DAILY CURRENT AFFAIRS ANALYSIS

31 JULY 2024

1 - La Nina and Air Quality Are Related:

GS I

Geography related issues

- **Relationship between India's winter months and pollution:**

- Northern Indian cities like Delhi usually have high PM2.5 levels from October to January because of a variety of weather conditions and the transportation of pollution from areas like Punjab and Haryana.
- Because of their closeness to the coast, the western and southern regions of the nation have always had comparatively lower pollution levels.
- On the other hand, the winter of 2022 revealed a notable departure from this average.
- The air quality was worse than usual in western and southern Indian cities like Bengaluru, Chennai, and Mumbai, while it was cleaner in northern cities like Delhi.

- **Unusual Conduct in the Winter of 2022:**

- Delhi witnessed a small decrease in PM2.5 concentrations, whereas Ghaziabad and Noida saw large reductions. In contrast, PM2.5 levels increased in Bengaluru and Mumbai.
- The air in Indian cities in the north was cleaner than that in the west and south.

- **Anomaly-causing factors:**

- A shift in the typical wind direction was the most important component in explaining the anomaly of winter 2022.
- The wind typically blows from the northwest throughout the winter. For instance, from Punjab into Delhi and then onto the plains of the Ganges.
- This is the rationale behind the transportation of polluted agricultural waste into Delhi from Punjab and Haryana.
- On the other hand, the wind direction in the winter of 2022 was north-south.
- Pollutants from Punjab and Haryana were flying over Rajasthan and Gujarat to southern regions, avoiding Delhi and its environs.

- **The Impact of La Nina:**

- By the winter of 2022, an abnormally long three years of extended La Nina had affected wind patterns.
- The unusual "Triple-Dip" event of three years in a row of La Niña conditions (2020–23) has a global influence on the ocean and climate.
- Not every La Nina event will result in appreciable modifications to the wind circulation over India.
- The event in 2022 is especially powerful. And it wasn't until the third year of La Nina that the effect on air circulation became apparent. Thus, an accumulative effect might exist.
- According to the study, El Nino may not have a significant effect on India's air quality.

Source → The Hindu

2 - NeSDA Way Forward Report 2023:

GS II

International Issues

- **What Standout Points Are Included in the NeSDA Way Forward Annual Report 2023?**

- **Total E-Services Mapped:**

- 16,487 e-Services in total have been mapped on the NeSDA Way Forward Dashboard by the end of December 2023, illustrating the breadth of digital service delivery across numerous industries.
- Following Jammu & Kashmir in terms of e-service delivery are Tamil Nadu (1,101 e-services), Madhya Pradesh (1010), and Kerala (911).
- The other four states at the bottom are Lakshadweep (42), Ladakh (46), Sikkim (51) and Nagaland (64), except Manipur.
- Manipur has been able to replicate and disseminate e-services thanks to Jammu & Kashmir's remarkable advancements in e-governance, which are demonstrated by the availability of 1120 e-services and the attainment of 100% service delivery via their unified e-UNNAT (Unified, Integrated, Accessible, and Transparent) platform.

- **Principal Features:**

- There are 16,487 e-services available in all States/UTs. Jammu and Kashmir offers the most e-services (1117) of all the States/UTs.

- The sector of Local Governance & Utility Services offers the greatest number of e-services.
- In 23 of the 36 States/UTs, the tourism industry has attained the highest saturation level for the supply of all required e-services. In 20 of the 36 States/UTs, the environment and the labour and employment sector come next.

- **Required Service:**

- Increase in Required e-Services Saturation: from 48% in NeSDA 2019 to 69% in NeSDA 2021 to 76% in NeSDA Way Forward (2023).

- **Problems with the Delivery of e-Services:**

- States differ from one another; Manipur, for example, has difficulties delivering e-services in comparison to other areas. This suggests that states that are falling behind should work together to enhance their digital governance.

- **What is the National Service Delivery Assessment (NeSDA) for e-Government?**

- In order to benchmark the delivery of e-services by Central Ministries and States/UTs, the Department of Administrative Reforms and Public Grievances (DARPG) developed the NeSDA Framework. This framework covers seven sectors.
- Local governance and utility services; social welfare, encompassing home and security, agriculture, health, and employment; finance; labour & employment; education; environment; and tourism are the seven sectors.
- The Ministry of Personnel, Public Grievances and Pensions releases it.
- The Ministry/portal Departments that oversee the service portals were assessed in tandem with them during this project's evaluation.

- **Classification of the Portal:**

- Every government portal that was assessed fell into one of two categories:
- Links: States, Union Territories, Central Ministry.
- Portals for state, union territory, and central ministry services.
- Setting parameters

- The assessment consisted of four primary parameters: -

- Availability.
- Content Accessibility.
- User-friendliness and data security.
- Central Ministry Portals' privacy.
- For the Central Ministry Services Portals, three other factors were also used:

- Final Delivery of Services.
- Delivery of Integrated Services.
- Monitoring of requests and status.

Source → The Hindu

3 - Encouraging Regional Fintech Companies:

GS III

Indian Economy

- **Which aspects of the report stand out the most?**

- In its report, the Committee underlined that since digital platforms are increasingly being used for payment transactions in India, proper regulation of digital payment apps is imperative.
- In contrast to international applications, which operate across many jurisdictions, it was observed that local apps will be easier for regulatory agencies like the Reserve Bank of India (RBI) and the National Payments Corporation of India (NPCI) to regulate.

- **Foreign-owned Fintech Companies' Dominance:**

- With significant market shares, foreign-owned fintech companies like PhonePe and Google Pay rule the Indian fintech industry.
- Market share (through October–November 2023): PhonePe (46.91%) > Google Pay (36.39%) > BHIM UPI (0.22%).

- **The Volume Cap Regulation of NPCI:**

- The proposals made by the Committee align primarily with the November 2020 announcement by the NPCI of a 30% volume cap on transactions made over the Unified Payments Interface (UPI).
- The cap prevents specific third-party apps, like as Amazon Pay and PhonePe, from accounting for more than 30% of all UPI transactions over a three-month period.
- Over the cap apps were subject to a two-year staggered compliance period (December 2022–December 2024).
- The cap's objective is to reduce risks and protect the UPI ecosystem as it grows.
- The NCPI underscored the significance of augmenting customer outreach through banks and non-banks in order to promote UPI expansion and attain market stability.

- **Fraud Concerns:**

- The Committee raises concerns about the exploitation of fintech platforms for money laundering, citing examples such as the administration of the Pyppl app, based in Abu Dhabi, by Chinese investment scammers.
- The fraud-to-sales (F2S) ratio has mostly stayed about 0.0015% over the past five years, even with the increase in the volume of payments made through this method.
- The proportion of users impacted by fraudulent UPI transactions was 0.0189%.
- An F2S is a volume-based percentage that compares a company's monthly sales volume to the amount of fraudulent transactions it conducts in a given month.

- **Fintech: What is it?**

- The use of digital platforms, software, and services to offer or facilitate financial services, including payments, loans, insurance, wealth management, and more, is known as fintech, or financial technology.

- **Relevance:**

- **India needs fintech because it can assist with:**

- increasing the number of unbanked and underbanked people in India who have access to and inclusion in financial services, particularly in rural and distant places.
- lowering the expense, time, and friction associated with conventional procedures in order to improve the convenience and efficiency of financial transactions.
- promoting the development and innovation of the Indian economy by opening up new markets and avenues for consumers, startups, and business owners.

- **Parts and Patterns of India's Fintech Industry:**

- Payments, Digital Lending, InsurTech, and WealthTech are some of the major Fintech subsectors.
- Digital payments allow value to be transferred using mobile or online platforms including UPI, cards, wallets, and QR codes.
- Digital lending uses alternative data sources and algorithms to provide credit or loans to people or businesses via online or mobile platforms.
- Insurtech is the use of technology to enhance the management, delivery, and distribution of insurance goods and services.
- Wealthtech provides online and mobile platforms for financial consulting, investing, and wealth management services.

- One of the Fintech markets with the fastest global growth rates is India. More than 7,000 financial start-ups call it home.
- The market size of the Indian fintech industry is projected to be over USD 150 billion by 2025, up from USD 50 billion in 2021.

- **Important Fintech Regulatory Organisations in India:**

- controls credit bureaus, PSPs, banks, and NBFCs.
- in charge of overseeing the foreign exchange and money markets in India.
- oversees the fintech industries, including neo-banks, digital payments, and digital lending.

- **About SEBI:**

- controls the securities industry and its middlemen, including investment advisers and stockbrokers.
- It is responsible for services including investment advisory and stockbroking.
- Authority for Insurance Regulation and Development in India (IRDAI):
- oversees insurance companies, corporate agents, web aggregators, and third-party agents.
- maintains integrity and compliance in the insurance industry.

- **What Obstacles Do Local Fintech Companies Face?**

- a fierce rivalry
- A large number of domestic and international companies are fighting for market share in the fiercely competitive Indian fintech industry. Local players may find it challenging to differentiate themselves and attract a sizable user base as a result of this fierce rivalry.
- Regional firms are frequently up against well-established international fintech behemoths with enormous resources and expertise. These behemoths can draw clients and obtain a competitive advantage by utilising their well-known brands and advanced technological capabilities.

- **Regulatory Obstacles:**

- The fintech regulatory environment in India is continuously changing, which makes it difficult for local businesses to stay up to date with the necessary regulations.
- It can take a lot of time and resources to navigate these difficulties, particularly for smaller firms.
- Growing worries about the security and privacy of data provide difficulties for regional players. To win over users' trust, they must make significant investments in strong data security measures and make sure that data privacy laws like the Personal Data Protection are followed.

- **Budgetary Restrictions:**

- Local players frequently have less access to capital than their international rivals, which limits their capacity to make investments in cutting-edge technologies, broaden their market, and effectively compete.
- Although UPI and other fast payments have revolutionised the Indian industry, local firms, particularly those who exclusively rely on this segment, may find their revenue generating limited by their modest transaction costs.
- According to a McKinsey research from 2023, India's instant payments market would account for less than 10% of future revenue growth.
- This estimate is a result of the fact that UPI transactions are fee-free; even with its low transaction fees, UPI nevertheless brings in more money than fee-free cash transactions.
- Compared to expensive cash management, paperless transactions improve digital commerce's security and accessibility.

- **Technological Restrictions:**

- In the rapidly evolving global financial industry, local firms may find it difficult to stay up with the rapid technical improvements. In order to remain competitive and provide creative solutions, they must consistently spend in research and development.
- The reach and inclusion of local fintech solutions might be hampered by a lack of access to sophisticated technology infrastructure, such as reliable internet connectivity in rural areas.

- **Consumer Behaviour and Trust:**

- Building trust with users can be difficult because of worries about digital literacy, data security, and potential frauds, particularly in rural areas. Local businesses must make user education investments and cultivate trust by open and honest business practices.

Source → The Hindu

4 - Concerns about the Pollution of Plastic Waste:

GS III

Environmental Conservation

- **What is the PAC Report's Finding?**

- The Public Accounts Committee (PAC) commended the Ministry for its efforts in addressing plastic trash since May 2021, but emphasised the need for stronger safeguards against the risks associated with plastic pollution.
- Growing Production of Plastic garbage: Between 2015 and 2016, the annual production of plastic garbage was 15.9 lakh tonnes (TPA), but by 2020–21, it had climbed to 41.2 lakh TPA.
- Unused Plastic garbage and Its Effects on the Environment: According to data from 2019–20, 34.7 lakh TPA, or 50% of all plastic garbage produced in the nation, went unexamined, contaminating the air, water, and land and eventually endangering human health.
- Data Gap and Inconsistencies: The PAC identified a significant data gap, noting from the findings of the CAG's 2022 audit that some State Pollution Control Boards (SPCBs) neglected to submit data to the Central Pollution Control Board (CPCB) about the generation of plastic trash for the years 2016–18.
- In certain instances, there were discrepancies in the data that Urban Local Bodies (ULBs) shared with SPCBs, and the data obtained from SPCBs was not verified by CPCB.
- The necessity of "finding a cost-effective and dependable alternative to plastic" was noted as a necessary condition for its eradication.

- **What Steps Are Being Done to Reduce Plastic Pollution?**

- **Steps Implemented Worldwide:**

- **Decision to Stop Pollution from Plastics:**

- A legally binding resolution to end plastic pollution was signed in 2022 by 124 parties to the United Nations Environment Assembly, including India.

- **Finishing the cycle:**

- The United Nations Economic and Social Commission for Asia and the Pacific is working on a project to help cities come up with more creative policy measures to address the issue.

- **The effort on Global Tourism Plastics:**

- By taking a number of concrete steps, it seeks to cut down on plastic pollution coming from the travel and tourism industry by 2025.

- The European Union's (EU) Single-Use Plastics Directive went into force in July 2021.

- **Actions the Indian government has taken:**

- Single-use plastics (SUP) that are difficult to collect or recycle have been outlawed by the Ministry of Environment, Forests, and Climate Change.
- It was forbidden to produce, import, sell, or use plastic carry bags with a thickness of less than 120 microns.
- The Plastic Waste Management (Amendment) Rules, 2022 establish regulations for plastic packaging's Extended Producer Responsibility (EPR).
- The utilisation of recycled plastic content, recycling of plastic packaging trash, and the repurposing of rigid plastic packaging are all mandated by these criteria.
- Local Body Responsibility: According to the Plastic Waste Management Rules, 2016, it is the duty of each local body to establish the necessary infrastructure for the collection, processing, disposal, and segregation of plastic waste.

- **Additional Significant Initiatives:**

- The National Dashboard for the Elimination of Single-Use Plastic and the Management of Plastic Waste
- India Plastics Agreement
- REPLAN Project
- The NGT, or National Green Tribunal

- **What are the PAC Report's recommendations?**

- The panel emphasised the importance of having a "reliable assessment" of the amount of plastic garbage being generated, pointing out data gaps and emphasising that this should be the first step towards effectively controlling the issue.
- obligatory Data Reporting on National Dashboard: It suggested making data reporting on the national dashboard "mandatory" via the internet.
- Urgent and Effective Enforcement Measures: To "efficiently enforce the ban on SUP on ground," immediate and effective measures, in addition to EPR, may be taken, such as raising awareness of the negative effects of SUP and eco-friendly alternatives, funding R&D to find alternatives, holding implementing agencies accountable, encouraging the use of recycled plastic content, and expanding recycling facilities.

- Vigilance over Industrial Practices: Industries must be closely monitored to determine if they genuinely need to be collected and recycled or if they are just making exaggerated claims.
- Adopting a Bottom-Up Strategy: Every block in the nation needs to have at least one recycling facility for plastic waste, as part of a bottom-up strategy.
- Encouraging Industry Participation: Businesses or private organisations should be given incentives to establish these types of units locally, and those organisations should then collaborate closely with waste pickers by providing them with competitive compensation.

Source → The Hindu