

## Current Affairs - 02 February 2025

### A UNION BUDGET THAT TICKS MOST OF THE BOXES

- The Union Budget for FY26 has been presented against a backdrop of both domestic and global economic challenges.
- While India's economy is currently experiencing a cyclical slowdown, marked by weakening urban consumption, slow job growth, and an investment cycle that is yet to become broad-based, the country's macroeconomic fundamentals remain strong.
- With geopolitical uncertainty and global trade disruptions looming, the government has taken a pragmatic approach to fiscal management, aiming to sustain economic stability while fostering growth.
- Therefore, it is important to explore the key themes of the budget, including fiscal discipline, personal taxation reforms, capital expenditure (capex) allocations, and structural measures for long-term economic resilience.

### The Primary Focus of Union Budget 2025-26: Macroeconomic Stability Amidst Global Challenges

- The second half of FY25 is expected to witness a rebound in Gross Value Added (GVA) growth, core inflation remains benign, and the current account deficit is under control due to strong services exports.
- A key highlight of the budget is the reduction in the fiscal deficit target, from 4.8% of GDP in the current year to 4.4% in FY26.
- This move signals the unwinding of the post-pandemic fiscal stimulus, preserving policy space for future needs.

### Personal Income Tax Reforms and Their Implications

- Boosting Disposable Income and Consumption
  - By reducing the personal income tax burden, the government is putting more money in the hands of middle-class and salaried individuals.
- Encouraging Investments in Real Estate

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- Beyond direct consumption benefits, **the budget introduces a significant tax incentive related to housing.**
- The enhancement of tax benefits for self-occupied properties, **allowing individuals to claim tax benefits on two houses instead of just one**, is expected to stimulate the real estate sector.
- **Increased investment in housing leads to higher demand for construction materials** such as cement, steel, and bricks, thereby benefiting allied industries.
- **Potential Risks and Challenges**
  - While the reduction in personal income tax has clear benefits, **it also presents certain risks and challenges.**
  - One key concern is **whether the tax cut will lead to a sustainable increase in consumption or if consumers will opt to save the additional income**
  - If a **significant portion of the tax savings is diverted toward savings** rather than spending, the expected stimulus effect on consumption may be weaker than anticipated.

### The Economic Survey's influence

- **A holistic feature of FY26 Budget lies beyond the numbers it projects.**
- **Intangible gains** could be reaped, which if implemented and executed well, **would boost productivity levels in the economy in the longer run.**
- **A focus on next generation ease of doing business measures, a simplification of the tax architecture** (including various decriminalisation measures), and migration towards a light-touch regulatory framework in the non-financial sector are some of the steps **that appear to have been influenced by the Economic Survey.**

### Conclusion

- **The Union Budget for FY26 strikes a careful balance** between fiscal consolidation and economic support.
- **It also lays the groundwork for long-term economic resilience** through prudent fiscal management, strategic capex allocations, and structural reforms.

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### WHAT IS A COMPOSITE MATERIAL?



DRDO Chairman recently said that developments in composite materials will play a key role in indigenous development of the strategically significant fifth-generation aircraft, hypersonic missiles and bulletproof jackets, among other things.

- A composite material is **made up of two or more materials with different chemical and physical properties.**
- A composite material is used to **enhance the properties of its base materials.**
- The materials which form the composite are also called constituents or **constituent materials.**
- The material properties achieved by **purposeful material combinations** can give composites advantages that cannot be achieved by conventional single engineering materials.
- Composite materials **offer a high strength-to-weight ratio, corrosion resistance, durability, design flexibility, thermal and electrical insulation, chemical resistance, and customizable properties,** making them ideal for various industries.

**Examples of Composites:** Fiberglass, Carbon Fiber Reinforced Polymer (CFRP), Concrete, Plywood, etc.

- They are used in a wide range of applications, from **aerospace structures**, to boat hulls to sporting goods.
  - For example, composite materials enable us to fly further and **develop more fuel-efficient automobiles (vehicle weight reduction)**, harvest energy more efficiently (**lighter and larger wind turbine blades**), prevent injury (safety equipment like motorcycle helmets), and enjoy recreational activities (sporting equipment).

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### NATIONAL BANK FOR FINANCING INFRASTRUCTURE AND DEVELOPMENT (NaBFID)

The Finance Minister recently said the National Bank for Financing Infrastructure and Development (NaBFID) will set up a partial credit enhancement facility for corporate bonds in the infrastructure sector.

- It is a **specialized Development Finance Institution** in India aimed at **supporting the country's infrastructure sector**, which can significantly gain from an enabling credit flow by means of attractive instruments and channelized investment.
- NaBFID was **set up in 2021, by an Act of the Parliament** (The National Bank for Financing Infrastructure and Development Act, 2021).
- Its **objectives** are to address the gaps in long-term non-recourse finance for infrastructure development, to **strengthen the development of bonds and derivatives markets** in India, and to sustainably boost the country's economy.
- It shall be **regulated and supervised by RBI** as an All-India Financial Institution (AIFI).

### What are Development Finance Institutions (DFIs)?

- These are organizations **owned by the government or public institutions** to **provide funds for infrastructure and large-scale projects**, where it often becomes unviable for large banks to lend.
- They provide two types of funds - **Medium (1-5 years) and Large (< 5 years)**.
- The prime objective of DFI is the economic development of the country via financing infrastructure activities.
- DFIs **do not accept deposits from people**, but they **raise funds by borrowing from governments, insurance companies, pension funds, and sovereign funds**.
- It also **provides a guarantee to banks on behalf of companies** and subscriptions to shares, debentures, etc.

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### BHARATIYA BHASHA PUSTAK SCHEME



**Bharatiya Bhasha Pustak Scheme** is a new initiative aimed at making learning more accessible by offering **digital textbooks and study materials in various Indian languages**.

- Under the scheme, **students in schools and universities** will be able to **access textbooks and learning resources in digital format**
- The scheme is designed to benefit students from different linguistic backgrounds by **providing study materials in regional languages**.
- This initiative also **complements the government's** previous steps to enhance educational infrastructure, such as the **ASMITA (Augmenting Study Materials in Indian Languages through Translation and Academic Writing) initiative**.

#### About ASMITA Initiative:

- It is an initiative to **develop 22,000 books in Indian languages** in the next **five years**.
- It is a collaborative effort of the **UGC and the Bharatiya Bhasha Samiti**, a **high-powered committee under the Ministry of Education**.
- The primary objective of this initiative is to **promote and integrate Indian languages more deeply into the education system**, thereby enriching the learning experience and making it more inclusive.
- This project is seen as part of a broader strategy to enhance the accessibility and quality of educational materials across various Indian languages.
- Thirteen nodal universities have been identified to lead the project, along with member universities from various regions.
- The UGC has also created a **standard operating procedure (SOP) for the book-writing process** in each assigned language.



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### PRADHAN MANTRI DHAN DHANYA KRISHI YOJANA



The Finance Minister recently announced the Pradhan Mantri Dhan Dhanya Krishi Yojana, or the developing agri-districts programme, in her record 8th Union Budget presentation.

- It is a new initiative aimed at **supporting farmers in 100 regions** facing challenges in agriculture.
- The scheme, in **collaboration with the state government**, aims to cover 100 districts in the country, and around 1.7 crore farmers will benefit from it.
- The scheme aims to generate opportunities in rural areas so that migration is an option and not a necessity.

The scheme **focuses on five key areas** including:

- Enhance **agricultural productivity**
- Improve **irrigation facilities**
- Improve **credit availability**
- To adopt **crop diversification** and **sustainable agriculture practices**
- To **augment post-harvest storage** at Panchayat and block levels.

### NATIONAL GEOSPATIAL MISSION



- This initiative will leverage the existing **PM Gati Shakti framework** to develop foundational geospatial infrastructure and data, facilitating improved design and execution of infrastructure projects.
- It will be aimed at **modernising land records** and **enhancing urban planning** across
- The initiative also aims to **address challenges related to land disputes** and inefficient land use, which have long hindered growth in various regions.

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- Geospatial refers to data or information that is associated with a specific location on the Earth's surface.
- By creating a robust geospatial database, the government aims to streamline processes involved in land reforms, making them more efficient and transparent.
- This move is anticipated to benefit not only government agencies but also private stakeholders, including geospatial and drone companies, which will likely see increased demand for their services.

**Significance:** The National Geospatial Mission is expected to significantly impact various sectors, particularly in **urban development and land management**.

- The focus on geospatial technology is seen as a critical component in achieving the government's broader goals of improving efficiency and accountability in public services.

### NATIONAL MANUFACTURING MISSION



Recently, the Union Minister for Finance announced the National Manufacturing Mission while presenting the Union Budget 2025-26 in Parliament.

- It covers **small, medium and large industries** for furthering “Make in India”.
- It will lay **emphasis on five focal areas** Ease and cost of doing business; future ready workforce for in-demand jobs; a vibrant and dynamic MSME sector; availability of technology; and quality products.
- Under this mission, the government will provide **policy assistance**, implementation roadmaps, and governance and **monitoring structures for central ministries and states**.
- It aims to **enhance domestic value addition** and build a **robust ecosystem for solar PV cells, electric vehicle (EV) batteries, motors and controllers, electrolysis, wind**

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turbines, high-voltage transmission equipment, and grid-scale batteries, supporting **Clean Tech manufacturing**.

- It will support design capacity, component manufacturing, and machinery required for production of non-leather quality footwear, besides the support for leather footwear and products.
- In addition to the mission, the credit guarantee cover is to be enhanced for MSMEs to Rs 10 crore from Rs 5 crore and investment and turnover limit for classification of all MSMEs will be enhanced to 2.5 and 2 times.

### NEW RAMSAR SITES



Recently, four more wetlands from India have got an international tag of Ramsar Convention sites.

#### **New Ramsar Sites Added:**

1. **Sakkarakottai Bird Sanctuary:**
  - **Location:** Tamil Nadu
  - It is a unique mosaic wetland ecosystem located close to **Gulf of Mannar** on the **Central Asian flyway**, a regular route for the migratory birds that comes from Iran, Afghanistan and Pakistan.
  - This wetland acts as a breeding ground for several Resident/Resident-Migrant species of waterfowls.
2. **Therthangal Bird Sanctuary:**
  - **Location:** Tamil Nadu
  - It lies **along the Central Asian Flyway** and are critical breeding and foraging grounds for waterbirds.
  - It plays a crucial role in climate regulation, recharging of groundwater, and irrigation.



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- The sanctuary is home for many important endemic and near threatened species including the **Painted stork**, **Black-headed ibis**, **Spot-billed pelican**, **Oriental darter** and **Pallied harrier** among others

### 3. Udhwa Lake:

- **Location:** Jharkhand
- It is named after **saint Uddhava** of Mahabharat times, a friend of Lord Krishna.
- It falls within the Gangetic Plains bio-geographic zone.
- The Sanctuary has two water bodies i.e. **Patauran** (155 ha) and **Berhale** (410 ha), interconnected by a water channel. Patauran is a comparatively clean water body.
- It is the **first Ramsar designated wetland** from Jharkhand.

### 4. Khecheopalri Lake:

- **Location:** Sikkim
  - It is a sacred gem revered by both Buddhists and Hindus.
  - It is known as a **wish-fulfilling lake**, its tranquil waters are believed to be blessed by Guru Padmasambhava and the Goddess Tara.
  - It is surrounded by lush forests and the mystical aura of ancient legends, this enchanting lake, part of the **revered Demazong valley**.
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