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PRODUCTION LINKED INCENTIVE (PLI) SCHEME



- The **\$23 billion Production-Linked Incentive (PLI) scheme**, launched in **2020** to boost domestic manufacturing and **reduce dependence on China**, is set to lapse as many firms failed to meet production targets.
- The scheme was aimed at **increasing manufacturing's share in India's GDP to 25% by 2025**, but it has **declined from 15.4% to 14.3%**
- **Only 37% of the expected production target was achieved**, with **\$151.93 billion worth of goods** manufactured by October 2024.
- **Delays in subsidy payouts and excessive bureaucracy** hampered the scheme's effectiveness.

About the PLI Scheme:

- The **Production Linked Incentive (PLI) scheme** was launched to **boost domestic manufacturing, increase import substitution, and generate employment**.
- The scheme **initially targeted three industries**: Mobile and Allied Component Manufacturing, Electrical Component Manufacturing and Medical devices. Later, it was **expanded to 14 key sectors**.
- Under this scheme, **Domestic and Foreign companies** receive **financial incentives** based on a **percentage of their incremental revenue** for **up to five years**.

Performance of the PLI Scheme:

- **Mobile Phones**: Major success – Production rose **63% from 2020-24**, reaching **\$49 billion**. Apple and Samsung dominate exports.
- **Pharmaceuticals**: Strong growth – Exports nearly doubled to **\$27.85 billion (2023-24)**.
- **Food Processing**: Exceeded production targets, but some firms missed subsidy eligibility due to investment non-compliance.

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- **Steel & Solar Panels:** Lagging sectors – **14 out of 58** approved steel projects withdrawn, **8 out of 12** solar firms unlikely to meet targets.
- **Textiles & IT Hardware:** **Slow growth**, struggling to compete with **China's lower production costs**.
- **94%** of the **\$620 million** incentives disbursed (April-Oct 2024) went to pharmaceuticals and mobile phones, highlighting **uneven sectoral success**.

DEMANDS FOR GRANTS



- **Definition:** Demands for Grants refer to **expenditure estimates** that require **Lok Sabha approval** under **Article 113** of the Constitution.
- **Scope:**
 - Covers **revenue & capital expenditure**, grants to states/UTs, and loans & advances.
 - Each **ministry/department** presents its own Demand; **large ministries** may have **multiple demands**.
- **Types of Expenditures:**
 - **Voted expenditure:** Requires approval from the **Lok Sabha**.
 - **Charged expenditure:** Includes **President's salary**, **judges' salaries**, **debt servicing**, and does not require voting.

Constitutional Provisions on Demands for Grants:

- **Article 113:** No demand for a grant can be made **without the President's recommendation**.
- **Article 114:** Money cannot be withdrawn from the **Consolidated Fund of India** without **Parliamentary approval**.
- **Article 115:** Allows for **supplementary, additional, or excess grants** when the original budget allocation is insufficient.

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- **Article 116:** Provides for **Vote on Account, Vote of Credit, and Exceptional Grants** if the budget is **not passed before the financial year begins**.

Voting on Demands for Grants:

- **Exclusive power of Lok Sabha** (Rajya Sabha **cannot** vote).
- Voting applies only to the **votable** part of the budget.
- Each Demand is **voted on separately**, allowing for discussion.
- If all demands are not discussed within the allocated time, the **Speaker applies the Guillotine**, approving all remaining Demands without discussion.

ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN)



The 14th ASEAN Defence Ministers' Meeting-Plus (ADMM-Plus) Experts' Working Group on Counter-Terrorism (EWG on CT) was recently held in New Delhi.

- The Association of Southeast Asian Nations (ASEAN) is a **regional intergovernmental organisation** aimed at political, economic, and security cooperation.
- It was established on **August 8, 1967**, in **Bangkok, Thailand** with the signing of the **ASEAN Declaration (Bangkok Declaration)** by **Indonesia, Malaysia, the Philippines, Singapore, and Thailand**.
- **Motto:** "One Vision, One Identity, One Community."
- **Headquarters:** Jakarta, Indonesia.
- **Member States (10 Nations):**
 - **Founding Members (1967):** Indonesia, Malaysia, the Philippines, Singapore and Thailand.
 - **Later Additions:** Brunei (1984), Vietnam (1995), Laos & Myanmar (1997), and Cambodia (1999).
- **Economic & Demographic Strength:**
 - **Total Population:** 662 million (2022).

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- Combined GDP: \$3.2 trillion (2022).

Institutional Mechanism of ASEAN:

- **ASEAN Summit:** Meets **annually** to discuss **regional issues** and set **policy directions**.
Chaired by a **rotating presidency**.
- **ASEAN Coordinating Council (ACC):** Oversees **implementation** of ASEAN agreements and decisions.
- **ASEAN Secretariat:** Supports and facilitates ASEAN's activities and initiatives.
- **ASEAN Regional Forum (ARF):** Platform for **dialogue on political and security issues** among ASEAN members and their dialogue partners. **India joined in 1996**.
- **Decision-Making Process:** Based on **consultation and consensus**.

ASEAN-India Relations:

- India became a **Sectoral Dialogue Partner of ASEAN in 1992** and a **Full Dialogue Partner in 1996**.
- India joined the **ASEAN Regional Forum (ARF) in 1996**.
- **India-ASEAN Free Trade Agreement (FTA)** was signed in **2009** (Goods) and **2014** (Services & Investments).
- **ASEAN-India Strategic Partnership** was established in **2012**.
- **India actively participates in ADMM-Plus** (ASEAN Defence Ministers' Meeting-Plus).

ASEAN Future Forum:

- Proposed by **Vietnam in 2023 (43rd ASEAN Summit)**.
- It is a common platform for **ASEAN member states and partners** to share ideas and policy recommendations.
- **India is a founding member**.

About the Meeting:

- **Table-top counter-terrorism exercise** is to be held in **Malaysia (2026)** and a **field training exercise** in **India (2027)** under the **ASEAN Defence Ministers' Meeting-Plus (ADMM-Plus) Experts' Working Group on Counter-Terrorism (EWG on CT)**.
- **India and Malaysia** have assumed **co-chairmanship of EWG on CT (2024-2027)**.

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ARMED FORCES (SPECIAL) POWERS ACT (AFSPA)



- It is a law enacted by the Parliament in 1958 which gives the armed forces special powers and immunity to maintain public order in “disturbed areas”.
- It can be applied only **after an area** has been **declared “disturbed”** under section 2 of the Act.
- **Jurisdiction:**
 - **Both the State and Union governments can issue** notifications declaring certain areas as “disturbed”, granting the armed forces the authority under AFSPA.
 - For Nagaland and Arunachal Pradesh, the Union Ministry of Home Affairs (MHA) issues periodic notifications.
- **Disturbed Areas under AFSPA:** Defined under Section 3 of the Act, a “disturbed area” is where the **use of armed forces is deemed necessary** to support civil authorities in **maintaining law and order**.
- **Declaration of Disturbed Areas:**
 - An area can be declared disturbed **due to conflicts or disputes** between various religious, racial, linguistic, regional, or caste-based communities.
 - The **central government, Governor of the state**, or the administrator of the Union Territory **can declare the whole or part of a state** or union territory as a **disturbed area**.
 - **Once declared**, the region is **maintained as disturbed for at least three months** under The Disturbed Areas (Special Courts) Act, 1976.
 - The **scope and duration** of AFSPA can **vary** depending on the region’s security situation.
- The ‘special powers’ of armed forces under AFSPA are:

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- They have the authority to **prohibit a gathering of five or more persons** in an area, **can use force or even open fire** after giving due warning if they feel a person is in contravention of the law.
- If reasonable suspicion exists, the army can also **arrest a person without a warrant**, enter or **search a premise without a warrant**, and **ban the possession of firearms**.
- **Any person arrested** or taken into custody may be **handed over to the officer in charge** of the **nearest police station** along with a report detailing the circumstances that led to the arrest.
- These armed forces are **immune from prosecution unless the Union Government provides sanction** to the prosecuting agencies.

Apart from **Nagaland**, the AFSPA is currently in force in **Jammu and Kashmir**, **Assam**, and **Manipur** except in Imphal, and **Arunachal Pradesh**.

WORLD HAPPINESS INDEX 2025



India ranked 118th in the World Happiness Report 2025 published recently.

- It is an annual report published by the **Wellbeing Research Centre** at the **University of Oxford** in partnership with **Gallup**, the **United Nations Sustainable Development Solutions Network**.
- The rankings are **based on people's self-assessed life evaluations**.
- The World Happiness Index 2025 ranked countries according to self-assessed life evaluations averaged over 2022-2024 and answers to the Cantril ladder question in the Gallup World Poll.
- It asks respondents to think of a ladder with the best possible life for them being a 10 and the worst being a zero.
- They are then asked to rate their current lives on that scale.

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- The study considers 6 explanatory factors for happiness: social support, GDP per capita, health life expectancy, freedom, generosity, and perception of corruption.
- The study also maps whether responses indicated positive or negative emotions about the country.
- **Highlights of World Happiness Index 2025:**
 - **Finland** is ranked as the **happiest country** in the world for the eighth consecutive year, and other **Nordic countries** – **Denmark, Iceland, and Sweden**, continued to **remain in the top four, in that order**.
 - The **United Kingdom** is in the **23rd** position, the **US is 24th**, and **China** stands at the **68th** position in the **list of 147 countries** this year.
 - While Western countries dominated the top 20, especially European nations, Costa Rica and Mexico entered the top 10 for the first time, ranking at 6th and 10th respectively.
 - **Afghanistan** is again ranked as the **unhappiest country** in the world; this year 147th against last year's 143rd rank (last).
 - The State of Palestine is ranked 108th (103 in 2024), while Ukraine is at 111 rank (105 in 2024).
 - **India ranked 118** out of 147 countries.
 - Among India's neighbouring countries, **Sri Lanka** was ranked at **133**, **Bangladesh** at **134**, **Pakistan** at **109**, **Nepal** at 92, and **China** at 68.

EXERCISE SEA DRAGON 2025



- It is a **multinational anti-submarine warfare (ASW)** drill conducted annually to strengthen maritime security and cooperation among allied nations in the **Indo-Pacific region**.
- **Hosted by the United States Navy's 7th Fleet at Andersen Air Force Base, Guam**, this exercise focuses on detecting, tracking, and countering submarine threats, a crucial capability given the rising tensions in the region.

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- It is an intensive, **highly technical military drill** that involves both theoretical and practical **ASW training**.
- Participating nations deploy their **maritime patrol and reconnaissance aircraft (MPRA)**, which are equipped with advanced sensors and sonobuoys designed to track submarines.
- The training includes mock drills, tactical discussions, and live submarine detection exercises, allowing crews to sharpen their ability to locate and neutralise enemy submarines in real-world scenarios.
- **Originally a bilateral naval drill between the US and Australia** in 2019, the Sea Dragon exercise has **expanded to include key allies, including India** – which joined in **2021**.
- **Sea Dragon 2025:**
 - This year the exercise focused on improving **ASW tactics**, interoperability, and multinational coordination in the Indo-Pacific region. The exercise included:
 - Mobile ASW training target drills using the MK-30 ‘SLED’.
 - A live ASWEX exercise, where participants tracked a US Navy submarine.
 - A competitive phase, where aircrews were graded on ASW effectiveness.
 - It included **Australia, Japan, South Korea, and the United States**, with **India** participating for the fourth consecutive year.

FREEBIES VS WELFARE - THE DILEMMA OF INDIA'S ECONOMIC DEMOCRACY

Context:

- The debate over welfare measures and freebies has resurfaced with **political parties making populist promises in elections**.
- While welfare schemes are meant to uplift the poor, **excessive dependence on freebies** raises **concerns about economic sustainability, self-reliance, and governance priorities**.

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Freebies and Political Promises:

- In the recent Delhi elections, political parties have **competed to offer “freebies”** rather than focus on **development strategies**.
- Earlier, a prominent political party’s 2024 manifesto highlights welfare schemes such as:
 - PM Garib Kalyan Anna Yojana – free rations to 80 crore people since 2020.
 - Direct Benefit Transfer (DBT) – ₹34 lakh crore credited to citizens.
 - PM Mudra Yojana – 46 crore loans worth ₹27 lakh crore.
 - PM SVANidhi Scheme – easy credit to 63 lakh street vendors.
- **The question arises:** Are these **welfare measures** or mere **electoral inducements**?

The Economic Burden of Freebies:

- Several states, including **Maharashtra** (admit funding issues for the Ladki Bahin scheme) and **Gujarat**, struggle with funding social schemes and essential public services like education and healthcare.
- **The government claims** 25 crore citizens have moved out of poverty, and 17 crore jobs were created in 10 years, yet freebies continue.
- **Critics argue** that such measures can **hinder economic productivity** and **foster dependency**.

Conclusion - Need for Introspection:

- E M Forster once said: “**Two cheers for democracy**. One because it admits variety and two because it permits criticism.”
 - In his 1845 novel Sybil (or the Two Nations - the rich and the poor), Benjamin Disraeli writes: “**Power has only one duty** — to secure the social welfare of the people.”
 - India must evaluate whether **excessive freebies align with sustainable economic growth and true welfare**.
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