

DAILY NEWS SNIPPETS (DNS)

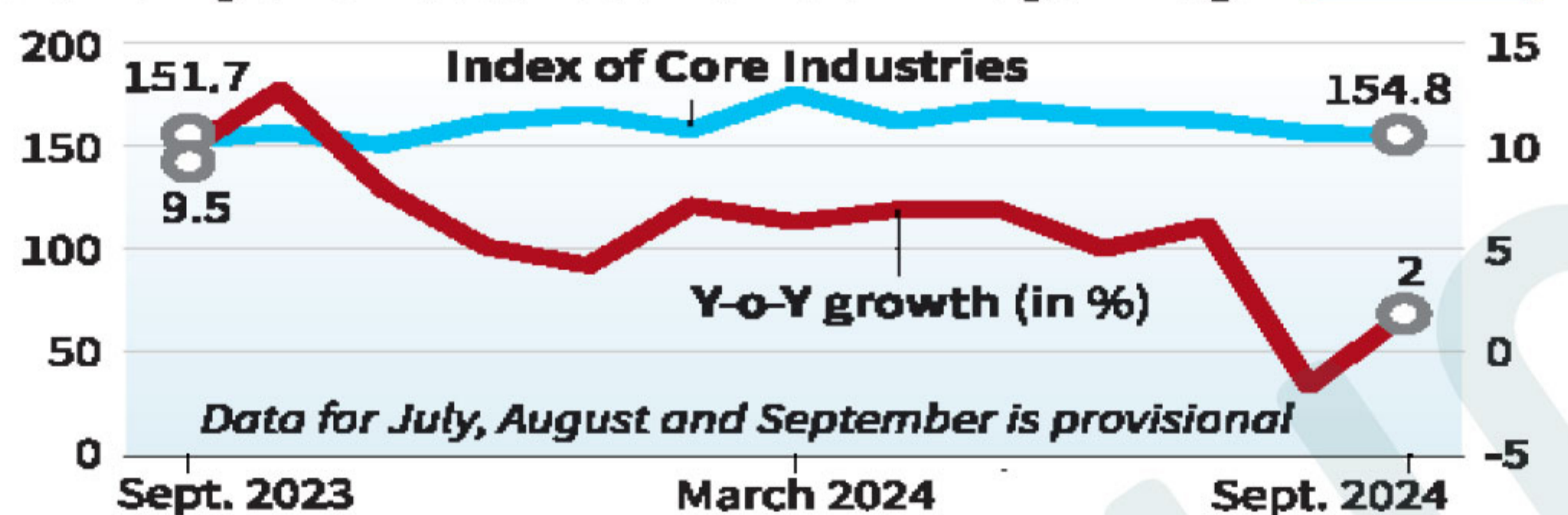
Date: 31st October, 2024

1. Core sector output slips to 10-month low in Sept.; growth anxieties deepen

#GS 3 -Economic Development

Worrying trend

The Core sectors' index fell further in Sept. even as the Y-o-Y growth rebounded from a shrinkage in Aug.



Source: Ministry of Commerce and Industry

- Output levels in India's eight core sectors, which account for about 40% of the country's industrial production, continued to drag in September with the Index of Core Industries (ICI) falling to a 10-month low of 154.8. That is 0.83% below August levels.
- On a year-on-year basis, however, core industries' output recorded a 2% uptick, reflecting a moderate but positive turnaround from August, when the index had contracted 1.6%, the first such shrinkage in 36 months.
- Fortunes were mixed for the two key construction-related sectors, with steel output growth hitting a 33-month nadir of 1.5% in September, while cement production rose 7.1%, the fastest in six months.

- Noting that steel output may have been dented by the automobile sector's sales woes, Bank of Baroda chief economist Madan Sabnavis reckoned that industrial output in September may remain weak, with a growth rate of under 1%.
- Index of Industrial Production (IIP) contracted marginally in August, the first such occasion since October 2022.
- Acuité Ratings chief economist Suman Chowdhury, who expects core sectors to grow 4.5% to 5% through 2024-25, compared to 7.6% last year, said this will also drag down industrial output growth to 5%. The economic indicators for the second quarter have increased the downside risks to their 7% growth projection for the year, he noted.
- Five of the eight infrastructure sectors recorded year-on-year growth, compared to just two sectors in August. However, just three sectors' production levels were also higher than August: coal (up 9.8%), cement (0.85%), and refinery products, which recorded a fractional 0.07% uptick sequentially. Electricity

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generation contracted for the second month in a row, albeit with a milder shrinkage of 0.5% from September 2023. However, this was 3.5% below August's generation level, perhaps linked to the late withdrawal of the monsoon with above-normal rains in September.

- Crude oil production contracted for the fifth successive month, with the shrinkage deepening to 3.9%, while natural gas declined 1.3%, the third straight month of contraction.

- Absolute output levels in both these sectors were at a three-month low.
- ICRA chief economist Aditi Nayar reckoned that industrial output may have grown in the range of 3% to 5% in September, thanks to narrower contractions in electricity and mining output, higher growth in GST e-way bills, as well as a favourable base from last year.

2. 'Troops complete disengagement at Depsang, Demchok'

#GS 2 – International Relations



- The troops of India and China completed disengagement at Depsang and Demchok in Eastern Ladakh, Army sources confirmed. This also marked the completion of disengagement from all friction points of the stand-off that began in May 2020. Following this, the two sides will exchange sweets at all five Border Personnel Meeting (BPM) points, on the account of Deepavali, along the Line of Actual Control (LAC).
- "Verification of the disengagement is in progress. Patrolling will resume very soon. The ground commanders, in the ranks of Brigadiers and below, met later

in the day to work out the modalities of patrolling," a source in the know said.

- There are five BPM points along the LAC: Bum La and Kibithu in Arunachal Pradesh, Chushul and Daulat Beg Oldi in Ladakh, and Nathu La in Sikkim.
- Patrolling at Depsang and Demchok is set to resume in a day or two and will be coordinated by the two sides to avoid face-offs and clashes. The size of the patrol teams would be limited, likely under 20 troops, and the frequency of patrols would be agreed upon between the two sides so that each can undertake patrols up to the points they accessed pre-2020, while preventing troops from coming face to face. Disengagement saw the removal of all temporary and semi-permanent structures set up since the stand-off began.
- There was also no change in the status at the other friction points where disengagement was completed between July 2020 to September 2022, and the

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buffer zones in such points continued to remain, with resumption of patrolling yet to begin.

- The buffer zones would be addressed subsequently, and new patrolling norms would have to be worked out. The next step is de-escalation and de-induction of the overall troop build-up in Eastern Ladakh since the stand-off.
- For the disengagement at Depsang and Demchok, the last two friction points of the 2020 stand-off, a general framework agreement was concluded first at the diplomatic level. Subsequently, a detailed agreement outlining the modalities of disengagement as well as the patrolling was concluded at the Corps

Commanders' level on October 21, just before the start of the BRICS summit at Kazan, Russia. The summit was attended by Prime Minister Narendra Modi and Chinese President Xi Jinping, who also held a bilateral meeting.

- The agreement, in-principle, means that the Indian Army will be able to resume patrols up to the Patrolling Points (PP) 10, 11, 11A, 12, and 13 in the Depsang area which it last managed to access in January 2020 and also access to the traditional grazing areas in Demchok. After the stand-off, the Chinese People's Liberation Army had blocked Indian patrols from going beyond the Y-junction in the strategic Depsang plains.

3. India joins steering committee of asset recovery network

#GS 2 -International Relations



- India, represented by the Directorate of Enforcement (ED), has been included in the steering committee of the Asset Recovery Inter-agency Network-Asia Pacific (ARIN-AP), a prominent multi-agency network dedicated to tackling the proceeds of crime in the Asia-Pacific region and a member of the global CARIN (Camden Asset Recovery Inter-agency Network).
- “This new role will enable India to contribute to ARIN-AP’s decision-

making and administrative responsibilities, furthering its mission to combat economic crimes and support asset recovery at a global scale,” said the ED.

- “...India will assume the presidency of the network and host the annual general meeting (AGM) in 2026. This milestone provides a unique platform to reinforce India’s leadership in asset recovery and enhance cooperation with regional and international partners,” it said. ARIN-AP was established to facilitate cross-border collaboration on asset tracing, freezing, and confiscation. It includes 28 member jurisdictions and nine observers and serves as an informal yet robust network as part of CARIN. It operates through a network of contact points, enabling effective communication among member agencies, and of over 100

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jurisdictions in CARIN with the ED representing India as the nodal agency.

- “Law enforcement agencies across ARIN-AP and CARIN jurisdictions benefit from this network, as it aids in tracing assets related to criminal activities, both movable and immovable, across borders.

Through ARIN-AP and the larger CARIN, agencies can exchange information on individuals, assets, and companies informally, often expediting the identification and recovery of proceeds of crime,” said the ED.

4. Govt. mulls new procurement model for multi-role fighters

#GS 3 – Defence



- Against the backdrop of the controversy in the procurement of 36 Rafale fighter jets, the government is looking at a procurement model that is transparent and non-controversial for the acquisition of 114 multi-role fighter aircraft that has been stuck for several years now.
- The Indian Air Force (IAF) is facing a severe shortage in its squadron strength and is looking for quick induction of jets.
- “Because of previous experiences, a procurement process is being thought of and also to ensure high level of indigenisation. The government is seized of the issue of IAF’s fighter squadrons, and a decision may be taken in the next few months,” a source said. The government is intent on doing what is required for the IAF, the source stressed.
- The Request For Information (RFI) for 114 MRFA was issued in April 2019 to global aircraft manufacturers, which requires the aircraft to be licence-manufactured in India with significant technology transfer, but the process has been

delayed and the project is yet to receive the Acceptance of Necessity (AoN), the start point of the formal procurement process.

- The long delay is due to caution in avoiding a controversy in the process like the Rafale issue, which, the sources noted, also saw the disclosure of classified documents as part of the legal process.
- There is a major exercise within the government to find a safe and transparent procurement model, the sources stated.
- In April 2015, Prime Minister Narendra Modi, during a visit to Paris, announced the direct purchase of 36 jets citing “critical operational necessity” of the IAF and a €7.87 billion Inter-Governmental Agreement was concluded in September 2016 with 13 India Specific Enhancements (ISE). The earlier tender for 126 Medium Multi-Role Combat Aircraft that was stuck was subsequently scrapped. All 36 jets have been inducted beginning September 2020. India and France are now in advanced stages of price negotiations for 26 Rafale-M jets for the Indian Navy’s aircraft carriers.
- The IAF is currently at 30 fighter squadrons as against the sanctioned strength of 42 squadrons and is banking on accelerated deliveries of the indigenous Light Combat Aircraft (LCA) variants and early conclusion and

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induction of the MRFA. The LCA-MK1A, 83 of which have been contracted and order for 97 more is in the pipeline, has been delayed. A larger and more capable LCA-MK2 is under development and is supposed to do its first flight next year October, with December 2027 to be end

of research and development for LCA-Mk2. “If these timelines are met and the MRFA is signed parallelly we are okay. But if these timelines are pushed, then we need to look at alternatives,” the Air chief said.

5. Govt. notifies email policy for Ministries, Central departments

#GS 2 -Governance



- The Union government notified the Email Policy of Government of India, 2024, outlining which government departments and bodies must use the National Informatics Centre (NIC)'s NICeMail service.
- The policy requires that email addresses be specific to government employees' individual service. For instance, an IPS officer would have an email address ending with @ips.gov.in, as opposed to simply @gov.in. The policy replaces the rules issued in 2015 on government email addresses.
- The policy provides for generic job-derived email addresses for officers as

well as a generic name-based email address that would stay with them throughout their service in government. It also provides for redirecting of emails to transferred officials, and archiving of designation-based inboxes after an officer completes their tenure at a certain role.

- The NICeMail service is used by much of the Union bureaucracy and States. While the NIC, under the Ministry of Electronics and Information Technology, hosts and maintains the email service, many email inboxes across the government have been shifted in recent months to Zoho. Reports indicated that up to 50 lakh email inboxes across the government may be handled by the Chennai-based IT firm.
- The policy also allows NIC's email services to be leased by private players in exchange for a fee, while it will remain free of charge for government organisations.

6. PSU officers knock on Modi's door over EPFO's way of calculating higher pension

#GS 3 -Economic Development



- Irked over the decision of the Employees' Provident Fund Organisation to calculate the higher PF pension according to pro rata basis, officers of several Public Sector Undertakings (PSUs) have knocked on the doors of Prime Minister.
- They urged PM to ask the EPFO to provide higher pension as per the Supreme Court order of November 2022 and not in proportion to the contribution to the Employees Pension Scheme (EPS) made by the employees. The officers alleged that the EPFO had issued pension payment orders to some of the recently retired officers without considering the contribution they made to the scheme before September 2014.
- The National Confederation of Officers' Associations (NCOA), representing more than two lakh officers, and an equal number of retirees of 255 Central Public Sector Enterprises (CPSEs) said.
- The officers said the EPFO gave several extensions to its subscribers to submit the joint option with the employer to

claim higher pension. "Four months are over after this extended date and no visible improvement found on the implementation part," the NCOA said.

- "Many Regional Offices of EPFO are rejecting the joint applications submitted by the Employees/Retired Employees of CPSEs as well as other Institutions which are coming under the category of Exempted Trusts, simply by placing a lame excuse of trust rules which is totally irrelevant and against the clear verdict of Hon'ble Supreme Court," the letter said.
- They urged the government to expedite the processing of joint option applications and ensure the correct calculation method as per the Supreme Court's order. They demanded the withdrawal of pro-rata based calculation that contradicts the legal mandate.
- "Fairly compensate pensioners by paying interest on any arrears due to the delay in the pension disbursement. The ongoing delays and inconsistent directives have created unnecessary anxiety and financial distress among the retirees and employees," they said. Similar letters have been presented to the Prime Minister through proper channels by the employees of various CPSEs in their individual capacities too.
- "Average salary for calculation of pension shall not be bifurcated into two: pre-September, 1, 2014 and post September 1, 2014 i.e. pro rata method of calculation should not be forced upon us. Instead, average salary for pension calculation shall be 60 months of averages prior to exit from service, as per 2014 amendments," one such letter said.

7. Centre's fiscal gap eases but ebbing capex pace a worry

#GS 3 -Economic Development



- Halfway through FY25, the Central government's fiscal deficit improved to ₹4.74 lakh crore, or 29.4% of its 2024-25 target, relative to the fiscal gap a year ago when it stood at ₹7 lakh crore, or 39.3% of the 2023-24 Budget estimates.
- However, worries emerged on whether the Centre is on track to meet this year's ambitious capital spending target of ₹11.11 lakh crore, as fiscal numbers as of September 30 released by the Controller

General of Accounts indicated a 15% decline in capex in the first half of the year compared to 2023-24. Non-tax revenues were bolstered 51% aided by a hefty dividend from the Reserve Bank of India, and tax revenues were up 9%, while revenue expenditure grew just 4%. ICRA chief economist noted after Q1 lull in capex due to Lok Sabha polls, the Centre sharply raised capex in July but the momentum hasn't sustained since then.

- The Centre now needs to spend about ₹1.16 lakh crore a month in the second half of the year to meet its target, which is 52% over last year's spending levels and appears "rather challenging at this juncture," she reckoned.
- "We expect the capex target to be missed by a margin of at least ₹50,000 crore," Ms. Nayar said.

8. Indian pharma players asked to step up amid IV fluids' shortage in U.S.

#GS 3 -Health



- India's drug exporters body Pharmexcil has alerted members to a shortage of intravenous (IV) fluids that the United States is facing in the aftermath of a damage caused by Hurricane Helene to a manufacturing facility, and urged them to explore the opportunity to chip in with supplies.
- "Manufacturers of intravenous fluids with approvals from the U.S. FDA/EU/SRA countries, as well as the capacity to supply intravenous fluids to

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the U.S., are requested to submit their willingness to supply,” the Pharmaceuticals Export Promotion Council of India director general said.

- The communication to members that was issued recently followed the Indian Embassy in Washington D.C. informing the exporters’ body under the Commerce Ministry about a critical shortage of intravenous fluids prevailing in the U.S. due to the serious damage Hurricane Helene caused to a Baxter International plant.
- The U.S. President has declared a national public health emergency due to the shortage of the critical fluids that are required for surgeries and other medical procedures. Several hospitals have postponed non-essential medical procedures, while the U.S. FDA has also authorised import of the fluids from other countries, it said.
- Hurricane Helene that raged through parts of the country in late September

was described as one of the deadliest storms to wreak havoc on the mainland U.S. since Hurricane Katrina in 2005. According to reports, at least 200 people died. As another support measure consequent to the shortage of the fluids, the U.S. FDA on October 28 announced extended use dates for some parenteral drug products, after a review of the stability data submitted by Baxter International, which is a leading manufacturer of the fluids.

- Separately, in an update, the company said that its North Cove manufacturing site was significantly impacted by the rain and storm surge from Hurricane Helene, which was unprecedented in Western North Carolina and resulted in water flooding the facility.
- “We are encouraged to report that, barring any unanticipated developments, Baxter anticipates restarting the highest-throughput IV solutions manufacturing line this week,” it said.

9. Employees’ Provident Fund Organisation (EPFO)

#GS 3 -Economic Development



- It is a government organization that manages provident fund and pension accounts of member
- employees and implements the Employees’ Provident Fund and Miscellaneous Provisions
- Act, 1952 which is applicable to whole of India with exemption given only to Jammu & Kashmir.
- The Employees’ Provident Fund and Miscellaneous Provisions Act, 1952 provides for the

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| <ul style="list-style-type: none">• institution of provident funds for employees in factories and other establishments.• It is administered by the Ministry of Labour & Employment, Government of India. | <ul style="list-style-type: none">• It is one of the World's largest Social Security Organisations in terms of clientele and the• volume of financial transactions undertaken. |
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