



## **DAILY CURRENT AFFAIRS 07-02-2025**

### **GS-2**

1. MSME Trade Enablement and Marketing (TEAM) Initiative
2. The United States Agency for International Development (USAID)
3. Fentanyl Crisis

### **GS-3**

4. Jevons Paradox
5. International Big Cat Alliance (IBCA)

## **MSME Trade Enablement and Marketing (TEAM) Initiative**

**Syllabus: GS-2; Government policies and Interventions, GS-3: Indian Economy – Industrial Policies.**

### **Context:**

The **MSME Trade Enablement and Marketing (TEAM) Initiative** is a significant step by the **Ministry of Micro, Small, and Medium Enterprises (MoMSME)** in collaboration with the **Open Network for Digital Commerce (ONDC)** to empower small and micro enterprises by integrating them into the digital commerce ecosystem.

### **Latest News:**

- The initiative was recently launched under the **Raising and Accelerating MSME Productivity (RAMP)** Programme.
- It aims to onboard **5 lakh micro and small enterprises** onto the ONDC platform, with a special focus on **women-led businesses** (50% of the target beneficiaries).
- Over **150 workshops** will be conducted across **Tier 2 and Tier 3 cities** to facilitate the onboarding process and provide hands-on guidance to MSMEs.

### **Key Features of the TEAM Initiative:**

- **Digital Commerce Integration:**
  - Connects MSMEs with the **ONDC Network**, enabling them to access digital storefronts, integrated payment systems, and logistics support.
  - Helps businesses reduce operational barriers and expand their customer base.
- **Formalization and Credibility:**
  - Encourages MSMEs to formalize their operations and establish **digital transaction histories**, enhancing their credibility and trustworthiness in the market.
- **Workshops and Training:**
  - Over **150 workshops** will be held in **Tier 2 and Tier 3 cities**, targeting key MSME clusters.
  - Special emphasis on **women-led and SC/ST-led enterprises** to ensure inclusive growth.
- **Funding:**
  - The initiative has a budget of **₹277.35 crore** over **3 years** to support its implementation.

**Significance of the TEAM Initiative:**

- **Market Expansion:** By joining the ONDC Network, MSMEs can tap into a wider customer base, both domestically and internationally.
- **Digital Transformation:** The initiative promotes the adoption of digital tools and platforms, helping MSMEs become more competitive in the digital economy.
- **Inclusive Growth:** By focusing on women-led and SC/ST-led enterprises, the initiative ensures that marginalized groups benefit from digital commerce opportunities.
- **Operational Efficiency:** Access to integrated payment systems and logistics support reduces operational challenges for MSMEs.

**Expected Outcomes:**

- **5 lakh micro and small enterprises** onboarded onto the ONDC platform.
- Enhanced digital capabilities and market reach for MSMEs.
- Increased formalization and digital transaction histories, improving access to credit and other financial services.
- Greater participation of women and SC/ST entrepreneurs in the digital economy.

The **TEAM Initiative** is a transformative step toward enabling MSMEs to thrive in the digital age, fostering inclusive growth and economic resilience. By leveraging the ONDC platform, small businesses can overcome traditional barriers and unlock new opportunities for growth and innovation.

## **The United States Agency for International Development (USAID)**

**Syllabus: GS-2: International Organisations and Developments.**

**Context:**

The United States Agency of International Development (USAID) over the weekend emerged as the latest casualty in the Trump administration's bid to rehaul the federal government.

The United States Agency for International Development (USAID) has been a cornerstone of U.S. foreign policy and global humanitarian efforts since its establishment in the 1960s.

However, its future is now under scrutiny due to proposed changes by the Trump administration, including potential merger with the U.S. Department of State and significant funding cuts. Here's a breakdown of the key issues and implications:

### USAID: About the Agency and Its Role

- **Establishment:** USAID was created under the Foreign Assistance Act of 1961 to oversee and administer U.S. international humanitarian aid.
- **Scope:** It employs around 10,000 personnel and operates in over 60 countries.
- **Key Areas of Work:**
  - **Food Security:** Provides famine relief and operates advanced food shortage prediction systems.
  - **Healthcare:** Funds vaccination programs, pandemic prevention, and global disease control.
  - **Infrastructure and Development:** Supports clean water initiatives, disaster relief, and economic development programs.
  - **Humanitarian Aid:** Plays a critical role in war-torn regions like Ukraine and sub-Saharan Africa.

### USAID: Budget and Global Spending

- **2023 Budget:** The U.S. allocated 68 billion to international aid, with USAID receiving over half (68 billion to international aid, with USAID receiving over half (40 billion).
- **Geographic Focus:** The largest share of USAID funds is directed toward Asia, Africa, and Europe, particularly Ukraine.
- **Global Leadership:** The U.S. remains the largest global donor, outspending other major contributors like the UK.

### Reasons Behind Trump Administration Targeting USAID

- **Criticism of Foreign Aid Spending:**
  - **Donald Trump:** Has long criticized foreign aid, arguing it lacks value for U.S. taxpayers. He issued an executive order pausing international spending for 90 days, leading to the suspension of multiple aid programs.
  - **Public Opinion:** Polls indicate that many American voters favor reducing foreign aid.
  - **Elon Musk:** A key Trump advisor, Musk has advocated for drastic spending cuts, creating tensions between USAID and the administration.

➤ **Impact of Spending Freeze:**

- Critical programs, such as medical aid and clean water initiatives, were halted.
- Security concerns arose, such as prison guards in Syria nearly abandoning their posts due to funding cuts.
- International aid workers described the move as a severe disruption to global humanitarian efforts.

**Can USAID Be Shut Down Unilaterally by the U.S. President?**

- **Legal Challenges:** Any attempt to abolish USAID would likely face legal challenges and require congressional approval.
- **Restructuring Strategy:** An alternative under consideration is restructuring USAID as a branch of the State Department, similar to the UK's 2020 merger of its international aid department with the Foreign Office.

**Global Impact of USAID's Closure or Restructuring**

- **Humanitarian Crisis:** Funding cuts could impact critical programs like mine clearance, pandemic response, and prosthetic aid for war victims.
- **Foreign Policy Concerns:** Critics argue the move could reduce U.S. global influence and damage diplomatic relationships.
- **Security Implications:** Funding disruptions could lead to instability in conflict zones where USAID plays a vital role.
- **Geopolitical Shift:** A weakened U.S. aid presence might allow countries like China to expand their influence through alternative development projects.

**Conclusion**

- The proposed restructuring or closure of USAID represents a significant shift in U.S. foreign policy, aligning with Trump's "America First" vision.
- While supporters argue that cutting foreign aid saves taxpayer money, critics warn of profound humanitarian and geopolitical consequences.
- The global development sector remains on high alert for further changes in U.S. aid policy, as the potential impacts could ripple across the world.
- The debate over USAID's future underscores the tension between domestic fiscal priorities and the U.S.'s role as a global leader in humanitarian and development efforts.
- The outcome will likely shape the trajectory of international aid and U.S. foreign policy for years to come.

## **Fentanyl Crisis**

**Syllabus: GS-2: International Events.**

**Context:**

- US President has imposed 25% tariffs on China, Mexico, and Canada over fentanyl trafficking, linking the opioid crisis to trade policies.

### **US Tariffs and the Fentanyl Crisis**

#### **US Tariffs on China, Mexico, and Canada**

- **Reason for Tariffs:** The US President has imposed 25% tariffs on China, Mexico, and Canada, citing their role in fentanyl trafficking.
- **Trade-Policy Linkage:** The decision aligns the opioid crisis with economic policies, pressuring nations to curb fentanyl supply chains.
- **Key Targets:**
  - **China:** Primary supplier of precursor chemicals used to manufacture fentanyl.
  - **Mexico:** Major hub where fentanyl is synthesized and smuggled into the US.
  - **Canada:** Identified as a transit point in fentanyl distribution networks.

### **Potential Impacts of Tariffs**

#### **On Trade and Economy**

- **Disruptions in Supply Chains:** Increased tariffs could impact industries reliant on imports from these countries.
- **Retaliatory Measures:** China, Mexico, and Canada may impose counter-tariffs, escalating trade tensions.

#### **On the Fentanyl Crisis**

- **Pressure on China and Mexico:** Economic penalties may push these nations to enhance drug control measures.
- **Smuggling Adaptations:** Cartels may shift routes or methods, potentially undermining enforcement efforts.
- **Limited Direct Impact:** Tariffs may not directly curb fentanyl production but could serve as a diplomatic tool.

### **Challenges and Criticism**

- **Strained Diplomatic Relations:** Linking fentanyl to trade could complicate broader US-China and US-Mexico ties.

- **Effectiveness Concerns:** Experts argue that trade penalties may not effectively deter illicit drug trafficking.
- **Economic Burden on Consumers:** Higher import costs could impact American businesses and consumers.

### Alternative Approaches

- **Enhanced Law Enforcement:** Strengthening border security and cracking down on trafficking networks.
- **Bilateral Agreements:** Engaging China and Mexico in targeted drug enforcement collaborations.
- **Public Health Measures:** Expanding access to addiction treatment and harm reduction programs.

## Jevons Paradox

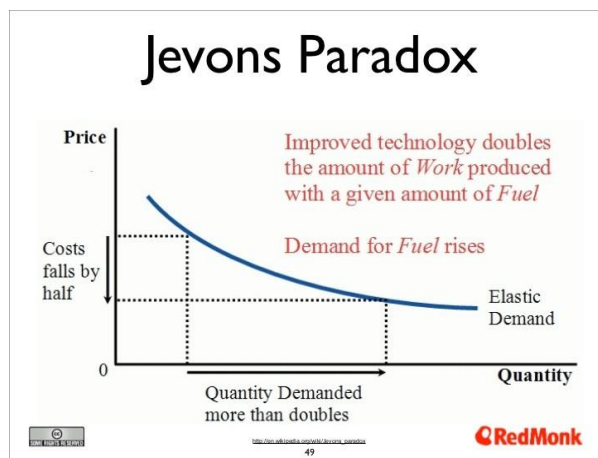
### Syllabus: GS-3; Economy

#### Context:

- The Jevons Paradox has resurfaced in economic discussions after the DeepSeek AI launch led to a selloff in global tech stocks, raising concerns over AI chip demand.

#### What is Jevons Paradox?

- Jevons Paradox states that when technological improvements make a resource more efficient and cheaper to use, overall consumption of that resource increases instead of decreasing.



Having said that...

UK Economist William Stanley Jevons (1835–1882)  
As steam engines become more efficient, consumption of coal increases!

### Theory & Origin

- Proposed by **William Stanley Jevons** in 1865 in *The Coal Question*.
- Observed that improved coal efficiency in steam engines **led to higher coal consumption**, rather than conservation.

### Factors Influencing Jevons Paradox

- **Cost Reduction** – Lower usage costs lead to greater demand.
- **Increased Accessibility** – Efficiency improvements make resources more widely available.
- **Economic Growth** – Higher productivity fuels industrial expansion, increasing resource consumption.
- **Elastic Demand** – When demand is highly responsive to price changes, efficiency gains drive higher overall usage.

### Significance in AI & Energy

- **Artificial Intelligence** – More efficient AI chips **may lead to greater AI adoption**, increasing chip demand rather than reducing it.
- **Energy Efficiency** – Advances in energy-efficient technology **can result in higher total energy consumption** due to expanded use.

### Policy Implications

Governments must **balance efficiency gains with regulatory measures** to prevent excessive resource consumption. Strategies include:

- **Taxes** – To discourage overuse of resources.
- **Quotas & Limits** – To cap total consumption.
- **Incentives for Sustainable Use** – Encouraging responsible adoption of efficient technologies.

## **International Big Cat Alliance (IBCA)**

**Syllabus: GS-3: Biodiversity Conservation – Wildlife.**

### **Context:**

The International Big Cat Alliance (IBCA) has formally become a full-fledged treaty-based intergovernmental organization as of January 23, 2025.



### Key Highlights of IBCA:

➤ **Launch and Background:**

- IBCA was launched in **April 2023** during the 50th anniversary of **Project Tiger** in India, a landmark initiative in tiger conservation.
- The alliance was established to address the urgent need for international cooperation in protecting big cats, which face threats such as habitat loss, poaching, and illegal wildlife trade.

➤ **Headquarters and Governance:**

- The organization is headquartered in **India**, which also serves as the depository for instruments of ratification.
- The framework agreement of IBCA was ratified on **January 23, 2025**, formalizing its status as a treaty-based intergovernmental body.

➤ **Founding and Member Countries:**

- The four founding members are **India, Nicaragua, Eswatini, and Somalia**.
- **Liberia** recently ratified the agreement on **January 8, 2025**, becoming the latest member.
- As of now, **27 countries** have agreed to join IBCA, reflecting growing global commitment to big cat conservation.

➤ **Objectives of IBCA:**

- **Conservation:** Protect and conserve the seven big cat species and their habitats.
- **Research and Funding:** Support scientific research, training, and funding for conservation programs.
- **Collaboration:** Work with global and national organizations to strengthen wildlife protection efforts.
- **Combat Illegal Activities:** Address poaching and illegal wildlife trade through coordinated international efforts.

### Significance of IBCA:

The formalization of IBCA as a treaty-based organization underscores the importance of international collaboration in addressing the challenges faced by big cats. By bringing together countries, researchers, and conservationists, IBCA aims to create a unified approach to safeguarding these iconic species for future generations.