments.

7. B The NCQG, agreed upon at COP29, increases the climate finance goal for developing nations to USD 300 billion per year by 2035, up from the previous USD 100 billion goal. Developed nations are expected to take the lead, but the agreement also calls for all actors to scale up financing to USD 1.3 trillion per year. Option A is incorrect because the agreement does not impose equal contributions on all countries. Option C is incorrect because no legally binding obligation mandates USD 600 billion annually. Option D is incorrect because the NCQG builds on, rather than replaces, previous agreements.
8. A India, along with other Global South countries, criticized the USD 300 billion goal as inadequate, advocating instead for at least USD 1.3 trillion annually, with USD 600 billion in grants or grant-equivalent resources. India also opposed shifting the responsibility for climate finance from developed nations to all actors, arguing that developed countries should bear the primary responsibility as per Article 9 of the Paris Agreement. Option B is incorrect because India supports climate finance but argues for a higher commitment. Option C is incorrect because India advocates for a mix of public and private funding, rather than exclusively private sources. Option D is incorrect because India backed the concerns of Least Developed Countries (LDCs) and Small Island Developing States (SIDS), who also walked out of negotiations.
9. B At COP29, countries finalized agreements on carbon markets under Article 6 of the Paris Agreement. Article 6.2 allows for bilateral carbon credit trading between countries based on mutually agreed terms, while Article 6.4 establishes a centralized, UN-managed carbon trading system. These mechanisms aim to facilitate emissions reduction while providing economic incentives. Option A is incorrect because carbon markets were expanded, not phased out. Option C is incorrect because COP29 endorsed, rather than rejected, carbon trading. Option D is incorrect because no universal carbon tax was introduced.
10. C The repo rate is the interest rate at which the RBI lends to commercial banks. By lowering this rate from 6.5% to 6.25%, the RBI aims to make borrowing cheaper, thereby encouraging spending and investment to boost economic activity. This move aligns with the recent income tax cuts meant to increase consumer spending. Option A is incorrect because inflation control was not the primary motivation behind this decision. Option B is incorrect because the repo rate directly affects lending rates, not government fiscal policies. Option D is incorrect because while global trade uncertainty exists, the rate cut was primarily aimed at domestic economic growth.
11. C The Viksit Bharat 2047 vision outlined in the Union Budget 2025-26 includes objectives such as zero poverty, universal access to good quality education, comprehensive healthcare, 100% skilled labor with meaningful employment, 70% women participation in economic activities, and making India the 'food basket of the world'. However, increasing FDI inflows is not explicitly mentioned as part of this vision. While economic reforms aim to enhance global competitiveness, this specific goal was not included in the core principles of Viksit Bharat 2047.
12. C The Prime Minister Dhan-Dhaanya Krishi Yojana, announced in Union Budget 2025-26, aims to increase agricultural productivity, promote crop diversification, improve post-harvest storage, and enhance irrigation facilities across 100 districts in partnership with state governments. Option A is incorrect because while insurance schemes exist, this initiative focuses on crop diversification and

productivity. Option B is incorrect because the budget does not explicitly announce a uniform MSP increase for all grains. Option D is incorrect because no new direct cash transfer program was introduced under this scheme.

- 13. A** The Union Budget 2025-26 recognizes MSMEs as a crucial engine of growth and enhances the investment and turnover limits for MSME classification to 2.5 times and 2 times, respectively. This helps more enterprises qualify for MSME benefits, including access to credit, subsidies, and policy support. Additionally, credit availability has been strengthened with guarantee cover enhancements, and a new scheme for first-time entrepreneurs from Scheduled Castes (SCs), Scheduled Tribes (STs), and women has been introduced, providing term loans up to Rs. 2 crore over five years. Option B is incorrect because no universal tax exemption for MSMEs was announced. Option C is incorrect as direct grants for international expansion were not part of the budget measures. Option D is incorrect since MSME credit schemes remain in place, with no shift to exclusively private sector financing.
- 14. C** The Economic Survey 2024-25 highlights three main challenges affecting India's industrial growth: Weak global demand for manufacturing exports, particularly due to slowdowns in major destination markets. Above-average monsoons, which helped agriculture but disrupted mining, construction, and some manufacturing activities. Trade and industrial policies of major trading partners, which affected India's exports. Option C (Labor shortages due to skilled workforce migration) is incorrect because the survey does not mention workforce migration as a major challenge affecting industrial growth. Instead, it focuses on global demand and weather-related disruptions.
- 15. C** The Economic Survey 2024-25 projects the services sector to grow at 7.2% in FY25, making it the fastest-growing sector. This growth is driven by strong activity in financial services, real estate, professional services, public administration, and defence. Option A (Agriculture) is incorrect because agriculture is projected to grow at 3.8%, which is slower than both the industrial and services sectors. Option B (Industry) is incorrect because the industrial sector is expected to grow at 6.2%, lower than the services sector. Option D (Mining) is incorrect because while mining is part of the industrial sector, it has not been singled out as the fastest-growing subsector.
- 16. B** The WHO's primary goal is to promote and protect global health and well-being by coordinating international health efforts, setting standards, and providing guidance on public health issues. It works through disease prevention, health system strengthening, emergency response, and research rather than directly providing medical services. Option A is incorrect because WHO does not regulate pharmaceutical companies or oversee vaccine pricing; it provides guidance on medical interventions and public health strategies. Option C is incorrect because WHO does not directly provide healthcare services but supports governments in strengthening their health systems. Option D is incorrect because WHO does not fund national healthcare systems or hospitals but offers technical support and expertise.
- 17. D** The WHO provides technical and policy support to countries but does not directly administer healthcare services. Instead, it advises, sets global standards, and helps countries build their health systems. Option A is correct because WHO is responsible for coordinating emergency responses to disease outbreaks and natural disasters. Option B is correct as WHO plays a major role in promoting universal health coverage and global health policies. Option C is correct because WHO develops global health regulations, including frameworks like the International Health Regulations (IHR), which govern responses to pandemics and other health threats.

- 18. C** NavIC was conceived after the Kargil conflict (1999) when India realized the strategic vulnerability of relying on foreign navigation systems like GPS, which the US military could restrict in conflict zones. Unlike GPS, GLONASS, Galileo, and Beidou, which are global systems, NavIC is a regional system designed primarily to serve India and its surrounding region up to 1,500 km beyond its borders. Option A is incorrect because NavIC, like other systems, serves both civilian (SPS) and military (RS) applications. Option B is incorrect because NavIC consists of geostationary and geosynchronous satellites, not entirely geostationary ones. Option D is incorrect because NavIC has a Standard Positioning Service (SPS) for commercial applications.
- 19. B** For NavIC to be adopted in smartphones and vehicles, chipset manufacturers must integrate its compatibility. Until December 2023, Qualcomm and other chipset manufacturers had limited support for NavIC, making hardware modifications necessary. Option A is incorrect because NavIC provides positioning accuracy better than 20 meters, which is sufficient for commercial applications. Option C is incorrect because NavIC signals can penetrate urban environments similar to other GNSS systems. Option D is incorrect because NavIC offers both civilian and military services, with no government-imposed restrictions on civilian access.
- 20. A** Tribhuvan Sahkari University, to be set up on the IRMA campus in Gujarat, aims to fill a gap in technical and managerial education specifically for the cooperative sector. Unlike traditional agricultural or rural management universities, it will focus on: Imparting training and management skills tailored to cooperative enterprises. Conducting research on cooperative models, governance, and rural development strategies. Achieving global excellence by integrating best practices from countries like Germany and Kenya, which already have cooperative universities. Option B is incorrect because agricultural universities will continue to function independently, and this university is not replacing them. Option C is incorrect because government intervention remains crucial in cooperative governance, and the university will be aligned with national policies. Option D is incorrect because cooperatives in India remain largely government-regulated, and multinational cooperative agencies are not involved in its direct administration.
- 21. A** The university will expand IRMA's legacy by incorporating cooperative governance and policy studies, strengthening Dr. Verghese Kurien's vision for cooperative-led rural development. Tribhuvan Sahkari University is being established on the IRMA campus and will extend IRMA's legacy of rural management education into the domain of cooperative governance, research, and technical training. Dr. Verghese Kurien, the Father of the White Revolution, founded IRMA in 1979 to train professionals for the dairy and rural development sector. Tribhuvan Sahkari University will expand on this by integrating cooperative models, governance, and policy research into the academic framework. Option B is incorrect because IRMA was never limited to dairy alone; it covered rural management broadly. The new university will not be exclusive to government officials. Option C is incorrect because the university will be set up on the IRMA campus, indicating an institutional connection. Option D is incorrect because IRMA will continue to function, and the new university will complement, not replace, its programs.
- 22. B** Wetlands function as carbon sinks, regulate water cycles, and provide habitat for diverse species. Wetlands support biodiversity, regulate hydrological cycles, and serve as carbon sinks, meaning they absorb more carbon dioxide than they release, helping mitigate climate change. Additionally: Wetlands recharge groundwater, prevent soil erosion, and regulate floodwaters by absorbing excess rainwater. Many migratory bird species depend on wetlands for survival. Option A is incorrect because while wetlands provide water, their primary significance lies in carbon sequestration and

habitat preservation. Option C is incorrect because wetlands do release some carbon, but they absorb far more, making them net carbon sinks. Option D is incorrect as wetlands support fisheries but also contribute to flood control and groundwater recharge.

- 23. A** India's designation of four new Ramsar sites (Udhwa Lake, Theerthangal, Sakkarakottai, and Khecheopalri) raises its total to 89 Ramsar sites, reinforcing its commitment to wetland conservation. This enhances: International recognition and support for wetland management. Protection of migratory bird species, aquatic life, and carbon sequestration processes. Improved regional and national conservation policies. Option B is incorrect because Ramsar sites are permanent designations, and no previously designated site was removed. Option C is incorrect because the Ramsar Convention does not provide full international funding but offers technical support and recognition. Option D is incorrect because wetland functions include both biodiversity conservation and hydrological roles (e.g., flood control, groundwater recharge).
- 24. B** The Ramsar Convention criteria for designating a wetland of international importance include: Providing refuge for species during adverse conditions. Supporting species at critical stages of their life cycle (e.g., breeding, migration). Playing a key role in hydrological and ecological processes. Option A is incorrect because size is not a determining factor for Ramsar site selection. Option C is incorrect because man-made wetlands with commercial aquaculture do not automatically qualify unless they meet ecological criteria. Option D is incorrect because economic benefits alone do not qualify a wetland—its ecological importance is the key criterion.
- 25. B** The Arctic lacks vertical convection, causing greenhouse-gas-induced heat to remain trapped near the surface. The Arctic is warming 3.8 times faster than the global average due to multiple factors, but one of the most critical is the lack of convection in high latitudes. Convection occurs when warm air near the Earth's surface rises, allowing heat to be distributed throughout the atmosphere. In the tropics, where sunlight reaches more directly, strong convection occurs, helping to distribute heat vertically. However, in the Arctic, convection is weak, meaning that heat from greenhouse gases remains concentrated near the surface, leading to enhanced warming. Option A is incorrect because ozone depletion is more significant over the Antarctic (not the Arctic) and does not directly contribute to warming. Option C is incorrect because while ocean currents do affect climate, the Arctic Ocean does not generate large-scale thermal currents driving rapid warming. Option D is incorrect because the Moon's gravitational influence affects tides but does not directly impact atmospheric temperature regulation.
- 26. C** The unusually mild temperatures at the North Pole were primarily driven by a deep low-pressure system over Iceland, which: Weakened the Arctic's natural cold-air containment, allowing warm air from lower latitudes to intrude into the region. Was fueled by exceptionally warm sea surface temperatures in the North Atlantic, which further intensified wind-driven warming. Led to temperatures at the North Pole exceeding -1°C , which is more than 20°C above the seasonal average. Option A is incorrect because a stronger polar vortex would trap cold air, not allow warm air to penetrate the Arctic. Option B is incorrect because while cloud cover can trap heat, the primary cause of warming in this case was the inflow of warm air from lower latitudes. Option D is incorrect because katabatic winds are gravity-driven cold winds, which are more common in the Antarctic than in the Arctic and do not drive heat waves.