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NEW INDIAN EXPRESS Jan 31

LONGWOOD SHOLA & KARAIVETTI SANCTUARY

(Syllabus: GS Paper 3 – Env and Eco)

Longwood Shola, Karaivetti sanctuary in Tamil Nadu recognised as Ramsar sites, tally increases to 16

Context: Two more wetlands from Tamil Nadu and total five sites have been **added to the Ramsar list** taking the total tally to 80, and 16 in Tamil Nadu which is the highest in India.

- Longwood Shola reserve forest in Nilgiris and Karaivetti bird sanctuary in Ariyalur are the new additions.

Longwood Shola Reserve Forest

- **Location**: The site is situated near Kothagiri town, adjacent to the eastern slopes of the Nilgiri mountain range. It encompasses intermittent freshwater marshes and streams within a tropical montane forest known as "shola."
- **Unique Shola Forest**: This site represents the last remaining natural shola forest near Kothagiri, showcasing remarkable biodiversity with a focus on high species endemism.
- **Rich Endemic Species**: The area boasts around 40 tree species, four reptiles, 14 frogs, and 14 birds that are exclusive to the Western Ghats region. Notable plant species include Actinodaphne bourneae, Psychotria nilgiriensis, and Cinnamomum wightii.
- **Conservation Significance**: It serves as a critical conservation area for endangered species such as the black-chinned Nilgiri laughing thrush, Nilgiri blue robin, and the vulnerable Nilgiri wood-pigeon.

Karaivetti Bird Sanctuary

- **About:** It is a protected area located in the Ariyalur District of the state of Tamil Nadu, India.
- **Home to migratory birds:** Bar-headed goose, Northern pintail, White Stork, Northern shoveler, Garganey, Blue-winged teal, Osprey and common sandpiper.

Ramsar Convention

- The Ramsar Convention, **signed in 1971 in Iran** and in force since 1975, is an **intergovernmental treaty** dedicated to the conservation and sustainable use of wetlands.
- **Recently** on the eve of World Wetlands Day 2024, India has increased its tally of Ramsar sites (Wetlands of International Importance) to 80 from existing 75 by designating five more wetlands as Ramsar sites.

THE HINDU

Page 1

PAYMENT BANKS

Syllabus GS Paper 3 – Economy)

RBI curbs to render Paytm wallet and FASTag inoperative

Lalatendu Mishra
MUMBAI

The Reserve Bank of India (RBI) imposed additional curbs on Paytm Payments Bank Ltd. (PPBL) on Wednesday, prohibiting it from operating its mobile wallet after February.

The firm has been barred from taking further deposits or undertaking credit transactions or top-ups in any customer accounts, prepaid instruments, wallets, FASTags, or National Common Mobility Cards, after February 29. However, it will be allowed to credit any interest, cashbacks, or refunds into these accounts at any time, and customers are also free to withdraw or use their balances in these accounts without restrictions.

According to sources, the RBI's action will not impact the usage of the UPI channel used through the Paytm app, as this is owned by the parent company and not by PPBL.



The RBI has barred it from credit transactions and taking deposits after February 29.

Paytm, which is promoted by the Vijay Shekhar Sharma-led One97 Communications Ltd, did not respond to a query on what operations could continue in the organisation.

CONTINUED ON » PAGE 12

Context: Recently, the Reserve Bank of India (RBI) imposed additional curbs on Paytm Payments Bank Ltd (PPBL), prohibiting it from operating its mobile wallet after February.

- It has also been barred from taking further deposits or undertaking credit transactions or top-ups in any customer accounts, prepaid instruments, wallets, FASTags, or National Common Mobility Cards, after February 29.

Payment Banks

- **About:** Payments banks function similarly to traditional banks but operate on a smaller or limited scale.
- **Credit Risk Exclusion**: Payments banks eliminate credit risk from their operations. Unlike conventional banks, they are not authorized to extend loans or issue credit cards.
- **Focus**: Payments Banks exclusively deal with demand deposits, specifically savings and current accounts. They do not entertain time deposits as part of their services.
- **Objective**: To advance financial inclusion by offering banking and financial services to the unbanked and underbanked areas, helping the migrant labour force, low-income
- **Registerd under**: Companies Act 2013.
- **Governed by:** Banking Regulation Act, 1949; RBI Act, 1934; Foreign Exchange Management Act, 1999, Payment and Settlement Systems Act, 2007.

FASTag

- **About**: FASTag is an electronic toll collection system in India, managed by the National Highway Authority of India (NHAI), utilizing Radio Frequency Identification (RFID) technology.
- **Payment Mechanism**: FASTag facilitates toll payments directly from the linked prepaid or savings account or directly from the toll owner, employing RFID technology.
- **Dedicated Lanes**: Dedicated lanes for FASTag users have been established at select toll plazas, streamlining the toll collection process.

PIB

Jan 31

MOU BETWEEN GSI AND NHAI

(Syllabus: GS Paper 3 – Infrastructure)

NHAI Collaborates with Geological Survey of India for Geotechnical Consultancy Services to Build Robust National Highway Network

Context: National Highways network, NHAI has signed a Memorandum of Understanding (MoU) with Geological Survey of India (GSI) to provide services to NHAI for site specific geotechnical consultancy and assist in vetting of Detailed Project Reports (DPR) from geotechnical point of view.

Geological Survey of India

- **About**: The Geological Survey of India (GSI) is a scientific agency of India.
- **Founded**: In 1851, as a Government of India organization under the Ministry of Mines
- **Headquarters**: Kolkata,
- **6 Regional Offices**: Lucknow, Jaipur, Nagpur, Hyderabad, Shillong and Kolkata.
- **Nodal Ministry**: Ministry of Mines
- **Functions**: Creation and updating of national geoscientific information and mineral resource assessment constitute primary objectives.
    - **Ground surveys, air-borne and marine surveys**, mineral prospecting, and investigations are employed to achieve these goals.
    - **Various methods, including multi-disciplinary geoscientific** and geo-technical approaches, are utilized in pursuit of these objectives.

National Highways Authority of India (NHAI)

- **About:** NHAI serves as the foremost creator of highway infrastructure in India, responsible for the development, maintenance, and management of National Highways.
- **Statutory Authority**: NHAI operates as a statutory body, functioning under the administrative purview of the Ministry of Road Transport and Highways.
- **Established by**: National Highways Authority of India Act in 1998, NHAI commenced its operations in February 1995, marking a significant milestone in the country's highway development.
- **Structure**: Full-time Chairman, along with not more than five full-time Members and four part-time Members, all appointed by the Central Government.

LIVEMINT Jan 31

H-1B VISA

(Syllabus: GS Paper 2 – IR)

H-1B visa domestic renewal programme launched in US, accepting applications until April 1

Context: The United States has launched a pilot programme that will benefit Indian tech professionals- Washington has launched a program to renew the much sought-after H-1B foreign work visas domestically.

H-1B Visa Program

- **About**: The H-1B visa is a **non immigrant work visa designed to enable U.S**. employers to employ foreign workers possessing specialized skills within the United States for a specified duration.
- Occupations **eligible for the H-1B visa** are primarily concentrated in fields like **technology, finance, engineering, architecture,** and others.
- **H-1B Visa Eligibility**: A **valid job offer from a U.S. employer** for a role that requires specialty knowledge
- **Proof of a bachelor's degree or equivalent experience** in that field
- Your employer **must show that there is a lack of qualified U.S**. applicants for the role

H-2B Visa

- **About**: The H-2B program **permits U.S. employers or their agents to bring foreign nationals** into the United States for temporary, non-agricultural employment.
- This program primarily encompasses seasonal **workers employed in sectors** such as **landscaping, forestry, hospitality, and construction.**

EB-5 Visa

- **About**: The EB-5 (employment-based, 5th preference) investor visa grants permanent resident status to investors who satisfy certain criteria.
- **Created**: in 1990 by the Immigration Act of 1990.
- **Aim**: To create jobs and boost the economy by attracting foreign capital.

INDIAN EXPRESS

The World

EXPANSION OF BRICS

(Syllabus: GS Paper 2 – IR)



South Africa says 5 countries confirm joining BRICS grouping

REUTERS
JOHANNESBURG, JANUARY 31

EGYPT, ETHIOPIA, Iran, Saudi Arabia and the United Arab Emirates have confirmed they are joining the BRICS bloc after being invited last year, South Africa's Foreign Minister Naledi Pandor said on Wednesday.

The five countries were extended invitations along with Argentina at a summit in August in Johannesburg to join the bloc comprising Brazil, Russia, China, India and South Africa. Members say it would help reshuffle a world order they view as outdated.

Argentina has since declined the invitation to join, "and we accept their decision," Pandor told a press meet Wednesday.

Context: Recently, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates confirmed their participation in the BRICS bloc after being invited last year, announced South Africa's Foreign Minister Naledi Pandor.

BRICS

- **About**: It is a grouping of the world's leading emerging economies, namely **Brazil, Russia, India, China, and South Africa.**
- **Origin:** The term was originally coined in 2001 as "BRIC" by the Goldman Sachs economist Jim O'Neill in his report**, Building Better Global Economic BRICs.**
  - Foreign ministers of these countries began meeting informally in 2006, which led to more formal annual summits beginning in 2009.
  - In 2010, **South Africa** joined the informal group and changed the **acronym to BRICS.**
- **First BRIC Summit:** Held in Yekaterinburg, Russia, in June 2009.
- **Economic Significance**: It contribute to around **23%** of the global GDP and around **18%** of Global Trade.
- **Demography**: It represents around **41% of** global Population.
- **Territory:** It comprise 30% of the world's territory.
- **Chairmanship**: On rotation basis among members in order of **B-R-I-C-S.**

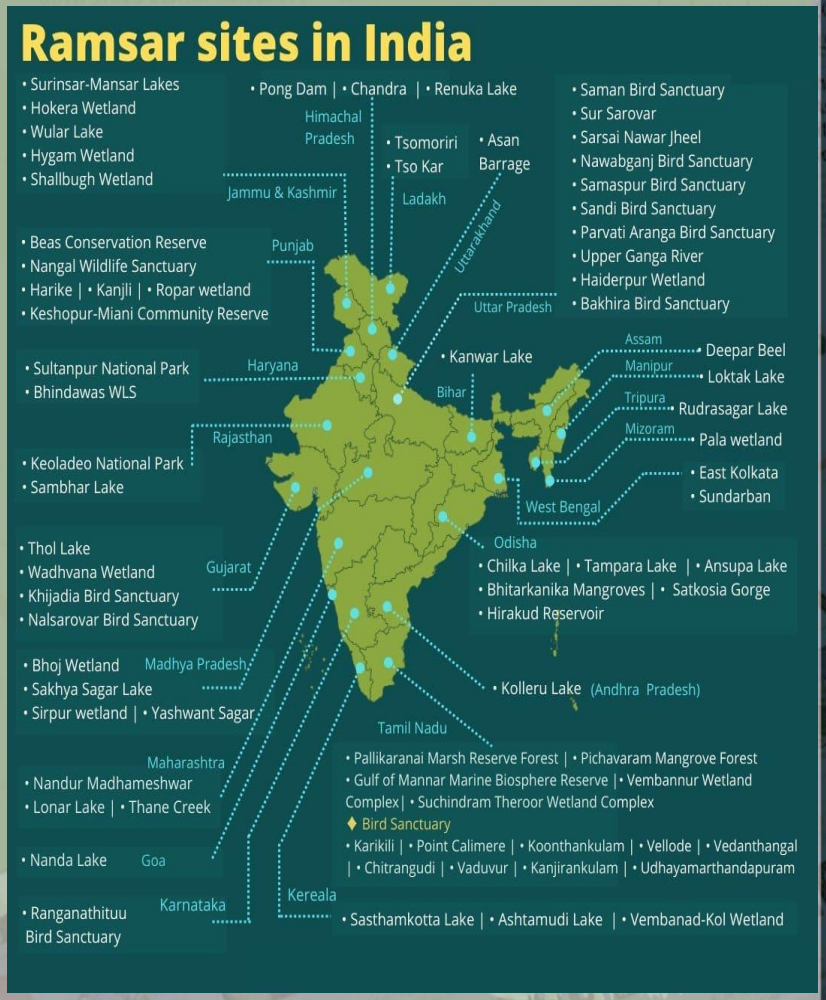
PIB

Jan 31

RAMSAR SITES
(Syllabus: GS Paper 3 – Env and Eco)

Shri Bhupender Yadav says India increases its tally of Ramsar sites (Wetlands of International Importance) to 80 by adding Five more wetlands to the list on the eve of World Wetlands Day 2024 (2nd February)

Context: Union Minister for Environment, Forest and Climate Change and Labour and Employment said on the eve of World Wetlands Day 2024, India has increased its tally of Ramsar sites (Wetlands of International Importance) to 80 from existing 75 by designating five more wetlands as Ramsar sites.



Ramsar Sites

- **About**: a wetland of international importance under the Ramsar Convention, which is also known as the 'Convention on Wetlands '.
- **Convention on Wetlands**: an intergovernmental environmental treaty established by UNESCO in 1971, and named after the city of Ramsar in Iran, where the convention was signed that year.
- **Membership of India**: India is a part of the Ramsar Convention and signed under it on 1st February 1982.
- **Geographical Area**: India's Ramsar wetlands are spread over 11,000 sq km - around 10% of the total wetland area in the country - across 18 States.
- **Largest Ramsar Site of India:** Sundarbans (West Bengal).
- **First Ramsar Sites of India**: Chilika Lake (Orissa) and Keoladeo National Park (Rajasthan).
- **Most number of Ramsar Sites in India:** Tamil Nadu (16 nos), followed by UP (10) of Ramsar sites.
- **Smallest wetland of India:** Renuka Wetland (Area - 20 ha) - Himachal Pradesh
- **World Wetlands Day**: 2nd February.
- **New Additions are:**
  - Ankasamudra Bird Conservation Reserve, Aghanashini Estuary, Magadi Kere Conservation Reserve in Karnataka Karaivetti Bird Sanctuary and Longwood Shola Reserve Forest in Tamil Nadu.

BUSINESS STANDARD

Jan 30

16TH FINANCE COMMISSION

(Syllabus: GS Paper 2 – Polity)



SFC members named, to tackle issues such as high debt to GDP

Three full-time and one part-time member will put in their report by 31 October 2025.

Rhik Kundu
rhik.kundu@livemint.com
NEW DELHI

Three full-time members and one part-time member of the sixteenth finance commission (SFC) were announced in a gazetted notification signed by President Droupadi Murmu released late on Tuesday night.

The full-time members are A.N. Jha, former expenditure secretary and member of the 15th finance commission; former special secretary in the department of expenditure Annie George Mathew; and Niranjan Rajadhyaksha, executive director of Artha Global, a Mumbai-based independent policy think tank. SBI's group chief economic advisor Soumya Kanti Ghosh has been appointed part-time member. Former VC of NITI Aayog, Arvind Panagariya, was earlier appointed chairman of the SFC. The finance ministry's joint secretary Ritvik Ranjanam Pandey will be the secretary. Experts said the SFC faces several challenges, including high public debt to GDP both at the Centre and the states, while the indicators for devolution to be used by the SFC are also unclear in the absence of detailed terms of reference. "The issue of high public debt to GDP ratio has to be addressed quickly by the SFC, which has to come up with a medium-term roadmap to address the challenge," said N.R. Bhanumurthy, vice chancellor at Dr B.R. Ambedkar School of Economics University, Bengaluru. "The SFC will also have to find a balance between the equity-efficiency trade-off." The SFC will have to give its recommendations by 31 October 2025, and they will be valid for five years starting 1 April 2026, the government notification said. The previous, 15th Finance Commission's recommendations run till 31 March 2026. An autonomous body under the government, SFC makes recommendations on the distribution of the net proceeds of taxes between the Union and the states. The recommendations are advisory and not binding on the government, albeit most past recommendations have been accepted. Interestingly, the share of net proceeds recommended for devolution to states has increased from 29.5% during the 11th finance commission to 42% in the 14th finance commission. However, after the carving out of Jammu and Kashmir into two union territories, the final report of the 15th finance commission recommended a 41% rate.

> The indicators for devolution to be used by the SFC are also unclear in the absence of detailed terms of reference

Sixteenth Finance Commission (SFC)

- **Task and Duration**: The SFC's primary task is to determine the allocation of the Centre's tax revenue to states for the next five years, commencing from FY27.
- **Efficient Financial Systems:** The SFC is responsible for ensuring that states establish effective financial systems, following recommendations from state finance commissions, particularly in financing local bodies.
- **Augmenting Funds for Local Bodies**: Recommendations will be made by the SFC to enhance the consolidated funds of states for panchayats and municipalities.
- **Flexibility in Recommendations**: The government has deliberately kept the 'terms of reference' concise, granting the SFC flexibility in suggesting recommendations within constitutional limits for the sharing of tax revenue.

Context: The government has appointed four members of the Sixteenth Finance Commission (SFC), which includes three full-time members.

Finance Commission

- **About**: Article 280 of the Constitution of India provides for a Finance Commission as a quasi judicial body.
- **Constituted by**: President of India every fifth year or at such earlier time as he considers necessary.
- **Composition**: Chairman and four other members to be appointed by the president.
- **Tenure**: They hold office for such period as specified by the president in his order.
- **Recommendation of Commission**: The recommendations made by the Finance Commission are **only of advisory** nature, **not binding on the government.**
- **Fifteenth Finance Commission was constituted**: On November 27, 2017.
- **Power and Functions**
  - The **distribution of the net proceeds of taxes** to be **shared between the Centre and the states.**
  - The principles that **should govern the grants-in-aid to the states by the Centre** (i.e., out of the consolidated fund of India).
  - **Any other matter referred to it by the president** in the interests of sound finance.

THE HINDU

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CITIZENSHIP AMENDMENT ACT 2019

(Syllabus: GS Paper 2 – Polity)

T.N. will not allow implementation of CAA, says Stalin

The Hindu Bureau
CHENNAI

Tamil Nadu Chief Minister M.K. Stalin on Wednesday made it clear that the DMK government would never allow the implementation of the Citizenship (Amendment) Act (CAA).

Reacting to Union Minister of State Shantanu Thakur's statement that CAA would be implemented in seven days, not only in West Bengal but across the country, the Chief Minister, in a social media post, said that but for the support of the AIADMK, the Citizenship (Amendment) Bill, which was against Muslims and Lankan Tamils, would not have become an Act.



T.N. Chief Minister M.K. Stalin.

Signature campaigns

Mr. Stalin said that even though the DMK was in Opposition back then, it joined hands with friendly parties and organised protests and signature campaigns against CAA. "We collected two crore signatures and sent them to the President. We also adopted a resolution [against CAA] in the Assembly after coming to power in 2021," he said.

The Chief Minister said that people were closely watching the BJP-led Central government's policies that were against communal harmony, and the "drama" of the AIADMK in support of the BJP.

Never allow CAA: EPS

Meanwhile, AIADMK general secretary Edappadi K. Palaniswami said that the party would never allow CAA. But its MPs had voted in favour of the Bill in Parliament.

In a social media post, Mr. Palaniswami said that the DMK, which "stabbed the Muslims in the back" by remaining a silent spectator during the Coimbatore riots, was not fit to point the finger at the AIADMK.

Mr. Palaniswami further criticised the DMK for having supported the National Investigation Agency Act and the Unlawful Activities (Prevention) Act, which "affect the minorities".

Context: Recently, the Chief Minister of Tamil Nadu made it clear that the Tamil Nadu government would never allow the implementation of the Citizenship (Amendment) Act (CAA).

Citizenship (Amendment) Act 2019

- **Amended the Citizenship Act, 1955**: The act amended the Citizenship Act, 1955 to make illegal migrants eligible for citizenship of India.
- **Citizenship on the basis of religion**: The CAA provides citizenship on the basis of religion to six undocumented non-Muslim communities (Hindus, Sikhs, Buddhists, Jains, Parsis and Christians) from Pakistan, Afghanistan and Bangladesh who entered India on or before 31st December, 2014.
- **Definition**: Under the Act, an illegal migrant is a foreigner who:
  - Enters the country without valid travel documents like a passport and visa, or
  - Enters with valid documents, but stays beyond the permitted time period.
- **Exemption**: Illegal migrants may be put in jail or deported under The Foreigners Act, 1946 and The Passport (Entry into India) Act, 1920.
  - It exempts the members of the six communities from any criminal case under the Foreigners Act, 1946 and the Passport Act, 1920.
  - The two Acts specify punishment for entering the country illegally and staying here on expired visas and permits.
- **Citizenship by registration or naturalisation:** The Act allows a person to apply for citizenship by registration or naturalisation if the person meets certain qualifications.
- **Relaxations**: Under The Citizenship Act, 1955, one of the requirements for citizenship by naturalisation is that the applicant must have resided in India during the last 12 months, as well as for 11 of the previous 14 years.

DEATH OF ANTARCTIC PENGUINS

(Syllabus: GS Paper 3 – Env and Eco)



WHY BIRD FLU DEATHS OF ANTARCTIC PENGUINS IS A FLASHING DANGER SIGN

Penguins live in big colonies, have little existing immunity. Wikimedia Commons

A HIGHLY lethal form of bird flu has been detected in Antarctic penguins for the first time. The virus, H5N1, was confirmed in two gentoo penguins that were found dead on Sea Lion Island in the Falkland Islands, a British territory.

"But many more are dying," said Sally Heathman, the head of communications for the Falkland Islands government. As of Tuesday, more than 200 dead or dying gentoo chicks have been reported on Sea Lion Island, she said.

Why the deaths matter

Penguins are already under pressure. The birds are facing numerous threats, including climate change, pollution, and commercial fishing. Three Antarctic penguin species – emperor penguins, southern rockhopper penguins and macaroni penguins – are listed as vulnerable or near threatened.

Extent of the threat

Before H5N1 arrived in the Antarctic region last fall, highly pathogenic bird flu viruses had never been documented in the area. That means that the penguins are likely to have little existing immunity. And because they breed in large, crowded colonies, once one penguin is infected, the virus could spread rapidly, causing mass mortalities. As H5N1 spread through South America last year, Chile reported the deaths of thousands of Humboldt penguins.

The extent of the virus' spread in Antarctic penguin populations is unclear. The virus has not been confirmed in any other local penguin species, Heathman said, but testing of rockhopper penguins is on.

At least one suspected case has also been reported in king penguins in South Georgia, another British territory. But that report was based on a single dead king penguin, and investigators have not seen a spike in penguin deaths at that location, said Laura Willis, the chief executive of the government of South Georgia and the South Sandwich Islands.

Scientists are worried

Scientists have been worried about the spread of the virus in Antarctica. The virus, which first emerged in 2020, has taken an unprecedented toll on wild birds and mammals. After it was detected at the tip of South America last year, OFFLU, a global network of flu experts, warned that the pathogen could spread to Antarctica next.

The Antarctic region provides critical breeding territory for more than 100 million birds as well as seals, sea lions and other marine mammals. If the virus arrived in the region, its impact on those animals "could be immense", OFFLU said in a statement last August.

Just two months later, the virus was detected in brown skuas in South Georgia, the first cases in the region. Since then, infections have been confirmed in numerous other bird species, as well as in elephant and fur seals. These marine mammals also breed in large colonies, and they suffered major losses as the virus spread through South America, where tens of thousands of seals and sea lions were reported dead. Scientists worry that the same fate may befall Antarctica's seals as the virus spreads.

THE NEW YORK TIMES

Context: A highly lethal form of bird flu has been detected in Antarctic penguins for the first time. The virus, HSN1, was con- firmed in two gentoo penguins that were found dead on Sea Lion Island in the Falkland Islands, a British territory.

Death of Antarctic Penguins

- **Significance of Penguin Deaths**: Penguins already face multiple threats such as climate change, pollution, and overfishing.
- **Status**: Three Antarctic penguin species are listed as vulnerable or near threatened.
- **Extent of Threat from H5N1 Virus**: Before H5N1 arrived in Antarctica, highly pathogenic bird flu viruses had never been seen there.
- Penguins likely have little immunity to the virus, and its spread in crowded colonies could lead to mass mortalities.
- **Virus Spread**: The spread of H5N1 in Antarctic penguin populations is not fully understood.
- While the virus has not been confirmed in other local penguin species, testing on rockhopper penguins is ongoing.
- **Concerns of Scientists:** Scientists are worried about the potential impact of the virus in Antarctica.
    - The region is critical breeding territory for millions of birds and marine mammals, and the virus could have immense consequences if it spreads.

Evidence of Spread and Potential Impact

- The virus was detected in brown skuas in South Georgia, the first cases in the region.
- Infections have been confirmed in various bird species and marine mammals, leading to significant losses.
- Scientists fear similar consequences for Antarctica's seals as the virus spreads.

FISCAL DEFICIT

(Syllabus: GS Paper 3 – Economy)

Fiscal deficit at 55% of annual target till Q3 end

Capex likely to fall short of target by ₹50,000-75,000 cr

PRASANTA SAHU
New Delhi, January 31

THE CENTRE'S FISCAL deficit came in at 55% of the Budget estimate (BE) in the first nine months of the current financial year, compared with 59.8% of the respective target in the year-ago period, the data released by the Controller General of Accounts showed on Wednesday.

This increased the possibility of the government meeting the fiscal deficit target of 5.9% of the GDP for FY24 in the interim Budget to be presented today. Last year, the Centre had met the deficit target of 6.4%.

While net tax revenues rose by 11.2% on-year in April-December 2023, in line with the required growth rate of 11% to achieve the Budget estimate of ₹17.3 trillion, non-tax revenues expanded by 46% to ₹3.1 trillion (required rate 5%) on the back of the robust RBI dividends.

However, the pace of rise in tax receipts slowed a bit in recent months — net tax receipts were up 15% in April-September.

Despite a lower nominal GDP size (8.9% as per first advance estimate), as against 10.5% the Budget factored in, analysts are of the view that the fiscal deficit target of 5.9% of GDP will likely be met due to revenue performance and a likely shortfall in capital expenditure.

In December 2023, capex more than doubled on-year to ₹87,985 crore, offsetting the tepid performance in the previous two months.

The Centre's capex expanded by 37.5% in April-December FY24, marginally higher than the required growth rate to meet the FY24 target of ₹10 trillion.

However, the capex achievement could fall short of the target due to likely lower utilisation by states from a special capex loan facility of ₹1.3 trillion and a reduction in capital infusion into state-run oil firms.

"ICRA expects the government of India's capex to undershoot the FY24 BE by around ₹0.75 trillion, which still implies a robust YoY growth of around 26%," Icra chief economist Aditi Nayar said.

As the Centre has front-loaded tax devolution by giving two extra monthly instalments — in June and December — the net tax receipt growth will accelerate to some extent in the January-March quarter of the current fiscal, with relatively lower transfers to the states.

"Setting aside the additional devolution to the states, we estimate that net tax revenues will exceed the FY24 BE by a modest ₹0.3 trillion.

This is equivalent to only 50% of the estimated upside in GTR as the excise undershooting would be restricted to the GoI and not shared with the states," Nayar said.

Overall, revenue receipts are projected to exceed the FY24 BE by around ₹0.5 trillion, implying a growth of about 13% over FY23. Icra has projected the Centre's gross tax revenues to exceed the FY24 BE by around ₹0.6 trillion, led by direct taxes and Central GST inflows, amidst an undershooting in other indirect taxes such as excise duty.

The Centre's tax devolution to the states rose to ₹7.5 trillion during April-December 2023, 22.6% higher than ₹6.1 trillion transferred during the year-ago period. To meet the FY24 BE (₹10.2 trillion), the Centre has to release ₹2.7 trillion to the states during Q4 FY2024, which is a sharp 19% lower than the amount devolved in Q4 FY23, as per Icra's calculations (₹3.4 trillion).

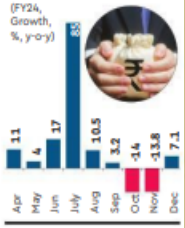
"Based on our assessment of the gross tax revenues, the central tax devolution would need to exceed the FY24 BE by approximately ₹0.3 trillion," Nayar said.

The Centre's fiscal deficit may end up a tad lower at 5.8% than the Budget estimate for the current financial year due to buoyant revenues and the deficit target may be pegged around 5.3% for the next financial year, international investment firm Goldman Sachs said recently.

Revenue expenditure appears likely to mildly overshoot the FY24 BE of ₹23.8 trillion, on account of a rise in major subsidies such as food and fertiliser as well as extra spending on the job guarantee programme. Icra currently projects the Centre's total expenditure to exceed the FY24 BE of ₹45.03 trillion by around a marginal ₹5,000 crore.

ON TRACK

Budget expenditure
(FY24, Growth, %, y-o-y)



Context: The Centre's fiscal deficit came in at 55% of the budget estimate (BE) in the first nine months of the current financial year, compared with 59.8% of the respective target in the year-ago period, the data released by the Controller General of Accounts.

Fiscal Deficit

- **About:** It is the gap between the government's overall income (including taxes and non-debt capital receipts) and its total expenditure excluding any borrowed funds.
- **Fiscal Deficit** = Total expenditure of the government (capital and revenue expenditure) – Total income of the government (Revenue receipts + recovery of loans + other receipts).
- **Causes of fiscal deficit arise**: When government spending surpasses its income.
  - It represents the extent to which the government has spent more than its earnings, usually presented as a percentage of the GDP.
- **Fiscal Responsibility and Budget Management (FRBM) Act:** It was established in 2003, aiming to establish targets for reducing fiscal deficits. It made it mandatory for the government to place the following along with the Union Budget documents in Parliament annually:
  1. Medium Term Fiscal Policy Statement
  2. Macroeconomic Framework Statement
  3. Fiscal Policy Strategy Statement.
  - **Aim:** To eliminate revenue deficit of the country (building revenue surplus thereafter) and bring down the fiscal deficit to a manageable 3% of the GDP by March 2008.
- **N K Singh Committee's recommendations were as follows:**
  - **Targets:** The committee suggested using debt as the primary target for fiscal policy and that the target must be achieved by 2023.
  - **Fiscal Council:** The committee proposed to create an autonomous Fiscal Council with a chairperson and two members appointed by the Centre (not employees of the government at the time of appointment)
  - **Deviations:** The committee suggested that the grounds for the government to deviate from the FRBM Act targets should be clearly specified.

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