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## CENTRE LIBERALISED FDI NORMS FOR THE SPACE SECTOR

THIS ARTICLE COVERS 'DAILY CURRENT AFFAIRS' AND THE TOPIC DETAILS OF "CENTRE LIBERALISED FDI NORMS FOR THE SPACE SECTOR.". THIS TOPIC IS RELEVANT IN THE "ECONOMY" SECTION OF THE UPSC CSE EXAM.

### WHY IN THE NEWS?

The central government has notified amendments to the space sector's Foreign Direct Investment (FDI) policy to attract offshore investors in satellite manufacturing and satellite launch vehicles segments. A notification from the finance ministry said the new rules are called Foreign Exchange Management (Non-debt Instruments).

An amendment to the FDI policy for the space sector, made through a gazette notification dated April 16, 2024, prescribes a liberalized entry route and provides clarity for FDI in satellites, launch vehicles and associated systems or subsystems, the creation of spaceports for launching and receiving Spacecraft, and the manufacturing of space-related components and systems.

### THE NEW RULE UNDER FDI FOR THE SPACE SECTOR:

- 100 per cent FDI has been allowed for the space sector category of manufacturing and operation of satellites, satellite data products, and ground segment and user segment.
- Up to 74 per cent FDI for satellite manufacturing & operation, satellite data products, ground segment & user segment are allowed under automatic route. Beyond 74 per cent, these activities are carried out by the government.
- FDI of up to 49 per cent is allowed for Launch Vehicles and associated systems or subsystems. Creation of Spaceports for launching and receiving Spacecraft is under the automatic route, but beyond 49 per cent, government permission would be required.

### FOREIGN DIRECT INVESTMENT:

FDI refers to an investment made by a company or individual in one country in business interests in another country, either in establishing business operations or acquiring business assets in the other country, such as ownership or a controlling interest in a foreign company.

FDI plays a significant role in the global economy, fostering economic growth, technological transfer, job creation, and international trade. Governments often implement policies to attract FDI, offering

incentives such as tax breaks, infrastructure development, and streamlined regulations to encourage foreign investors to invest in their countries.

FDI inflows can contribute to government revenue through taxes, royalties, and other fees levied on foreign investors. This additional revenue can fund public services, infrastructure projects, and social welfare programs, benefiting the economy and creating more employment. FDI promotes trade integration by facilitating access to global markets. FDI can stimulate domestic investment by creating a more competitive business environment, fostering entrepreneurship, and encouraging local firms to upgrade their operations to remain competitive in the face of foreign competition.

### **FDI IN INDIA:**

India began economic liberalization in the early 1990s, opening its economy to foreign investment. Foreign Investment in India is governed by the FDI policy announced by the Government of India and the provisions of the Foreign Exchange Management Act (FEMA), 1999. The Indian government has introduced several policy measures to promote FDI across various sectors. These include increasing FDI limits, simplifying procedures, and offering incentives in strategic sectors like manufacturing, infrastructure, and technology.

India has been attracting substantial FDI inflows in recent years. Key sources of FDI include countries like the United States, Singapore, Mauritius, Netherlands, and Japan, among others. In FY 22-23, India witnessed total FDI inflows of \$70.97 Bn, with FDI equity inflows reaching \$46.03 Bn. The top five contributors to FDI equity inflows during FY 2022-23 were Mauritius (26%), Singapore (23%), the USA (9%), the Netherlands (7%), and Japan (6%).

### **ROUTES FOR FDI IN INDIA:**

In India, foreign investors can make investments through two main routes: the Automatic Route and the Government Route. These routes determine the scrutiny and approval required for foreign investment in different sectors.

#### **AUTOMATIC ROUTE:**

Under the Automatic Route, foreign investors do not require prior government or the Reserve Bank of India (RBI) approval for investment in most sectors. Foreign Investment is allowed under the automatic route without prior approval of the Government or the Reserve Bank of India in all activities/ sectors as specified in Regulation 16 of FEMA 20 (R). **Under the ' 100% Automatic Route' sectors are:**

1. Broadcast Content Services (Up-linking & down-linking of TV channels, Broadcasting Carriage Services)
2. Agriculture & Animal Husbandry,
3. Air-transport services (non-scheduled and other services under the civil aviation sector), Airports (Greenfield + Brownfield),
4. Asset Reconstruction Companies, Auto-components, Automobiles, Biotechnology (Greenfield),
5. Capital Goods,
6. Cash & Carry Wholesale Trading (including sourcing from MSEs),
7. Chemicals,
8. Coal & Lignite,
9. Construction Development,
10. Construction of Hospitals,
11. Credit Information Companies,

12. Duty Free Shops,
13. E-commerce Activities,
14. Electronic Systems,
15. Food Processing,
16. Gems & Jewellery,
17. Healthcare,
18. Industrial Parks,
19. IT & BPM,
20. Leather,
21. Manufacturing,
22. Mining & Exploration of metals & non-metal ores,
23. Other Financial Services,
24. Services under Civil Aviation Services, such as Maintenance & Repair Organizations,
25. Petroleum & Natural gas,
26. Pharmaceuticals,
27. Plantation sector,
28. Ports & Shipping,
29. Railway Infrastructure,
30. Renewable Energy,
31. Roads & Highways,
32. Single Brand Retail Trading,
33. Textiles & Garments,
34. Thermal Power,
35. Tourism &
36. Hospitality and
37. White Label ATM Operations.

#### **GOVERNMENT ROUTE:**

The Government Approval Route requires foreign investors to seek prior approval from the government or the RBI before making investments in specific sectors. **100% Government Route' category are:**

1. Banking & Public sector: 20%
2. Broadcasting Content Services: 49%
3. Core Investment Company: 100%
4. Food Products Retail Trading: 100%
5. Mining & Minerals separations of titanium-bearing minerals and ores: 100%
6. Multi-Brand Retail Trading: 51%
7. Print Media (publications/ printing of scientific and technical magazines/speciality journals/ periodicals and facsimile editions of foreign newspapers): 100%
8. Print Media (publishing of newspapers, periodicals and Indian editions of foreign magazines dealing with news & current affairs): 26%
9. Satellite (Establishment and operations): 100%

**GOVERNMENT+ AUTOMATIC ROUTE ARE:**

1. Infrastructure Company in the Securities Market: 49%
2. Insurance: up to 74%
3. Medical Devices: up to 100%
4. Pension: 49%
5. Petroleum Refining (By PSUs): 49%
6. Power Exchanges: 49%
7. Telecom: 100%

**INDIA HAS SPECIFIC PROHIBITIONS AGAINST FDI IN CERTAIN SECTORS. THESE ARE:**

1. Atomic Energy Generation
2. Any Gambling or Betting businesses
3. Lotteries (online, private, government, etc.)
4. Investment in Chit Funds
5. Nidhi Company
6. Agricultural or Plantation Activities (although there are many exceptions, such as horticulture, fisheries, tea plantations, Pisciculture, animal husbandry, etc.)
7. Housing and Real Estate (except townships, commercial projects, etc.)
8. Trading in TDRs
9. Cigars, Cigarettes, or any related tobacco industry

**CONCLUSION:**

FDI has played a crucial role in India's economic transformation, and the government continues pursuing policies to attract more foreign investment to fuel growth and development. However, its benefits depend on effective governance, sound economic policies, and favourable business environments in host and home countries.

**PRELIMS PRACTICE QUESTION:**

**Q. Which of the following countries share the highest FDI in India in 2023?**

- A. Singapur
- B. Mauritius
- C. U.S.A
- D. Japan

**ANSWER: B**

**MAINS PRACTICE QUESTION:**

**Q. Critically examines the key factors driving Foreign Direct Investment (FDI) in India and how it has impacted the country's economic growth.**

**Amit Pradhan**

# INSURGENCY URGENCY

THIS ARTICLE COVERS 'DAILY CURRENT AFFAIRS' AND THE TOPIC DETAILS OF "Insurgency Urgency". THIS TOPIC IS RELEVANT IN THE "SECURITY" SECTION OF THE UPSC CSE EXAM.

## Why in the News?

Recently, paramilitary and police forces dealt significant blows to the insurgents, resulting in the deaths of at least 29 Maoists in the Bastar region of Chhattisgarh. This marked the most significant loss of Maoist lives in a single operation within the Bastar region. The operation was conducted collaboratively by a team comprising the DRG (District Reserve Guards) and BSF (Border Security Force).

## ORIGIN OF LEFT-WING EXTREMISM

- The term "Naxalism" or "Naxalite movement" originates from Naxalbari and has since been used to describe various leftist extremist movements across India. Left-wing extremism (LWE) in India has its roots in various historical, socio-economic, and political factors. One of the primary origins can be traced back to the Naxalbari uprising of 1967 in the state of West Bengal.
- Over time, the movement spread to other states with significant rural poverty and tribal populations, such as Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Odisha, and Maharashtra.

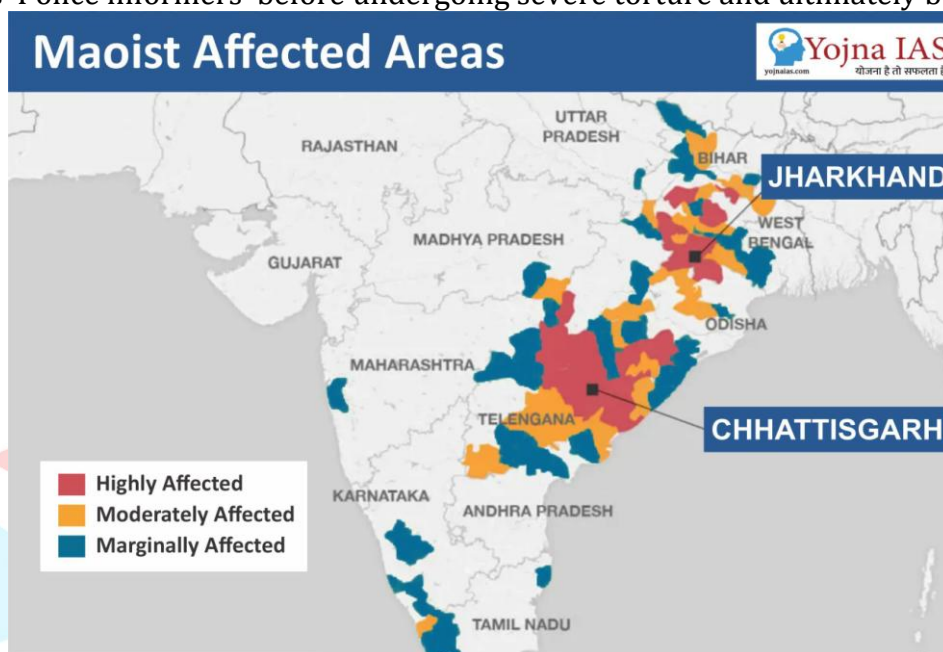
## Reasons Behind the Growth and Sustenance of LWE in India

1. **Poverty and unemployment:** Poverty and unemployment are significant factors that contribute to the radicalization of individuals in affected regions. People from impoverished backgrounds often feel marginalized and exploited, leading them to seek alternative means of survival, such as joining LWE groups.
2. **Political grievances:** The lack of political representation and voice for marginalized communities in some regions has led to feelings of alienation and resentment. This can result in the formation of LWE groups that promise to fight for the rights and aspirations of these communities.
3. **Social exclusion:** Social exclusion due to caste, religion, or ethnicity can also contribute to the formation of LWE groups. People who feel socially excluded often seek to establish their dominance by engaging in violence and creating fear among the local population.
4. **Failure of governance:** Inadequate governance, corruption, and the inability of the state to address socio-economic disparities have led to disillusionment and alienation, particularly among tribal and rural communities.
5. **Influence of global terrorism:** The rise of global terrorism and extremist ideologies has had a significant impact on the formation of LWE groups in India. The spread of extremist ideologies through the internet, recruitment by terrorist organizations, and the flow of funds and arms from neighboring countries have all contributed to the growth of LWE groups.
6. **Development deficit:** In some remote and underdeveloped areas, the government's inability to provide basic services like education, healthcare, and infrastructure development has led to

a sense of hopelessness among the local population. This can result in the formation of LWE groups that promise to bring change and development to these areas.

## CURRENT SITUATION OF INSURGENCY IN INDIA

- As per the Ministry of Home Affairs, LWE impacts 90 districts across 10 states to differing extents. These states include Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Kerala, Madhya Pradesh, Maharashtra, Odisha, Telangana, and West Bengal. Among these, Chhattisgarh, Jharkhand, Odisha, and Bihar bear the brunt of LWE activity, with these groups exhibiting significant influence and regularly engaging in assaults on both security personnel and civilians.
- From 2004 to 2022, a total of 8625 individuals lost their lives due to LWE activities in various regions of India. The victims predominantly consist of tribal civilians who are frequently labeled as 'Police informers' before undergoing severe torture and ultimately being killed.



## Initiatives taken by Government

### INFRASTRUCTURE INITIATIVES

- **Road Requirement Plan-I (RRP-I) for LWE affected areas:** The Ministry of Road Transport & Highways is executing this initiative to enhance road connectivity in 34 districts affected by LWE across 8 states: Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Odisha, and Uttar Pradesh. The scheme aims to construct a total of 5,362 km of roads in these affected states, with 5,136 km of roads already completed.
- **LWE Mobile Tower Project:** In order to enhance mobile connectivity in regions affected by LWE, the government sanctioned the installation of mobile towers in affected states on 20.08.2014.
- **Aspirational District:** The Ministry of Home Affairs has been assigned the responsibility of overseeing the Aspirational Districts program in 35 districts affected by LWE.

## DEVELOPMENT INITIATIVES

- **Integrated Tribal Development Programme:** The government has initiated several programs such as the Integrated Tribal Development Programme (ITDP) and Pradhan Mantri Gram Sadak Yojana (PMGSY) to enhance infrastructure, create livelihood opportunities, and fulfill fundamental requirements such as education and healthcare in regions affected by LWE.
- **Skill development initiatives:** The government offers training in skill development to young individuals residing in LWE-affected regions with the goal of enhancing their employability and diminishing their susceptibility to recruitment by Naxalite groups.
- **Encouragement of sustainable livelihoods:** Programs such as Van Dhan Vikas Kendras and MGNREGA are designed to foster sustainable livelihood options for tribal communities through activities based in forests and rural employment opportunities.

## SECURITY INITIATIVES

- **Scheme of Fortified Police stations:** As part of the initiative, 400 Fortified Police Stations have been built across 10 states affected by LWE. In total, 604 Fortified Police Stations have been established in these areas.
- **Smart Police:** It is an acronym for **Strategic Management & Alternative Response Tactics**, entails the utilization of data-driven strategies by law enforcement agencies. Its objective is to enhance the effectiveness and precision of policing through the analysis of diverse data sources like crime statistics, public input, and social media. This approach informs decision-making processes and resource distribution, ultimately aiming to elevate the quality and efficiency of law enforcement efforts.
- **Creation of specialized task forces:** Dedicated units such as Cobra Commandos and Greyhounds have been formed to conduct precise operations targeting Naxalite leaders and hideouts.

## Way forward

- **Intelligence gathering and surveillance:** The government should invest in robust intelligence gathering and surveillance systems to monitor the activities of insurgents, gather information about their plans, and identify potential threats.
- **Community engagement:** The government should work with local communities to build trust and support. This can include implementing social programs, such as education, healthcare, and infrastructure development, to improve the living conditions of the population.
- **Counter-narrative strategy:** The government should work to counter the insurgents' propaganda and messaging by developing a communication strategy that promotes positive narratives and values. This can include working with media outlets, influencers, and community leaders to spread information that highlights the benefits of peace and stability.
- **Disarmament and reintegration:** The government should implement programs to disarm and demobilize insurgents, offering them opportunities for reintegration into society.
- **Long-term peacebuilding:** The government should work towards building long-term peace and reconciliation in areas affected by insurgency. This can include supporting local initiatives that promote dialogue, tolerance, and understanding between different communities, as well as fostering economic and social development to reduce the appeal of insurgency.

### Prelims Based Question

**Q1. Consider the following statements regarding PESA act,1996:**

- 1. It seeks to establish Democratic decentralization.**
- 2. It empowers the state government to override decisions taken by the Gram Sabha.**

**Choose the correct answer using the codes given below:**

- 1 Only
- 2 Only
- Both 1 and 2
- Neither 1 nor 2

**ANSWER: A**

### Mains Based Question

**Q1. Analyze the socio-economic and political factors that have contributed to the growth and sustenance of Left Wing Extremism (LWE) in India and Evaluate the effectiveness of government initiatives in addressing the challenges posed by LWE.**

[Vikas](#)



**Yojna IAS**  
योजना है तो सफलता है