



For success in a changing world

DAILY CURRENT AFFAIRS 26-09-2024

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How to enable transit-oriented development

Syllabus: GS-1: Urbanisation – issues and solutions.

Context:

- *Indian cities are on the brink of a transportation revolution, with a projected expenditure of ₹3 trillion (between 2022–2027) set to be spent on approved metro rail projects.*

Transportation Revolution in Indian Cities

- **Projected Expenditure:** ₹3 trillion (2022–2027) to be spent on metro rail projects across Indian cities.
- **Impact:**
 - *Enhances urban mobility.*
 - *Unlocks significant economic potential.*
 - *Investment in public transportation can generate jobs and deliver economic returns 5-7 times greater than the initial outlay.*

National Transit Oriented Development (TOD) and Metro Rail Policy (2017)

- **Objective:** *To leverage mass transit investments and enhance economic benefits.*
- **Policies Introduced:**
 - *National Transit Oriented Development (TOD) Policy.*
 - *Metro Rail Policy.*
- **Adoption of TOD:** *Key urban planning strategy integrating land use with transportation.*
 - **Promotes compact, mixed-use development.**
 - *Encourages sustainable transport modes (walking, cycling, mass transit).*
- **Current Scenario:** *27 Indian cities are building metro systems, with several others developing rail- and bus-based rapid transit systems.*

Challenges in Urban Mobility

- **Suburban and Peri-urban Growth:**
 - *Economic centres developing in peripheral areas due to land market conditions.*

- *Public transport systems struggle to keep pace with outward expansion.*

➤ **Impact:**

- *Longer work-home commutes.*
- *Increased congestion and pollution.*
- *Reduced access to jobs, lower productivity, and decreased liveability.*

Case Study: Bengaluru's Traffic Congestion

➤ **Bengaluru:**

- *Among the most traffic-congested cities globally.*
- *Estimated social cost: ₹38,000 crore annually (5% of the city's GDP, 2018).*

Transit Oriented Development (TOD)

➤ **Key Principles:**

- *Integration of land use and transport to reduce congestion and emissions.*
- *Promotes proximity between jobs and public transport systems.*
- *Clustering jobs near transit stations increases innovation, productivity, and competitiveness.*

➤ **Economic and Environmental Benefits:**

- *Supports India's low-carbon growth goals.*
- *Boosts local economic and real estate development.*
- *Increases revenues for public agencies to reinvest in infrastructure.*

WRI India's Study: Job Distribution in Bengaluru

➤ **Findings:**

- **Job Distribution:** *0.2 million registered enterprises employing 4.6 million workers.*
- **High Job Density:** *Inner-city areas within the Outer Ring Road (ORR) have the highest job densities.*
- *Large enterprises (100+ employees) constitute only 2% of all enterprises but account for 60% of jobs.*
- *Peak job densities:*

- *25,000 jobs/sq. km in large industrial clusters.*
- *58,000 to 1,09,000 jobs/sq. km in tech hubs like Whitefield and Electronic City.*

➤ **Metro Rail Expansion:**

- *Upon completion of the ongoing metro phases (172 km):*
 - *28% of total jobs will be within 500 m of a metro station.*
 - *59% within 1 km, and 85% within 2 km.*
- *Emphasis on the need for pedestrian infrastructure and feeder services to bridge gaps in the 1-3 km range.*

Agglomeration Economics and Challenges

➤ **Market Linkages:**

- *Large businesses act as anchors for smaller enterprises, benefiting from agglomeration effects.*
- *Service enterprises cluster around metro stations due to enhanced accessibility.*
- *Metro's impact on manufacturing enterprises is limited as blue-collar workers rely on buses, cycling, or walking.*

➤ **Barriers for Businesses:**

- *Lack of suitable properties near metro stations.*
- *Inadequate infrastructure and unfavourable development regulations (e.g., plot sizes, parking norms).*
- *High property prices discourage small businesses.*
- *Market saturation and community resistance hinder commercial growth around metro areas.*

Global Example: Hong Kong's Transit-Oriented Development

➤ **Success Model:**

- *57% of jobs within 500 m of a transit station.*
- *84% within 1 km, 96% within 2 km.*
- **High Transit Use:** *90% of motorised trips by public transport.*
- **Low Car Ownership:** *56 cars per 1,000 people.*

- **Economic and Environmental Impact:**
 - *Gross Value Added per capita increased by 50% (1993–2011).*
 - *Fuel consumption and carbon emissions decreased by 10%.*

Conclusion and Way Forward

- **Key Takeaways:**
 - *Transit-oriented development (TOD) can significantly improve urban mobility, economic productivity, and environmental sustainability.*
 - *Strategic planning for job proximity to transit systems is essential for maximizing TOD benefits.*
 - *Overcoming regulatory and market challenges is critical to realizing TOD's full potential.*

Bengaluru's Master Plan Revision and Transit-Oriented Development (TOD)

- **Opportunity:**
 - *The upcoming revision of Bengaluru's city master plan presents a chance to set ambitious goals for increasing **job density near transit stations**.*
 - *The plan should strategize transit network extensions to connect **existing and emerging high-density job clusters**.*

Optimizing Resource and Economic Efficiencies

- **Focus Areas:**
 - *Identify areas already served by transit where job densities can be increased through **renewal and densification**.*
 - *Balance market demand with environmental and community goals.*

Location-Efficient Incentives and Funding Mechanisms

- **Incentives:**
 - **Location-efficient incentives** such as additional development rights or fee/tax subsidies can be introduced to encourage businesses to locate near transit or in economically depressed areas.
- **Funding Mechanisms:**
 - *Explore **public-private partnerships (PPP)** and **value capture financing mechanisms**.*

- *Value capture financing can be used to **ring-fence funds** for station area improvements.*

Need for a Coordinated Nodal Agency

➤ Coordination:

- *Establish a **nodal agency** to facilitate interactions between multiple stakeholders.*
- *Ensure smooth coordination of **TOD planning and implementation**.*

Role of the Private Sector

➤ Private Sector Involvement:

- *Businesses, developers, and financial institutions can direct **commercial and industrial investments** near transit stations.*
- *Public-private partnerships (PPPs) can enable catalytic developments, enhancing public amenities and improving last-mile connectivity.*

Transport Infrastructure as a Driver of Economic Growth

➤ Transport's Role:

- *Transport infrastructure drives economic activity, making it crucial for India's development.*
- *For metropolitan cities like Bengaluru to remain globally competitive, the government must prioritize **job densities near transit** in policy, planning, and regulatory frameworks.*

Inclusive, Low Carbon, Compact Growth

➤ Policy Framework:

- *Policy planning should focus on the **upgradation of public infrastructure** and institutionalize **coordinated actions** for inclusive, low-carbon, compact, and connected urban growth.*

The NCrF as a framework for well-rounded education

Syllabus: GS-2: Social Justice – Education.

Context:

- *The National Credit Framework (NCrF) aims to help higher education institutions balance vocational and skill training and knowledge-generating academic pursuits, which are needed in a fast-changing world.*

Introduction to NEP 2020 and NCrF

- **National Education Policy (NEP) 2020**
 - *A vision document aiming to transform education in India.*
 - *Seeks to break free from colonial educational frameworks.*
- **National Credit Framework (NCrF)**
 - *A transformative reform derived from NEP 2020.*
 - *Provides a flexible template for educational institutions (schools, higher education, vocational, and skill education).*
 - *Facilitates unified accumulation and transfer of credits across multidisciplinary education.*
 - *Functions as an enabling framework rather than a regulatory one.*

Flexibility for Students

- **Credit Earning Opportunities**
 - *Students can earn credits through diverse activities:*
 - *Classroom teaching, laboratory work.*
 - *Research projects, assignments, tutorials.*
 - *Sports, yoga, performing arts, music.*
 - *Handicrafts, social work, NCC, NSS activities.*
 - *Vocational and skill education, internships, apprenticeships.*
 - *Experiential learning and on-the-job training.*
- **Concerns of Traditionalists**
 - *Traditionalists resist changes to the conventional higher education model.*
 - *Fear that flexibility undermines established educational approaches.*

Need for Dynamic Higher Education

- **Criticism of Dismissive Attitudes**
 - *Some view changes as “problematic” and display an unwillingness to adapt.*
 - *Dismissive of curriculum changes that align with societal, technological, and educational needs.*
- **Relevance to Current Job Market**
 - *Rapid economic and technological changes necessitate curriculum revisions.*
 - *Institutions must adapt to bridge skill mismatches to improve student career prospects.*

Evolving Role of Higher Education Institutions (HEIs)

- **Beyond Knowledge Production**
 - *HEIs must also focus on equipping students with essential skills and competencies.*
 - *Need to support emerging roles and self-employment opportunities.*
- **Continuous Adaptation**
 - *HEIs should avoid elitism and promote democratic education.*
 - *Continuous adaptation is crucial to avoid stagnation and ensure institutional effectiveness.*

Multidisciplinary Education and MERU Concept

- **Multidisciplinary Education and Research University (MERU)**
 - *Aimed at nurturing scholars and intellectuals.*
 - *Should not be the sole focus; vocational training is equally important for employability.*

Integration of Vocational and Skill Training

- **Balancing Approaches**
 - *Institutions can focus on both vocational/skill training and knowledge production.*
 - *Importance of both areas highlighted; one should not be overemphasized at the expense of the other.*

➤ **Objective of NCrF**

- *To help HEIs strike a balance between vocational training and academic pursuits.*
- *Essential for shaping individual futures and promoting societal progress.*

Vision for Higher Education

➤ **Reimagining Curricula**

- *Integration of flexibility, multidisciplinary, and skill-based courses.*
- *Aim to transform India into an economic powerhouse and technological leader.*

➤ **Critique of Opposition**

- *Those opposing flexibility and promoting elitist views are deemed outdated.*

Indo-Pacific Economic Framework for Prosperity (IPEF)

Syllabus: GS-2: International Relations.

Context:

- **India signed agreements under the IPEF bloc's Clean and Fair Economy pillars on September 21, 2024.**
- *Agreements were signed during Prime Minister Narendra Modi's visit to the US for the Quad Summit.*
- **Focus Areas:**
 - *Clean energy development.*
 - *Strengthening anti-corruption measures.*
 - *Promoting tax transparency among member nations.*

Clean Economy Agreement

- **Aims to accelerate energy security efforts among IPEF partners.**
- **Focus on mitigating greenhouse gas (GHG) emissions and promoting clean energy.**

- *Encourages reducing dependence on fossil fuels.*
- *Promotes technical cooperation for clean energy technologies.*

Fair Economy Agreement

- **Objective:** *To create a transparent and predictable business environment.*
- **Aims to spur greater trade and investment across member nations.**
- **Focuses on:**
 - **Enhancing information sharing.**
 - **Facilitating asset recovery.**
 - *Strengthening cross-border investigations and prosecutions.*

IPEF Support Mechanisms

- *Platforms for technical assistance, concessional funding, and viability gap funding.*
- **IPEF Catalytic Capital Fund:**
 - *Initial grant of \$33 million from Australia, Japan, Korea, and the US.*
 - *Aims to catalyze private investments worth \$3.3 billion.*
- **PGI Investment Accelerator:**
 - *Received \$300 million from the US International Development Finance Corporation.*

Concerns Raised

- **Negotiation Transparency:**
 - *IPEF negotiations have been conducted with limited public input, raising concerns.*
- **Clean Economy Clause:**
 - *Concern over a possible non-derogation clause, which may prevent India from easing domestic regulations for key projects.*
 - *Flexibility in domestic regulation is essential for India's infrastructure projects.*
- **Regulatory Risks:**
 - *IPEF standards may align with those of the US and OECD countries.*

- *India must ensure adequate preparation to avoid **compliance risks** in future trade deals with the EU, UK, etc.*
- *The need for India to **develop domestic standards** to prevent being at a disadvantage in international negotiations.*

Strategic Importance of IPEF

- **Member Countries:** *14 Indo-Pacific nations, including the US, Japan, and Australia.*
- **Focus on economic cooperation** across four key pillars:
 - **Trade.**
 - **Supply chain resilience.**
 - **Clean economy.**
 - **Fair economy** (*tax transparency and anti-corruption*).
- **Global Influence:**
 - *IPEF represents 40% of the global economy and 28% of world trade.*

Conclusion

- *India's participation in IPEF reflects its **commitment to regional economic cooperation** in the Indo-Pacific.*
- *Balancing international commitments with **domestic regulatory flexibility** remains a key challenge for India in the IPEF framework.*

UNSC

Syllabus: GS-2: International Organisations.

Context:

- **Recent Developments:** *On September 22, 2024, world leaders adopted the 'Pact of the Future', which includes a significant paragraph on Security Council (UNSC) reform.*
- **India's Position:** *India views this as a "good beginning" and is optimistic about future negotiations.*

Key Highlights from the 'Pact of the Future'

- **Need for Reform:**
 - *Emphasizes the urgent requirement to make the UNSC more representative, inclusive, transparent, efficient, effective, democratic, and accountable.*
- **Groundbreaking Language:**
 - *This is the first UN summit document to include detailed language on UNSC reform, signaling a potential shift in discussions.*

India's Perspective

- **Foreign Secretary Vikram Misri's Remarks:**
 - *India anticipates text-based negotiations in a fixed timeframe to advance reform discussions.*
 - *The agreement represents a significant step toward reforming the UN system.*
- **Historical Context:**
 - *India's claims for a permanent seat at the UNSC, arguing that the current 15-member structure is outdated and unreflective of contemporary geopolitical realities.*

Objectives of Reform

- **Improving Representation:**
 - *Addressing historical injustices, particularly for Africa, while also considering under-represented regions like Asia-Pacific and Latin America.*
- **Enlargement of the UNSC:**
 - *Plans to increase membership to better reflect the current global landscape.*
- **Membership Categories:**
 - *Agreement to intensify discussions on membership categories based on previous negotiations.*

Challenges with the Current UNSC

- **Polarization:**
 - *The UNSC's inability to address contemporary peace and security challenges, exemplified by divisions over conflicts like the Ukraine war and the Israel-Hamas situation.*
- **Outdated Framework:**
 - *UN Secretary-General Antonio Guterres noted that the current structure reflects a "bygone era" with 193 member nations today compared to 51 at its inception.*

Calls for Action

- **Urgency for Reform:**
 - *Guterres emphasizes the need for deep reforms to make global institutions legitimate and effective.*
 - *Highlighted the necessity of developing frameworks that are networked and inclusive, relevant to 21st-century challenges.*

Conclusion

- **Future Prospects:**
 - *The 'Pact of the Future' represents a potential shift in how the UNSC reform is approached, with India advocating for meaningful changes to better reflect current geopolitical realities.*
- **Prime Minister Modi's Emphasis:**
 - *Reforms are essential for global peace and development, highlighting that without reform, the UNSC risks losing credibility and relevance.*

Credit Default Swap

Syllabus: GS-3: Indian Economy – Capital Market.

Context:

- **SEBI's Announcement (September 2024):** SEBI (Securities and Exchange Board of India) has allowed mutual funds (MFs) to sell credit default swaps (CDS) to enhance liquidity in the corporate bond market.
- **Previous Framework:** Earlier, MFs were only permitted to buy CDS, not sell them.
- **RBI's 2022 Directive:** The move is in line with the RBI's revised regulatory framework for debt derivatives issued in 2022.

Key Features of SEBI's Circular:

- **Selling CDS Permitted:** Mutual funds can now sell and buy CDS, providing greater flexibility in credit risk management.
- **Objective:** This change is aimed at boosting liquidity in the corporate bond market and improving market efficiency.

Credit Default Swap (CDS):

- **Definition:** A CDS is a financial derivative that enables an investor to swap or offset credit risk with another investor.
- **Use:** CDS helps manage risks by transferring potential default risks from one party to another.

Regulatory Mandates for Mutual Funds:

- **CDS Exposure Cap:** The exposure in CDS held by MFs should not exceed the exposure to the underlying debt security.
- **Timely Closure of CDS Positions:** In case mutual funds sell their debt securities, they are required to close their CDS positions within 15 days of the sale.
- **Technical Compliance:** SEBI has introduced other technical regulations for risk management in CDS transactions.

Impact on the Market:

- **Enhanced Market Flexibility:** Allowing MFs to sell CDS will enhance liquidity and flexibility in the corporate bond market.
- **Risk Management:** Mutual funds will now have additional tools for managing credit risk, promoting a more balanced and secure financial market.