DAILY CURRENT AFFAIRS 26-02-2025

GS-1

1. **Glacier Meltdown**
2. **Honduras**

GS-3

3. **Quality of Public Expenditure**
4. **Demand for Legalising MSP**
5. **Technology Adoption Fund**

Glacier Meltdown

Syllabus: GS-1: Physical Geography – Cryosphere & GS-3: Environmental degradation.

Context:

- Global glaciers have lost over 7 trillion tons of ice since 2000, with 2023 marking a record 604 billion tons lost.

Key Data & Facts:

- **Global Glacier Ice Loss:**
  - Over 7 trillion tons of ice lost since 2000.
  - 2023 recorded the highest annual loss: **604 billion tons**.
  - Ice loss rate increased from **255 billion tons/year (2000-2011)** to **346 billion tons/year (2011-2023)**.
- **Regional Impacts:**
  - **Alaska:** Fastest melting glaciers, losing **67 billion tons annually**.
  - **Central Europe:** Glaciers shrunk by **39% since 2000**.

Reasons for Glacier Meltdown:

- **Rising Global Temperatures:**
  - Driven by greenhouse gas emissions from burning coal, oil, and natural gas.
- **Heatwaves and Extreme Summers:**
  - Increased warming in regions like the Alps and Andes.
- **Reduction in Snowfall:**
  - Less replenishment of ice, leading to sustained melting.
- **Human-Induced Climate Change:**
  - Carbon emissions accelerating global warming trends.

Impacts of Glacier Meltdown:

- **Sea Level Rise:**
  - Glacier melt contributes more to rising sea levels than ice loss in Greenland and Antarctica.
- **Water Scarcity:**
  - Short-term increase in river flow followed by long-term depletion of freshwater sources.

- **Loss of Biodiversity:**
    - Disruption of freshwater ecosystems and habitats dependent on glacial water.
- **Natural Disasters:**
    - Increased landslides, floods, and glacial lake outbursts.
- **Economic Disruptions:**
    - Loss of tourism revenue (e.g., ski resorts) and agriculture dependent on glacial water.

Honduras

Syllabus: GS-1; Geography- Mapping

Context

- India has reaffirmed its commitment to the Global South by sending humanitarian assistance to Honduras in the wake of the recent **Tropical Storm Sara.**

About

- **Official Name**: Republic of Honduras
- **Capital**: Tegucigalpa
- **Location**: Central America
- **Borders**:
    - North: Caribbean Sea
    - South: El Salvador, Nicaragua, Pacific Ocean
    - East: Nicaragua
    - West: Guatemala
- **Official Language**: Spanish
- **Currency**: Honduran Lempira (HNL)
- **Government Type**: Presidential Republic
- **President**: Xiomara Castro (as of 2025)
- **Independence**: 15th September 1821 (from Spain)

Geography & Climate

- Honduras has a **diverse geography** with mountains, coastal plains, and tropical forests.
- **Climate**: Tropical with wet and dry seasons. The coastal regions experience heavy rainfall, while the interior highlands have a moderate climate.
- **Biodiversity**: Home to tropical rainforests, coral reefs, and rare species like the Honduran white bat and jaguars.

Economy

- **Major Sectors**: Agriculture, manufacturing, services, and mining.
- **Key Exports**: Bananas, coffee, shrimp, palm oil, textiles, and minerals.
- **Major Trade Partners**: USA, China, European Union, and Central American countries.
- **Challenges**: Economic inequality, high crime rates, reliance on remittances (from Hondurans living abroad).
- **GDP (Nominal, 2024 estimate)**: Around $30-35 billion.

Social & Political Issues

- **Poverty & Inequality**: Nearly 60% of the population lives in poverty.
- **Crime & Corruption**: High rates of gang violence, drug trafficking, and political corruption.

- **Political Landscape**: Dominated by the Liberal Party and National Party, but recent shifts towards left-wing policies under Xiomara Castro.

India-Honduras Relations

- **Diplomatic Relations**: Established in 1981.
- **Trade Relations**: India exports pharmaceuticals, textiles, and automobile parts to Honduras. Honduras exports coffee and agricultural products to India.
- **Development Cooperation**: India provides technical training under the **Indian Technical and Economic Cooperation (ITEC)** program.
- **Cultural Exchange**: Yoga and Ayurveda have gained some popularity in Honduras.

Strategic Importance

- **Geo-Political Significance**: Honduras is part of Central America, a region affected by migration, drug trafficking, and trade routes to the US.
- **Role in International Organizations**:
  - Member of **UN, WTO, IMF, World Bank**, and regional groups like **Central American Integration System (SICA)**.
  - Recently strengthened ties with **China**, affecting Taiwan's diplomatic influence.

Recent Developments (2024-2025)

- Strengthened economic relations with China after officially cutting ties with Taiwan.
- Rising concerns over climate change impacts, deforestation, and hurricanes.
- Ongoing efforts to curb organized crime and drug trafficking.

Quality of Public Expenditure

Syllabus: GS-3: Indian Economy – Fiscal Policy – Public Expenditure Management.

Context:

- How India improved the quality of its govt expenditure — and why that matters: RBI latest report.

Public Expenditure Latest News: RBI's Quality of Public Expenditure (QPE) Index

In India, the **Reserve Bank of India (RBI)** has developed the **Quality of Public Expenditure (QPE) Index** to evaluate how effectively the central and state governments utilize public funds.

About the Quality of Public Expenditure (QPE) Index

The QPE Index is a framework designed by the RBI to assess the efficiency of government spending. Unlike traditional metrics that focus solely on the total expenditure, the QPE Index evaluates the **composition of spending** and its long-term impact on economic growth. Key indicators of the QPE Index include:

- **Capital Outlay to GDP Ratio**: Measures the proportion of government spending on infrastructure and development projects relative to GDP. A higher ratio indicates better quality expenditure.
- **Revenue Expenditure to Capital Outlay Ratio**: Assesses the balance between operational expenses and long-term investments. A lower ratio is preferred, as excessive revenue expenditure weakens fiscal sustainability.
- **Development Expenditure to GDP Ratio**: Tracks public spending in healthcare, education, research, infrastructure, and social welfare. Higher investment in these sectors improves human capital and economic productivity.
- **Development Expenditure as a Percentage of Total Expenditure**: Evaluates the share of productive investments in overall government spending. A higher proportion is better.
- **Interest Payments to Total Government Expenditure Ratio**: Reflects the burden of government debt. A lower percentage indicates better fiscal management and reduced reliance on borrowed funds.

How India Improved the Quality of Public Expenditure

- **Shift Toward Capital Expenditure**: Over the past two decades, India has prioritized capital investment (e.g., infrastructure, roads, energy, and digital connectivity) over routine administrative costs, boosting long-term economic growth.
- **Implementation of the FRBM Act**: The **Fiscal Responsibility and Budget Management (FRBM) Act, 2003**, limited the fiscal deficit to 3% of GDP, ensuring borrowing was primarily used for capital projects.
- **Managing Fiscal Deficit and Debt Levels**: India shifted focus from annual fiscal deficits to managing overall debt levels as a percentage of GDP, ensuring long-term fiscal sustainability.
- **Rising Development Expenditure**: Increased investment in education, healthcare, and social programs has improved human capital development and economic productivity.

- **Reduction in Interest Payment Burden**: Better debt management and controlled borrowing have reduced the interest payment burden, freeing up funds for productive sectors.

Challenges to Maintaining High-Quality Public Expenditure

Despite improvements, several challenges remain:

- **Crisis-Driven Fiscal Stimulus**: Events like the 2008 Global Financial Crisis and COVID-19 lockdowns forced the government to increase spending beyond fiscal limits, impacting expenditure quality.
- **Political Pressures for Loan Waivers and Freebies**: Populist measures like loan waivers, direct cash transfers, and free electricity schemes strain government finances.
- **Balancing Revenue and Capital Expenditure**: While capital investment has grown, high revenue expenditure on salaries, subsidies, and interest payments reduces fiscal flexibility.

Key Findings from RBI's QPE Index Analysis

The RBI study divided India's fiscal performance since 1991 into six phases:

- **1991-2003**: Fiscal consolidation took priority, reducing public investment in infrastructure.
- **2003-2008**: Fiscal discipline and economic growth boosted capital spending, and state revenues improved.
- **2008-2013**: The Global Financial Crisis (GFC) led to countercyclical spending, increasing deficits but supporting economic recovery.
- **2013-2017**: The 14th Finance Commission gave states more fiscal autonomy, improving state-level development expenditure.
- **2017-2020**: The introduction of GST led to initial revenue challenges for the Centre, while states benefited from higher tax shares.
- **2020-Present**: Post-COVID recovery, driven by record-high capital expenditure, has improved public expenditure quality.

Future Outlook: Strengthening India's Public Expenditure Strategy

- **Sustaining Capital Expenditure Growth**: Continued investment in infrastructure, renewable energy, and digital transformation.
- **Balancing Welfare and Development Spending**: Ensuring social schemes do not outweigh productive investments.
- **Enhancing Fiscal Federalism**: Strengthening Centre-state financial coordination for balanced economic development.

- **Maintaining Fiscal Discipline**: Keeping borrowing under control while ensuring growth-oriented public spending.
- **Strengthening Transparency and Monitoring**: Using data-driven governance models to track expenditure efficiency.

Conclusion

India has made significant progress in improving the quality of public expenditure, with the RBI's QPE Index showing its best performance since 1991. A focus on capital investment, fiscal discipline, and effective debt management has enhanced economic growth and public welfare. However, challenges like political populism and fiscal pressures remain. To sustain these gains, **policy continuity, efficient resource allocation, and financial discipline** will be crucial in the years ahead.

Demand for Legalising MSP

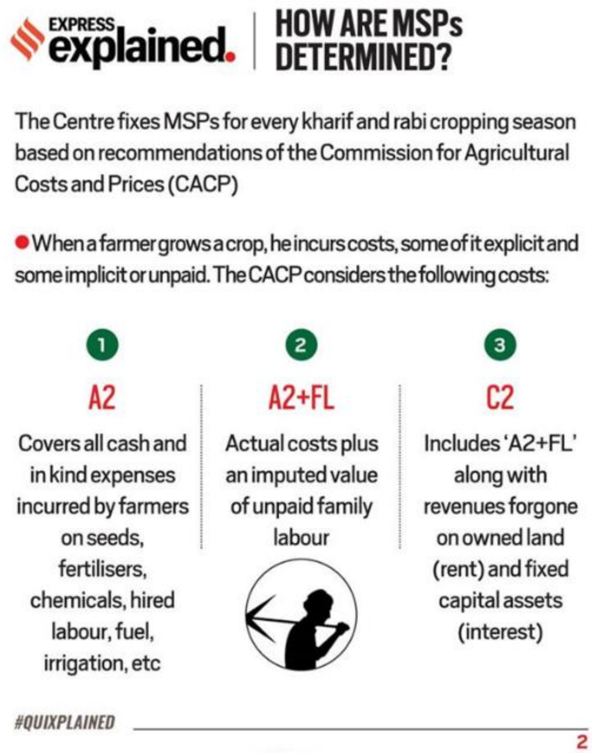
Syllabus: GS-3: Indian Economy – Agricultural Price Policy – MSP.

Context:

- The renewed farmers' agitation at the Khanauri border between Punjab and Haryana has reignited the debate on the necessity of a legal guarantee for MSP.

Background

- **MSP Definition:** A government-set price at which crops are procured from farmers to ensure a minimum income, irrespective of market fluctuations.
- **Current Coverage:** MSP is announced for 22 crops, but procurement is largely confined to wheat and paddy.
- **Farmers' Concerns:** Lack of legal backing exposes them to market volatility, exploitative intermediaries, and agribusiness firms.
- **Government's Stand:** Successive governments have resisted legalizing MSP, citing:
    - Market distortions
    - Fiscal burden
    - WTO compliance issues



Demand for Legalising MSP

Rising Support for Legal MSP

- Political parties and the **Parliamentary Standing Committee on Agriculture** have voiced support.
- Some state governments (e.g., Maharashtra, Karnataka) have attempted state-level MSP enforcement.
- **Andhra Pradesh Farmers' Produce Support Price Act, 2023** provides a model where no transactions occur below MSP while ensuring barrier-free trade.
- Farmers demand implementation of **Swaminathan Commission's recommendation** of fixing MSP at **1.5 times the cost of production**.

The Role of Intermediaries in Agrarian Markets

- Trader-intermediary systems benefit from price fluctuations, reducing farmers' share in final consumer prices.
- **Retail markups over wholesale prices:**
    - **Rice (Karnataka):** 120% markup
    - **Gram (Tamil Nadu):** 130% markup
    - **Onion (Madhya Pradesh):** 210% markup

- **Solution:** Enhancing direct market access for farmers to eliminate unnecessary intermediaries.

Challenges in Legalising MSP

1. Financial Constraints

- A legal MSP would require **massive financial outlays** for procurement, storage, and distribution.

2. Inflationary Pressures

- Increased procurement at MSP could push up **food inflation**, impacting consumers, especially the poor and middle class.

3. WTO Compliance Issues

- WTO allows agricultural subsidies up to **10% of total agricultural production value.** A legal MSP may exceed this, leading to trade disputes.

4. Market Distortions & Overproduction

- A legal MSP may encourage farmers to overproduce certain crops, disrupting supply-demand equilibrium.
- Horticulture, pulses, and oilseeds may be neglected in favor of MSP-backed crops, affecting **agricultural diversity**.

5. Unequal Benefit Distribution

- Large landholders with better resources can benefit more from MSP.
- **Small and marginal farmers (86% of all farmers)** may struggle due to limited access to procurement infrastructure.

Way Forward

1. Strengthening the Agricultural Produce Market Committee (APMC) Act

- Amend state **APMC Acts** to ensure no crop is purchased below MSP.
- Introduce **penalties** for private traders violating MSP norms.
- Expand **e-NAM (National Agricultural Market)** for transparent pricing mechanisms.

2. Government Procurement and Price Stabilisation

- Ensure procurement of at least **25% of total crop production** under the **Price Support Scheme (PSS)**.
- Establish **Price Stabilisation Revolving Funds (PSRF)** in states, backed by the Centre.

- Expand procurement beyond wheat and rice to **21 MSP-covered crops** and key vegetables (potato, tomato, onion).

3. Revisiting Food Security Policies

- **National Food Security Act (NFSA), 2013** should include a broader procurement basket.
- **Public Distribution System (PDS)** should integrate pulses, millets, and oilseeds along with rice and wheat.
- Utilize procurement for **mid-day meal schemes, Anganwadis, and ration shops** to ensure nutritional security.

4. Post-Harvest Infrastructure & Financial Support

- Invest in **cold storage, warehouses, and logistics** to minimize post-harvest losses.
- Provide **pledge loans** to farmers to prevent distress sales.
- Expand **PM Fasal Bima Yojana** to cover price fluctuations.

5. Strengthening Market Assurance Schemes

- Revive and improve the **Pradhan Mantri Annadata Aay Sanrakshan Abhiyan (PM-AASHA)**:
  - **Price Support Scheme (PSS):** Direct government procurement at MSP.
  - **BhavantarBhugtan Yojana (BBY):** Compensation for price differentials.
  - **Market Assurance Scheme (MAS):** State-led procurement during price crashes.

6. Fiscal Feasibility of Legal MSP

- A **₹5 lakh crore** fund can sustain MSP at **Swaminathan Commission levels**.
- Redirecting **subsidies from inefficient schemes** can offset costs.

Conclusion

- The ongoing farmers' agitation underscores the need for a **structural overhaul** of India's agrarian economy.
- A **legal MSP** is not just about price guarantees—it ensures **food security, rural stability, and economic justice**.

Technology Adoption Fund

Syllabus: GS-3; Space Technology

Context

- The Indian National Space Promotion and Authorization Centre (IN-SPACe), an arm of the Department of Space (DoS), has launched the Technology Adoption Fund (TAF) with a corpus of Rs 500 crore.
- This initiative is designed to support the growth of India's space startups by accelerating the development of indigenous space technologies and reducing reliance on imported solutions.

Objectives of TAF

The primary objectives of TAF include:

- Investing in domestic research and development
- Fostering collaboration between government agencies and private sector players
- Positioning India as a key global player in the space industry
- Promoting advanced space technologies, job creation, and economic growth

Funding Structure

- The fund will offer financial support of up to 60 per cent of the project cost for startups and MSMEs, and 40 per cent for larger industries, with a maximum funding cap of Rs 25 crore per project.
- The initiative is designed to enable innovators to bridge the gap between early-stage development and commercialization, ensuring that promising technologies are refined, production processes are enhanced, and market demands are met both within India and abroad.

Commercialization Support

- The fund will support the transition of early-stage space technologies developed by Indian companies into commercially viable products.
- By funding projects with high commercial potential, IN-SPACe aims to strengthen India's position in the global space sector.
- TAF is also open to all eligible Non-Government Entities (NGEs) and companies that can demonstrate the commercial viability of their innovations.

Additional Support

- In addition to financial assistance, the initiative will provide technical guidance and mentoring opportunities to help companies navigate challenges during the product development phase.
- This comprehensive support framework is intended to ensure that innovative ideas are protected, refined, and efficiently brought to market.

Key Focus Areas

IN-SPACe Chairman Dr. Pawan Goenka identified four key areas where India can leverage its strengths to gain a competitive edge in the global space market:

- **Small Satellite Launches –** Enhancing capabilities for launching compact satellites efficiently.
- **Small Satellite Manufacturing and Design –** Developing expertise in designing and producing small satellites.
- **Ground Stations –** Establishing and upgrading ground-based infrastructure for better satellite communication and data reception.
- **Data Services –** Expanding services related to satellite data processing and dissemination.