



## **DAILY CURRENT AFFAIRS 26-09-2024**

### **GS-1**

1. How to enable transit-oriented development

### **GS-2**

2. The NCeF as a framework for well-rounded education
3. Indo-Pacific Economic Framework for Prosperity (IPEF)
4. UNSC

### **GS-3**

5. Credit Default Swap

## **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.*