UPSC Syllabus Topic : GS Paper 3 Indian Economy and issues relating to mobilization of resources.

Revitalizing Corporate Investment

Background:

India's corporate capital expenditure (capex) cycle has been experiencing a slowdown since 2012. Corporate investment, measured as a percentage of gross domestic product (GDP), stood at 11% in 2022. This marks a decline of 6 percentage points from its peak of 17% recorded in 2008.

Despite notable enhancements in various facilitating factors such as profitability, the non-performing assets (NPA) of the banking system, and corporate indebtedness over the past five years, corporate investment has remained stagnant in the 11-13% of GDP range for the last decade.

Corporate Investment Explained:

Corporate investment refers to the funds invested by companies rather than governments or individuals.

Factors Explaining Low Corporate Investment:

According to the authors, the low corporate investment in India is attributed to two main factors:

1. **Investments as a Share of Sales:**
   - Companies in India are not significantly holding back on investments when considered as a share of their own sales.
2. **Sales as a Share of the National Economy:**
   - The key reason for lower corporate investment is that corporations constitute a smaller share of the national economy today. Corporate sales account for 76% of India's GDP, a decrease from the peak of 88% around a decade ago.

Factors Driving the Corporate Share in the Economy:

The share of corporations in the economy is influenced by:

1. **Productivity:**
   - With a significant edge in productivity and the impact of 1991 reforms, the corporate share increased to 82% by 2012.
2. **Bankruptcies and NPAs:**
   - The decline in corporate share over the last 5-10 years is a result of several large firms going bankrupt, leading to non-performing assets (NPAs).
3. **Export Competitiveness:**
   - Corporations contribute 55-60% to India's overall exports. The static export-multiple, indicating stagnant export competitiveness, has contributed to the reduction in corporate share.

Recommended Actions:

Reforms aimed at enhancing the competitiveness of India's corporations are essential. These reforms should focus on making corporations globally competitive, thereby increasing their contribution to the national economy.

UPSC Syllabus Topic : GS Paper 3 Internal Security – Security challenges and their management.
GS Paper 2 International Relations – India and its neighborhood.

Navigating Maritime Security Challenges in the Global South: A Comprehensive Perspective

Emerging Threats in the Maritime Domain:

1. **Asymmetrical Warfare Tactics:** a. Use of Land-based Missiles b. Use of Combat Drones c. Grey-Zone Warfare
2. **Unconventional Security Threats:** a. Illegal Fishing b. Natural Disasters and Climate Change Impacts c. Marine Pollution d. Human and Drug Trafficking

Challenges in Dealing with these Issues:

1. **More Than Military Action:**
    - States need to commit capital, resources, and personnel for extended periods.
2. **Lack of Precedent:**
    - No established template for combating non-traditional threats at sea.
3. **Vulnerability Representation:**
    - Less developed states disproportionately affected, with their voices often ignored.
4. **Cross-Jurisdictional Linkages:**
    - Challenges arise due to issues spreading across various sovereign countries.
5. **Disparity in Maritime Capabilities:**
    - Unequal law enforcement capabilities among littoral states.
6. **Lack of Cooperation:**
    - Varying security priorities hinder joint efforts against maritime threats.
7. **Lack of Consensus:**
    - Disagreement on regional rules-based orders and collaboration.
8. **Lack of Sound Policies:**
    - Lenient regulations, lax law enforcement, and subsidies contribute to unconventional threats.

India's Approach:

1. **Maritime Vision 2030:**
   - Development blueprint for ports, shipping, and inland waterways.
2. **Indo-Pacific Oceans Initiative:**
   - Seven pillars addressing ecological, resource, capacity, and connectivity issues.

Recommendations:

1. **Developmental Approach:**
   - States should adopt integrated maritime security operations.
2. **Regulatory Framework Overhaul:**
   - Align domestic regulations with international law to address maritime challenges effectively.

In summary, addressing emerging threats in the maritime domain requires a comprehensive, cooperative, and developmental approach, encompassing military, economic, and regulatory measures. India's Maritime Vision 2030 and Indo-Pacific Oceans Initiative serve as examples of a forward-looking strategy that emphasizes collective solutions to shared problems.

UPSC Syllabus Topic : GS paper 3- Economic development- infrastructure (energy).

Navigating Maritime Security Challenges in the Global South: A Comprehensive Perspective

BRICS Members' Transition Towards Clean Energy: A Snapshot

- **China:** Achieved a significant reduction in fossil fuel usage for power generation (from 82% in 2000 to 65% in 2022). Despite this, China remains a major emitter, contributing to approximately 30% of global annual emissions.
- **India:** Witnessed a modest increase in clean energy usage (from 17% to 23% between 2000 and 2022). India's proposal to expand the phasing down of coal faced challenges but demonstrated a commitment to cleaner alternatives.
- **Brazil and Ethiopia:** Stand out with over 90% of their power generation coming from clean energy sources. Brazil actively engages in negotiating carbon credit market rules.
- **South Africa:** Heavily reliant on fossil fuels (86% from fossil fuels) but secured an $8.5 billion deal in 2021 to facilitate the transition to renewable energy, addressing power crises and aging coal plants.
- **Saudi Arabia:** Predominantly dependent on fossil fuels (over 99%), with gas constituting about 67%.
- **UAE:** Improved its clean energy share post-2020, integrating nuclear fuel into its energy mix.

Indian States' Progress in Clean Energy Transition: A Regional Overview

- **Gujarat:** Reduced fossil fuel usage from 80% in 2019 to 60% in 2022.
- **Rajasthan:** Exhibited a decline in fossil fuel use, aligning with broader sustainability goals.
- **Karnataka and Himachal Pradesh:** Notable leaders among the top 15 power-producing states, boasting a higher share of clean energy.

- **Tamil Nadu:** Approaching a balanced 50:50 ratio, although recent progress has slowed.
- **Uttar Pradesh, Madhya Pradesh, Chhattisgarh, West Bengal, Bihar:** High dependence on fossil fuels (over 90%), showing limited change over the last four years.
- **Odisha and Punjab:** Contrarily, these states have experienced an increase in fossil fuel usage in recent years.

Government Initiatives Promoting Clean Energy in India: Key Strategies

1. **100% FDI (Foreign Direct Investment):** Encourages global investment in the clean energy sector.
2. **Waiver of ISTS Charges:** Exempts solar and wind power projects from Inter State Transmission System charges if commissioned by June 30, 2025.
3. **Renewable Purchase Obligation (RPO) Trajectory:** Ensures a consistent demand for renewable energy, promoting a gradual shift.
4. **Payment Security Mechanisms:** Mandates dispatch against Letter of Credit or advance payment, ensuring timely payments to renewable energy generators.