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ANALYSIS**



LAKSHYA ACADEMY®

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# 1 - 16th Finance Commission:

## GS II

### Constitutional Bodies: Finance Commission

- **What is a Finance Commission?**

- The Finance Commission in India is a constitutional entity created under Article 280 of the Indian Constitution. Its main role is to advise on the allocation of financial resources between the central government and the states. Established on 27th November 2017, the Fifteenth Finance Commission provided recommendations for six years from 1st April 2020 through both Interim and Final Reports, valid until the financial year 2025-26.

- **Composition of the Finance Commission of India (FCI):**

- Structure: Consists of a Chairman and four members appointed by the President.
- Term: Duration specified by the President; members can be reappointed.

- **Qualifications:**

- Chairman: Must have experience in public affairs.
- Members: Should include a High Court judge or a qualified individual, a finance/accounting expert, an experienced financial administrator, and an economist.

- **Functions:**

- Tax Distribution: Recommends how tax proceeds should be distributed between the Centre and States.
- Grants-in-Aid: Advises on principles for grants from the Centre to States.
- State Funds: Suggests measures to increase State funds for Panchayats and Municipalities.
- Other Matters: Addresses additional issues referred by the President.
- Report:
  - The report is submitted to the President, who then presents it to Parliament with an explanatory memorandum on the actions taken.

- **About the 16th Finance Commission:**

- Under Article 280(1) of the Constitution, the Government of India established the Sixteenth Finance Commission, with Dr. Arvind Panagariya, former Vice-Chairman of NITI Aayog and Professor at Columbia University, as its Chairman.

- **Major Terms of Reference for the 16th Finance Commission:**

- Division of Tax Proceeds: Recommend tax distribution between the Union and States, including State shares.
- Principles for Grants-in-Aid: Establish principles for grants from the Consolidated Fund of India to States, especially under Article 275.
- Enhancing State Funds for Local Bodies: Suggest measures to increase State funds for Panchayats and Municipalities, based on State Finance Commission recommendations.
- Evaluation of Disaster Management Financing: Review and recommend improvements for disaster management funding under the Disaster Management Act, 2005.

- **Recommendations for Local Bodies by the 16th Finance Commission:**

- **Revisit 15th FC's Principles:**

- Enhance property tax collection linked to state GST.
- Improve maintenance of accounts.
- Allocate resources for pollution mitigation.
- Focus on primary health care, solid waste management, and drinking water.
- Recognize Urbanization Dynamics:
- Acknowledge India's dynamic urbanization.
- Ensure intergovernmental transfers to urban areas are at least doubled.

- *Source → The Hindu*

## **2 - Digital India Initiative:**

### **GS III**

#### **Financial Inclusion**

- **What is the Digital India Initiative?**

- Launched in 2015, the Digital India Initiative aims to transform India into a digitally empowered society and knowledge economy, encompassing various projects from Central Ministries, Departments, and States/UTs.

- **Key Focus Areas:**

- Digital infrastructure
- Governance

- Services on demand
- Digital empowerment of citizens

- **Role of the Digital India Programme:**

- **Bridging the Rural-Urban Divide:** Expands digital infrastructure and access to rural areas through initiatives like BharatNet, bridging the technology access gap.
- **Financial Inclusion:** Mobile and Aadhaar-linked payment systems, DBT schemes under Digital India enable cashless transactions and direct benefit transfers, expanding digital financial inclusion. Over 40% of all payments in India are digital.
- **Accessible Digital Services:** Digital locker, eSign frameworks, and online registration platforms simplify access to government services.
- **Universal Digital Literacy:** Initiatives like Digital Saksharta Abhiyan aim to make at least one person e-literate in every household. Programs like “SWAYAM” and the “National Digital Library” offer online courses and access to academic resources.
- **Job Opportunities:** Enhancements in digital infrastructure and skill development create employment and entrepreneurship opportunities, including in smaller towns.
- **Mobile Connectivity and Apps:** The initiative promotes mobile apps for government services, enhancing accessibility and convenience, e.g., the UMANG app.

- **Limitations of the Digital India Programme:**

- **Digital Divide:** Despite progress, the digital divide persists, with rural areas having limited internet access. Around 50% of the population is still not online.
- **Lack of Customization:** High diversity in adoption readiness across different regions demands flexibility in implementation rather than a one-size-fits-all approach.
- **Variable Success of Digital Skilling:** Digital literacy initiatives are not uniformly successful due to a lack of qualified trainers, vernacular content, and monitoring mechanisms.
- **Affordability Barriers:** High costs of devices and data plans restrict sustainable adoption for economically weaker segments.
- **Rural Infrastructure Gaps:** Issues like inadequate electricity and broadband connectivity hinder rural adoption, even as urban areas pivot to 5G and fiberization.

- **Way Forward:**

- **Infrastructure Development:** Invest in comprehensive rural broadband infrastructure, e.g., the BharatNet project aims to connect over 250,000 village panchayats with high-speed broadband.
- **Targeted Digital Literacy Programs:** Launch programs in rural and marginalized communities, e.g., the National Digital Literacy Mission (NDLM) and Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA).
- **Public-Private Partnerships:** Encourage collaborations between the government and private sectors for digital inclusion, e.g., ‘Digital Village’ projects.
- **Subsidized Schemes:** Provide cost-effective smartphones and data plans to economically disadvantaged populations.

- **Impact Assessment:** Regular surveys and feedback mechanisms to gauge the impact of digital initiatives on different population segments.
- **Multilingual Digital Initiatives:** Develop and promote digital content in regional languages.
- **Conclusion:**
- While Digital India has laid the foundations, achieving holistic digital empowerment requires patient stakeholders addressing demographic and regional realities through sustainable models rather than rushing purely for numbers.
- *Source → The PIB*

### 3 - India-Bangladesh Relations:

#### GS II

#### India and its Neighbourhood, Bilateral Groupings & Agreements

- **Major Outcomes of the Recent Meeting:**
- **CEPA Initiation:** India and Bangladesh agreed to start work on a CEPA to enhance economic ties and foster trade and investment.
- **Logistics and Trade Flow:** India will support the construction of an inland container port in Sirajganj, Bangladesh.
- **Ganga Water Treaty Renewal:** Both countries will initiate technical-level talks to renew the 1996 Ganga Water Treaty, focusing on flood management, early warning systems, and drinking water projects.
- **Maritime Cooperation Pact:** Reflecting shared interests in the Indian Ocean and the Indo-Pacific region, this pact was signed, and Bangladesh's decision to join the Indo-Pacific Oceans Initiative was welcomed by India.
- **Other Recent Developments in India-Bangladesh Cooperation:**
- **India-Bangladesh Friendship Pipeline:** Inaugurated to strengthen energy cooperation.
- **Pre-1965 Rail Links Rehabilitation:** Several pre-1965 rail links between India and Bangladesh have been rehabilitated and are now operational.
- **Akhaura-Agartala Rail Link:** Connecting Bangladesh and northeast India through Tripura, the sixth India-Bangladesh cross-border rail link.
- **BIMSTEC Master Plan for Transport Connectivity:** Connects major transport projects in India, Bangladesh, Myanmar, and Thailand, establishing a shipping network.
- **Maitree Super Thermal Power Plant:** Operationalisation to enhance energy cooperation.

- **Khulna-Mongla Port Cargo Facility:** Facilitates cargo movement for India's northeastern states.
- **Cultural Exchanges:** Promoted through centers like the Indira Gandhi Cultural Centre.
- **ITEC Training and Scholarships:** Bangladesh benefits from Indian Technical and Economic Cooperation (ITEC) training courses and scholarships for higher education in India.

- **Ties Between India and Bangladesh:**

- **Historical Ties:**

- The relationship was solidified during the 1971 Bangladesh Liberation War, where India provided critical military and material support for Bangladesh's independence from Pakistan.
- Relations deteriorated with the rise of military regimes and anti-India sentiments but stabilized in 1996 with a treaty on Ganga water sharing.

- **Economic Cooperation:**

- Bilateral trade has steadily grown over the past decade, with Bangladesh being India's largest trade partner in South Asia and India being the second-largest trade partner of Bangladesh in Asia.
- India is Bangladesh's largest export destination in Asia, with around USD 2 billion of Bangladeshi exports to India in FY 2022-23.
- Since 2010, India has extended Lines of Credit to Bangladesh worth over USD 7 billion.

- **Energy:**

- Bangladesh imports nearly 2,000 megawatts (MW) of electricity from India.
- In 2018, Russia, Bangladesh, and India signed a memorandum on cooperation for the Rooppur Nuclear power plant project, Bangladesh's first nuclear power reactor.

- **Source → *The Hindu***

## 4 - India-France Partnership in Green Growth:

### GS II

#### International Relations

- **Background:**

- 2023 marked the 25th anniversary of the India-France Strategic Partnership.

- **Pillars of Indo-French Horizon 2047:**

- Partnership for security and sovereignty
- Partnership for the planet
- Partnership for the people
- Partnership for environmental sustainability

- **In 2023, four environmental protection projects were signed between India and France. These include:**

- A project in Rajasthan aimed at increasing forest cover, enhancing wildlife conditions, and supporting local livelihoods.
- An initiative to improve sanitation in small towns of Himachal Pradesh.
- A project to enhance solid waste management in 18 cities as part of India's flagship circular economy program, CITIIS.
- A green credit line with the State Bank of India to fund electric buses and energy-efficient housing.

- **Major Highlights of India and France Relations:**

- **Strategic Partnership:** Post-India's 1998 nuclear tests, France was the first nation to initiate a Strategic Dialogue with India and did not impose bilateral sanctions, understanding India's security compulsions. France was the first Western country with which India signed a strategic partnership.
- **Economic:** Bilateral trade between India and France reached \$13.4 billion in 2022-23. France is a significant investor in India, with an FDI inflow of \$659.77 million in FY 2022-23. For FY 2023-24, Indian exports to France totaled \$3.06 billion, while imports from France amounted to \$2.36 billion.
- **Defense:** Bilateral defense cooperation is reviewed under the Annual Defence Dialogue (Defence Minister level) and the High Committee on Defence Cooperation (Secretary level). The P-75

Scorpene Deal 2005 and the procurement of Rafale jets highlight deep defense ties. Regular joint defense exercises include Garuda (Air forces), Shakti (Armies), and Varuna (Navies).

- Space: Cooperation in space spans over 50 years between ISRO and the French Space Agency (CNES). France is a major supplier of components and equipment for India's space program.
- Energy Cooperation: Progress has been made in discussions related to the Jaitapur Nuclear Power Project (JNPP) and partnerships on Small Modular Reactors (SMR) and Advanced Modular Reactors (AMR). The International Solar Alliance was jointly launched by India and France.
- Education: About 10,000 Indian students are in France, and an agreement on mutual recognition of degrees was signed in 2018. In 2023, it was agreed to increase the number of Indian students in France to 30,000 by 2030.
- Community in France: Mainland France hosts approximately 119,000 Indian community members, mainly from former French colonies and states such as Tamil Nadu, Gujarat, and Punjab.
- Tourism: In 2019, around 250,000 French tourists visited India, with Rajasthan being a popular destination. Meanwhile, approximately 700,000 Indians traveled to France.
- Support on international fora: France supports India's claim for permanent membership of the UN Security Council and has been instrumental in India's accession to the MTCR, Wassenaar Arrangement, and Australia Group. France continues to back India's bid for the Nuclear Suppliers Group and the adoption of the Comprehensive Convention on International Terrorism (CCIT) in the UN.
- *Source → The Hindu*