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CURRENT AFFAIRS

February 2025

Every daily post of the month, in full · 2 days · 46 items

For NABARD Grade A · RBI Grade B · SEBI Grade A · IRDAI · SIDBI

Big themes · Facts To Remember 17 · National Affairs 10 · International Affairs 9

Most mentioned · GDP · New Delhi · European Commission · Free Trade Agreement · President Donald

8 OF THE TOP 10

Eight of the top 10 ranks in NABARD Grade A 2025 came from this classroom — 32 final selections in one batch. The same mentors compile this book every day.

Contents

Every daily post of February 2025 in full, day by day — 2 days, 46 items. Every line is linked; so is every bookmark in your PDF reader.

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How to use this book — the four-step method and your revision tracker 5

27 February 2025 — International Affairs · National Affairs · Banking and Finance · Economy · Agriculture · Facts To Remember 6

28 February 2025 — International Affairs · National Affairs · Banking and Finance · Economy · Facts To Remember 21

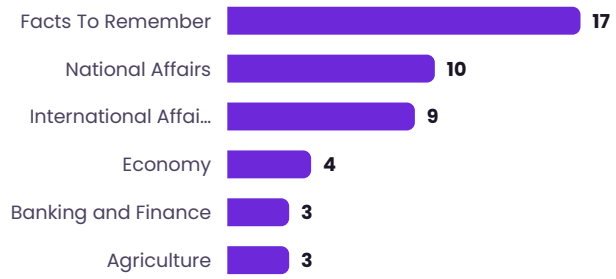
THE MONTH IN NUMBERS

February 2025 at a glance

2 daily compilations, 46 items across 6 topics — Facts To Remember weighed the most. Read the charts first: they tell you where this month's questions will come from.

2	46	6	0
daily compilations	items covered	topics	data tables

Items by topic



Items per day

Mon	Tue	Wed	Thu	Fri	Sat	Sun
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27 **20**	28 **26**		

Darker = a heavier day. Two-day posts are split across their days.

Where the items sat

Other exams 46 (100%)

Most mentioned this month

How many items each name appeared in. Know these cold.

GDP 4 · New Delhi 4 · European Commission 3 · Free Trade Agreement 3 · President Donald Trump 3 · Tamil Nadu 3 · GST 3 · United States 3

FIGURES THE PAPER LOVES

February 2025 by the numbers

The month's biggest figures with the line they came from. Say each one with its scheme or report before you turn the page.

₹6,000
The National Food Security Act (NFSA) in 2013 delivered maternity benefits of ₹6,000 per child to every pregnant woma...
Maternity Benefits in India · 27 February 2025

255%
Coal dependence in India is still significant, the coal budget is up by 255% in the Union Budget of 2025-26.
Regional Influence · 27 February 2025

₹50,000
At least a compensation of ₹50,000 to the family of the employee in the case of death.
EPFO Central Board of Trustees Meeting · 28 February 2025

₹100 crore
The ₹100 crore project intends to synergize all regulatory stakeholders (state regulators, custom, GST, manufacturer).
Drug Export Reform · 28 February 2025

READ IT THE WAY TOPPERS DO

How to use this book

One day a sitting. Read the day, then close the book and say the **Five to remember** out loud before you look. That single habit is the difference between reading current affairs and scoring from them.

1
Read the day
Every item, source and table. Underline the bold facts: they are the exam.

2
Say the five
Close the book. Recite the day's *Five to remember*. Only then check.

3
Take the quiz
Each day ends with its ten-question quiz. Note every wrong answer.

4
Come back
Tick the tracker. Recall the day again on day 3 and day 7, then use the revision sheet.

Your revision tracker

Tick as you go. Day 3 and day 7 recalls are what move a fact from short-term to exam-day memory.

DAY	READ	RECALL +3	RECALL +7	QUIZ	NOTES
27 February 2025 · 20 items	☐	☐	☐	☐	
28 February 2025 · 26 items	☐	☐	☐	☐	

DAY 1 OF 2

27 February 2025

Thursday · 20 items · 6 topics

International Affairs **4** · National Affairs **5** · Banking and Finance **2** · Economy **2** · Agriculture **3** · Facts To Remember **4**

International Affairs

1. U.S. Ukraine Economic Deal

Context

Ukraine and the U.S. just **drafted an initial economic mechanism that signals the intentions of nations toward deeper bilateral relations.**

Key Provisions:

- **Rare Earth Access**
  - The provision of U.S. **access to rare earth materials within Ukraine** strengthens the supply chain for all critical technologies, **including defense, EV batteries, and semiconductors.**
- **Investment Fund for Reconstruction**
  - This paves the way for Western private sector investment ensuring long term economic stability in Ukraine.
- **Security Guarantees**
  - While negotiations are ongoing on the economic agreement, **Kyiv is rather cautious and states that the final agreement should include new security guarantees** and give clear specifications of U.S. security commitments towards Ukraine.
- **Why It Matters?**
  - Without firm U.S. military commitment, **Ukraine's position in the war is made uncertain.**
  - **Security guarantees would also provide assurance** to investors and allies, thereby affecting reconstruction efforts in Ukraine.
  - The absence of any commitment might lure **Russia into thinking that it could act more aggressively** and thus change NATO's strategic posture in Eastern Europe.

Market and Geopolitical Impact

- **Commodities & Defense Stocks**
  - Increased U.S. access in Ukrainian mineral resources could have impacts on the global price of commodities.
- **European Response**
  - The EU might also be forced to follow suit in the commitments made by the U.S. towards Ukraine in terms of rebuilding and security.
- **Russia's Response**
  - The finalization of any deal, especially with security guarantees, would further increase geopolitical tensions and economic retaliation by Moscow.

The upcoming Washington talks on Friday will decide whether this economic framework will serve as a comprehensive strategy alliance or remain a work in progress.

Source: The Hindu

2. EU-India Relations

Context

Ursula von der Leyen, president of the European Commission, with a delegation of **21 European Union (EU) commissioners,** embarks on a two day trip to India. The largest EU delegation to India since its establishment manifests an expression of resolve by the Europeans to **strengthen its partnership with the Indian side** outside the U.S. orbit against the backdrop of changing U.S. policies in the Russia Ukraine conflict.

Key Highlights of the Visit

- **Twirling the Historic EU Delegation**
  - The elaborate visit, announced recently during a Davos conference, aims at creating new momentum for EU India relations.
- **The Focus Is on Ukraine**
  - This visit comes an important occasion, marking the 3rd anniversary of Russia's invasion of Ukraine and, concurrently, the 16th round of sanctions by the EU on Moscow.
- **Diverging U.S. EU Approach**
  - The bloc remains determined in its support for Ukraine, despite the U.S.'s breakaway position in the UN and its ongoing reconsideration of military aid.

Key Objective Items

- **Sanctions on Russia**
  - The EU emphasizes continued enforcement of sanctions against Moscow.
  - India is not going to change its policy, especially as it has been importing much oil from Russia and rejecting Western imposed sanctions.
- **Bilateral Trade and Investment Agreement (BTIA)**
  - The most recent negotiations launched in 2022 are stalled over disagreements concerning tariff levels on cars, wine, and spirits.
  - The EU delegation is keen to introduce some political pressure before the next round of talks, which will be held in Brussels on March 10-14.
- **Technology and Innovation**
  - The TTC will be focused on AI regulation, semiconductors, quantum computing, and green tech.
- **Strategic Roadmap on EU India Relations (2020-2025)**
  - Updating their cooperation agenda, including Indo Pacific partnerships.
  - Meetings among Ms. von der Leyen, Prime Minister Modi, Indian ministers, and industry stakeholders.

Geopolitical Context

- **Opposite Diplomacy by Ukraine**
  - President Zelenskyy will visit Washington concerning military assistance, frozen Russian assets, and a ceasefire proposal.
- **India's Neutrality Towards Russia**
  - Regardless of intense pressure from the West, India has maintained a course of strategic autonomy to benefit from discounted Russian oil imports.

The high profile European visit reinforces the resolve to diversifying partnerships, and India appears to be playing a central role here. While trading technology cooperation remains a priority, expect considerable geopolitical divergences in particular, on this one aligned with Russia.

UPSC Civil Services Examination Previous Year Questions (PYQs)

***Prelims*:**

Q. The term 'Digital Single Market Strategy' seen in the news refers to (2017)

(a) ASEAN

(b) BRICS

(c) EU

(d) G20

Ans: (c)

Q. 'European Stability Mechanism', sometimes seen in the news is an (2016)

(a) agency created by EU to deal with the impact of millions of refugees arriving from Middle East

(b) agency of EU that provides financial assistance to eurozone countries

(c) agency of EU to deal with all the bilateral and multilateral agreements on trade

(d) agency of EU to deal with the conflicts arising among the member countries

Ans: (b)

3. Carbon-Border Adjustment Mechanism (CBAM) & Deforestation Regulation

Context

The European Union (EU) has highlighted that **relaxations are unlikely for India concerning the CBAM and Deforestation Regulation.**

What is the CBAM and Deforestation Regulation?

The Carbon-Border Adjustment Mechanism (CBAM) is a carbon tax the EU will levy from January 1, 2026 on imported goods to encourage cleaner industrial production practises.

- **Concerns of India**
  - India views CBAM as a non market entry barrier, requesting a transition period for compliance.
- **Next Higher Level Delegation Talk**
  - Prime Minister Narendra Modi is expected to raise these concerns with European Commission President Ursula von der Leyen during her February 27 28 visit to India.

EU's Position on CBAM

- **Carbon Tax on Imports**
  - CBAM is a carbon tax for imports to the EU and is currently operating under a transitional phase with full implementation from January 1, 2026.
- **There are No Exemptions for Countries**
  - The EU argues that CBAM is a "fair measure" to safeguard the internal market from carbon leakage and fully complies with WTO laws.
- **Impact on Trade**
  - Carbon taxes would be significant for Indian steel and aluminum exports to the EU.
  - However, EU goods entering India under the upcoming **Free Trade Agreement** would be exempt from such duties, which puts it at an unfair advantage.

EU's Deforestation Regulation & Difficulty for India

- **Deforestation Free Certification**
  - From December 30, 2025, all exports to the EU will need to show they were not grown on deforested land after December 31, 2020.

- **Implementation Timeline for**
  - **Large & medium companies:** To comply by December 30, 2025.
  - **Micro & small enterprises:** To comply by June 30, 2026.
- **Concerns of India**
  - This regulation could restrict exports of agricultural commodities, mainly palm oil, soy, coffee, and timber products.

India's Trade Strategy and WTO Concerns

- **Position of India**
  - India holds that the CBAM imposes tariffs that depend on the process of production, thereby violating WTO principles.
- **Call for Safe DCs in FTAs**
  - India is calling for protective clauses in the India EU Free Trade Agreement to cushion the effects of the CBAM.
- **Resisting Globally**
  - CBAM is "disguised trade barriers" in the words of countries like China, India.

The EU stands firm in its enforcement of the CBAM and deforestation regulations, with no exemptions. In the next round of negotiations, India is expected to demand a longer transition period and trade safeguards. The negotiations for the India-EU FTA will become crucial in determining how these two economies will manage these new trading regulations.

4. Trump Proposes $5 Million 'Gold Card' Visa for Wealthy Immigrants

Context

U.S. President Donald Trump proposes **citizenship pathway visa called "gold card" costs $5 million.**

- **Target Audience:** Wealthy individuals like business owners and investors who create jobs in U.S. territory.
- **Estimated Revenue:** Trump's projection indicates up to **1 million card sales,** resulting in **$5 trillion revenue.**
- **Implementation Timeline:** Sales scheduled to commence in two weeks.
- **Legal Framework:** Trump asserted that the plan was all legally sound and well vetted.

Economic & Policy Implications

- **Deficit Reduction**
  - U.S. Commerce Secretary Howard Lutnick stated that revenues could indeed help with the national deficit reduction.
- **Contrast to Immigration Policies**
  - In the direction of all mass deportations, Trump would have a separate gold card route into the U.S. for all the rich migrants.

Will Russian Oligarchs Be Eligible?

- **We're not leaving wealthy Russians out of the loop, said Trump**
  - "I know some nice Russian oligarchs. So there's the possibility."
- **Among such Russian oligarchs**, a lot have lost **most of their wealth due to Western sanctions imposed after the invasion of Ukraine.**

Geopolitical Context

- Trump has emerged from **hiding for talks with Russia on Ukraine**, making now even more interesting

situations in the European capitals.
- While he suggested that **sanctions on Russia could be lifted "at some point",** he stated this is not currently on the table.

Marketing Opportunity

- Trump boasted personal branding opportunities, hinting that the gold card could be under his name.

Response & Concerns

- They are probable to be **controversial among all immigration affecting hardliners and progressive critics.**
- To raise concerns about **national security because of potentially Russian applicants.**
- It also has the **potential to change U.S. immigration policy significantly**, favoring financial wealth over all other visa qualifications.

The visa for gold cards caters to a new and very exclusive way of immigration, a really well matched one with his business acquisitive mentality.
Although this could garner great revenues, the debate on the geopolitical and security implications stays very much alive.

Source: Mint

National Affairs

1. Maternity Benefits in India

The National Food Security Act (NFSA)

- **The National Food Security Act (NFSA)** in 2013 delivered maternity benefits of **₹6,000 per child** to every pregnant woman in the unorganized sector.
- Inflation adjusted today's value of this amount is **not less than ₹12,000**, whereas, even the lower statutory amount was not disbursed.

Pradhan Mantri Matru Vandana Yojana

Credit: The Hindu

- The central government claims to provide **maternity benefits under the PMMVY, but the scheme has major flaws**.
- This is meant for **one child per family** (recently extended to granting a second child if it is a girl).
- Benefit is being reduced to **₹5,000 in utter violation of the NFSA.**
- **Severely underfunded**, spending on PMMVY in 2023-24 **came down to ₹870 crore,** which is literally one third of PMMVY's expenditure five years ago.
- Shrinking Coverage, **only 9% of pregnant women benefitted**, at least in part, in 2023-24.

Lack of Clarity and Barrier of Information Technology

- **Ministry of Women and Child Development** has not provided even basic figures on PMMVY implementation.
- **Right to Information Act**'s provisions call for transparency, but information access has remained below par.
- Disbursement has been further stalled prompted through **glitches in Aadhaar based payments**, whereas 2023 24 further complicated things through software overhauls.

Successful Models: Tamil Nadu and Odisha

- **Maternity benefits schemes that concentrate on pregnant women have remained a successful**

program in Tamil Nadu and Odisha

- **Odisha:** offers ₹10,000 per child (doubled just ahead of elections).
- **Tamil Nadu:** offers ₹18,000 per child; an increase to ₹24,000 has been proposed.

- **Higher Coverage**
  - **Odisha (2021-22):** 64% of births covered.
  - **Tamil Nadu (2023-24):** Coverage: 84%.
  - **PMMVY (2023-24):** less than 10% nationwide.

Two Sets of Rules for Maternity Benefits

- Women in the formal sector get **26 weeks of paid maternity leave**—far above the **14 week norm of the WHO.**
- In the unorganized sector, **bargaining women are inhibited by bureaucratic parameters to get a mere ₹5,000.**

Reform Road to Go Ahead

- The PMMVY has failed—all due to **lack of funding, mismanagement, and in violation of the spirit of NFSA.**
- **Terracotta Recommendations**
  - Implement restoration of universal maternity entitlements according to the NFSA.
  - Raise benefits to a minimum of **12,000 rupees,** indexed to inflation.
  - Improve transparency and simplify disbursement.
  - Get to know Odisha and Tamil Nadu to adaptively become effective for coverage.

These maternity benefits languish under neglect of the state, to the detriment of millions of helpless women and children. An effective maternity program not only fulfills the duty of compliance with the law but goes one step further to secure the health of mothers and children for the welfare of society as a whole.

Source: The Hindu

2. Disability Rights vs. DPDP Act, 2023

Context

Under Section 9(1) of the Digital Personal Data Protection (DPDP) Act, 2023, **adult PwDs have been equated with children and require guardian consent for personal data processing.**
Two Laws in Conflict: Activists argue that this violates the decision making rights of PwDs based on misconceived notions regarding guardianship.

Understanding Section 9(1)

- **Requirement**
  - Data fiduciaries are required to process personal data of PwDs only after guardian consent has been obtained.
- **Legal Basis**
  - **Section 2(j)(ii)** includes lawfully appointed guardian within the definition of "data principal".
  - **Draft Rules (Rule 10)** specify further that the guardianship must either be court appointed or recognised under the Indian disability laws.
- **National Trust Act (NT Act), 1999**
  - Gives full guardianship for autistics, those with cerebral palsy, and others with intellectual disabilities.
- **Rights of Persons with Disabilities (RPWD) Act, 2016**

  - This law pronounces limited guardianship and considers that persons with disabilities retain full decision making power with support.
- **Conflict Areas**
  - The NT Act contradicts the UN Convention on the Rights of Persons with Disabilities (UNCRPD) by assuming PwDs are devoid of decision making capacity.
  - The RPWD Act supports UNCRPD, which means active choice for PwDs but has practical realities not supporting this.

Concerns Raised By Disability Activists

- **Assumption of Incapacity**
  - Section 9(1) assumes that all PwDs who have guardians can't make decisions, countering the limited guardianship model under the RPWD Act.
  - Survey by PACTA and Saksham Disability determined 27.4% of PwDs had legal guardians, but a majority also ran their own affairs, thereby limiting autonomy.
- **Draft Rules Lack Clarity**
  - **Definition Loopholes:** Rules outline physical impairment as a qualifying condition, but physical disabilities don't legally require guardianship.
  - Yet there is no clear modality stating how other disabilities and their grades of severity can be handled.
- **Matrix of Problems in Implementation**
  - How to decide which persons have guardianship from platforms' point of view?
  - Will the guardian be under the same legal obligation with regard to civil liability from breaches of any kind arising from the DPDP Act act?
- **Probably Gender And Disability Concerns**
  - If the platform demands consent from a guardian, a PwD woman will preferably not buy sanitary items online.
- **Effect on Digital Accessibility**
  - The greatest deterrent to digital inclusion isn't just data consent but really ramshackle platforms.
  - A Vidhi Centre for Legal Policy study showed that Paytm, Swiggy, Zomato, and Flipkart had appallingly low accessibility scores.

Source: The Hindu

3. Impact of Coal Power Plant Emissions on Agricultural

Context

In some Indian states, **coal fired power plants are responsible for yield reductions in the range from 5 percent to 10 percent.** The emissions of these plants, **especially nitrogen dioxide (NO_2), are phytotoxic and reduce plant health and photosynthesis.**
Astronomical estimates of the contribution of NO_2 pollution to agricultural regions were done through satellite based analysis.

Regional Influence

- **Chhattisgarh:** It's 19% during monsoon and 12.5% during winter of NO_2 pollution is coal related.
- **Uttar Pradesh:** Though NO_2 levels are high, they are from sources other than coal.
- **Tamil Nadu:** Overall NO_2 concentration is lower, with a large share from coal fired plants.
- **For West Bengal & Madhya Pradesh:**
  - Crop yields in affected areas could increase by 5 10% through pollution abatement.

- Some areas would see >10% increase in yield.

Economic & Policy Outlook

- **Possible gains in crops**
  - **Rice:** $420 million/year
  - **Wheat:** $400 million/year
  - **Total impact:** ₹7,000 crore (~$820 million) per year.
- **Crop damage per gigawatt hour (GWh)**
  - **Wheat:** Up to $17,370/GWh (₹15 lakh).
  - **Rice:** Up to $13,420/GWh (₹11.7 lakh).
- Targeting a select few pollution intensive coal plants in India, therefore, can have considerable economic effects on agriculture.

Policy Recommendations

- **Installation of pollution control equipment in coal plants** with strong negative agricultural effects should be lifted as a priority.
- Strategic interventions would facilitate a **blend between India's rising energy needs and food demands.**
- **Agricultural impact assessments** should be integrated into energy policy formulation.

Larger Context

- Coal dependence in India is still significant, the coal budget is up by **255% in the Union Budget of 2025-26.**
- Food security remains a topic of concern, as **India ranks 105th out of 127 in the 2024 Global Hunger Index.**

Pollution mitigation in select coal plants would allow for improved energy security and food security without compromising economic growth.

4. Time Use Survey for 2024

Key Findings

- In 2024, rural areas used **more time in learning when compared to urban areas.**
- However, the total learning time decreased in **both rural and urban areas vis vis 2019.**
- **Time Spent on Learning (Per Person Daily)**
  - **Urban Areas:** 87 minutes (down from 95 minutes in 2019).
  - **Rural Areas:** 90 minutes (down from 92 minutes in 2019).

Increases of Employment Related Activities

- **Urban Areas:** The average time for completing employment activities saw an increase to 199 minutes in a day (from 188 minutes in 2019).
- **Rural Areas:** A rise from 153 minutes in 2019 increased to 171 minutes a day.

Gender Based Analysis

- Women having their learning time remaining unchanged at **daily 84 minutes.**
- Men's learning time falls from **102 minutes (2019) to 94 minutes (2024).**
- Boys and girls' gap narrowed five years back.

Survey Methodology

- Data collected for individuals **aged 6 years and above**, covering **24 hour activity records.**

- **30 minute time** slots used for recording up to three simultaneous activities of **10 minutes or more.**
- Nine major activity divisions categorized from the responses.

Changes in the pattern of education, lifestyle changes, or employment pressure may represent the declining trend in learning time.
The increasing working hours may indicate changing aspects of the economy, especially in the rural parts of the country.

Banking and Finance

1. RBI Eased Risk Weights Norms on Commercial Bank Loans Extended to NBFCs

Context

RBI has reversed the increase in risk weights prescribed for **commercial bank loans to NBFCs (Non Banking Financial Companies) effective from April 1, 2025.**
The intent behind the move was to ease credit flow to the **stressed NBFCs that were suffering from funding constraints, liquidity deficits, and a sudden increase in stress** on their small ticket and microfinance loans.

Background

- RBI had raised risk weights by 25 percentage points for bank loans extended to NBFCs and
- Certain consumer credit segments (personal loans, credit cards).
- The risk weight **hike caused lending by banks to NBFCs to slow**, and credit growth fell to 6.7% in 2024 (from 15% in 2023).
- **YTD growth until December 2024 has been 4.8%** (against 13.2% in the previous year).

Impact Due To Rollback

- **On Banks**
  - 9% of total banking credit is given to the NBFCs.
  - Lowering risk weights frees capital for higher lending capacity.
- **On NBFCs**
  - Banks are a key source of funding (~₹13 trillion in exposure).
  - The move supports credit flow, alleviating stress in microfinance and small ticket lending.
- **On the Financial Environment**
  - It pursues an agenda consistent with the recent infusion of liquidity initiated by RBI under Sanjay Malhotra.
  - This includes repo rate cut, bond buying, and various relaxed regulations like ECL, LCR, and project finance.

The RBI's rollback of the risk weights is a decision in favor of growth and will respond to the liquidity position of the NBFCs while enabling the sector to expand its credit.
The action is also consistent with the RBI's broader initiative to support financial sector stability for stimulating economic growth.

2. RBI Study on Government Expenditure

Government's Engaging in Development through Expenditure

- Public spending plays a vital in **long term growth, particularly in infrastructure development in India.**
- Budget constraints entail balancing priorities, as there is **need for the government to fund its functioning besides social and physical infrastructure development.**

Trends in Capital Expenditure and Revenue Expenditure

- Capital expenditure (Capex) has a **much higher multiplier effect than revenue expenditure**, with stronger effects on growth sustained over longer periods.
- Here are the changes in Capex over the years: the ratio of capital expenditure to GDP from **1.7% to 1.2% between 1991 96 has been downsized due to fiscal constraints.**
- **2003-08:** Increased to 2.2% of GDP following fiscal reforms.
- **Between 2013-20**, it range between 1.3% 1.6% of GDP as focus shifted in post global financial crisis scenario.
- **Post 2020 Pandemic recovery measures** led to an increase in Capex to reach by 4.6% during 2024 25 (Budget Estimate).

Issues in Fiscal Management

- Continuing **high level of general government debt.**
- Need to increase revenue collection to support **continued growth in Capex.**
- Goods & Services Tax (GST) rationalization could be an option to increase revenues.

Reservations on Private Investment

- Still, despite increasing Capex private investment is rather weak.
- It augurs well for the government to address issues faced by businesses in revamping investment trust while easing the fiscal burden.

Risks of Populism in Spending

- State wise populist schemes due to political consideration are threats for fiscal gains.
  A blade political consensus is needed to balance welfare with fiscal sustainability.

The government must maintain its Capex momentum while ensuring fiscal prudence. Revitalize private investment to minimize dependence on public expenditures. The two important arrows for the long term resilience of the economy are policy stability and fiscal discipline.

Economy

1. UK-India Trade Deals

Context

UK Trade Secretary Jonathan Reynolds and Investment Minister Poppy Gustafsson visited India this week to strengthen economic ties. Though the UK announced 17 new export and investment agreements, the declination of their details was yet to be made.

Major Areas of Takeaways from the Visit

- **Increased UK Investment in India**
  - The UK's technology sector is rapidly rising in India and is the third largest globally.
  - Several UK technology and life sciences companies announced plans for growth in India.
- **Benefit for UK Insurance Companies**
  - FDI limits in insurance have been raised from **74 percent to 100 percent** in India under the Union Budget 2024-25.
  - The policy shift will open up the Indian market for British insurers to own and grow operations.
- **Investment of India in the UK**
  - There have been investments of more than **£100 million from India** for different countries, covering sectors including AI, professional services, and textiles in the UK.

- Further, all these will **create hundreds of new jobs over the next three years.**

- **Strong Linkages of Economic Ties between UK and India**
  - More than 950 Indian owned companies operate in the UK, whereas 650 UK firms are present in India.
  - These all together support more than 600,000 jobs across both their economises.

The UK considers technology and life sciences as areas of future growth in India.
This type of arrangement could be valuable in accelerating the India UK Free Trade Agreement (FTA) negotiations, as trade discussions continue. The extended insurance FDI cap opens up huge business avenues for UK financial institutions in India.

2. India-Australia Economic Ties

Context

Australia has just come out with a **brand new comprehensive road map for strengthening their bilateral economic relationship with India.**

Key Highlights

- New economic roadmap introduced by **Australian Prime Minister Anthony Albanese to scale up trade and investment relations with India.**
- **Focus on four "superhighways of growth"**
  - Clean Energy
  - Education & Skills
  - Agribusiness
  - Tourism.

List of big announcements

- **$16 Million Trade and Investment Fund:**
  - Through the Australia India Trade and Investment Accelerator Fund, Australian interests will be expanded, and businesses will focus on operations in India.

Tariff Reductions under ECTA

- 90% of Australian exports to India **would become free of tariffs by 2026 (up from 85% presently).**
- Under the pact by 2026, **ECTA also assured that 100% import into Australia from India would be tariff free (currently at 96%).**
- **A total of $2 billion** of tariff savings for Australian business entities by December 2024.

Trade Growth

- Initially, AU exports to India increased by 35% in the first year of ECTA (excluding coal).
- Major agricultural imports from Australia into India include cotton, nuts, and fruits.

The Look Ahead & Next Steps

- Under consideration is **Australia India negotiations for a full Free Trade Agreement (FTA)**, which would deepen economic integration.
- This roadmap is likely to **open the way for an even stronger trade and investment flow between the two neighbor countries,** leveraging rapid India growth.
- Areas of emphasis are **clean energy, education, and agribusiness,** which are in line with India's very own sustainability and economy objectives.

Source: Business Standard

Agriculture

1. Ethanol Blending with Petrol

Context

The Ethanol Blended Petrol (EBP) Programme was formulated to **reduce oil imports, curb carbon emissions, and support farmers via grain based ethanol.**
Target Acceleration: Ethanol blending target was advanced by India from 2030 to 2025.
Current Progress: As of 2024, the blend was at 15%, where 1,016 crore litres were required in ethanol to achieve the target for 2025 26.

Environmental and Health Issues

- **Pollution from Factories**
  - Ethanol factories generate hazardous chemicals that are associated with cancer acetaldehyde, formaldehyde, acrolein.
  - The emissions created are not accounted for in environmental clearances of factories in Andhra Pradesh.
- **Depletion of Water Resources**
  - The water required for a single grain based ethanol factory would vary **between 8 and 12 litres per one litre of ethanol produced.**
  - **Groundwater is largely being extracted,** particularly in regions of lean flow rivers such as the Krishna.
- **Poor Pollution Control**
  - Ethanol places factories in the "**red category**" (high pollution scores of over 60).
  - Bypassing public hearings weakens regulatory enforcement.

Agitations in AP with Government Inaction

- Protests continue in **Andhra Pradesh (Gummaladoddi, Gandepalli, Arugolanu), where it has been alleged that:**
  - Drinking water sources are being adversely affected by effluent discharge.
  - Pollution control authorities have turned a blind eye to the blatantly polluting factories.
  - Lokayukta reports have pointed out the malpractices, yet nothing has been done.

Contradictions in Green Energy Goals

- **NITI Aayog Report (20% EBP Impact)**
  - **Reduction of Carbon monoxide:** 30% (Cars), 50% (Two Wheelers).
- **Environmentalist Counter**
  - The environmental benefits obtained from blending ethanol may be more than offset by the pollution caused resulting from its production processes.
  - Factory owners say that strict pollution control measures, rising in production cost show why they are almost imposing.

Balance Required

- **Development vs Sustainability**
  - Ethanol blending, should not trivialize agriculture, human health, and riparian rights.
- **Recommendations for Policy**
  - Pollution control regulations should be made tighter and their implementation ensured.
- **Assessments for Environmental Impact**

- It must include audits for emissions in places where the Ethiopian public are to give input on them.
- **Sustainable water use for ethanol plants should be enforced.**
- **Reinstating public hearings** will ensure local communities will have a say.

A truly green future will need an integrated view toward renewable energy goals and environmental and agricultural sustainability. Failing to consider these concerns may frustrate the very objectives intended with the EBP programme.

2. Roots Foundation's Project Parali

Context

Project Parali implemented by **Roots Foundation has ceased stubble burning on over 3 lakh hectares in Haryana over a period of 3 years.**

Focus Areas

- **Sustainability**
  - Stubble is made into household products and not burnt.
- **Women Empowerment**
  - Women led initiative with 80% of earned income reinvested into local communities.
- **Plastic Waste Reduction**
  - Creation of eco friendly alternatives from stubble waste.

Agriculture and Sustainability Efforts

- **Natural Resource Conservation Programme (NRCP)**
  - Water efficient techniques Direct Seeded Rice, Alternate Wetting and Drying.
  - Safe pesticides and crop residue management.
  - Improved farmer livelihoods since 2018, reaching into **10 lakh farmers.**

Challenges & Industry Observations

- **Technology in Agriculture**
  - Most agri tech start ups are into valuations, not into real problems for farmers.

Quality and Traceability in Food Processing

- **Sustainable Farming and Policy Recommendations**
  - Demand driven agriculture should be able to give the best profitability.
  - Reduce the production costs with proper practices.
  - Government schemes should be leveraged for farmer benefits.

Roots Foundation's holistic approach makes it a true protagonist of environmental conservation and economic empowerment as well as sustainable farming with long lasting effects in India's agricultural sector.

3. Microsoft AI-infused 'Project Farm Vibes'

Context

Microsoft's Project Farm Vibes aids farmers in **increasing crop yield by 40%, reducing fertilizer use by 25%, and conserving water by 50%.**
Satya Nadella's claim about the transformational powers of AI in Baramati made Musk react: **"AI will improve everything."** By building a partnership with Microsoft, the Agricultural Development Trust in Baramati is now scaling AI-led farming solutions to nearly **50,000 farmers.**

Agriculture Aided by AI

- **Project Farm Vibes builds Microsoft AI technologies onto the Azure stack**
  - **Azure Data Manager for Agriculture (ADMA):** Aggregates satellite data along with weather and sensor data to ease effective decision-making in farming.
  - **Farmvibes.AI:** Another AI app that measures soil moisture, temperature, humidity, and pH levels.
  - **Agripilot.ai:** Integrates Azure Maps & OpenAI to provide actionable advice in local languages.

Real effect

- **Crop Yields Enhanced**
  - Experimental plots with sugarcane increased weight by 30% to 40%, with a 20% increase in sucrose content.
- **Best Resource Utilization**
  - A 50% cut in water consumption through AI-directed irrigation.
  - Less fertilizer application for appropriate spot fertilization.
  - Less postharvest loss (by 12%).
- **Crop Cycle Time Reduction**
  - AI methods reduced the sugarcane cycle from 18 to 12 months.

The larger objective

- **Nationwide Implications**
  - When this succeeds, it would be considered the dawn of a totally new paradigm of sustainable and technology-based agriculture for India.

Microsoft AI indeed transfers power to small farmers and thereby minimizes environmental threats to maintain agriculture while opening the door for even better agricultural efficacy across India.

Facts To Remember

1. In a first in India, bird flu detected in domestic cats

The first cases of avian influenza virus (H5N1) in domestic cats in India has been reported from MP's Chhindwara, raising concerns about the bird flu pathogen mutating and infecting humans.

2. WAVES summit in Mumbai to Be one of its kind: I&B Secretary Sanjay Jaju

The Secretary of the Ministry of Information and Broadcasting Sanjay Jaju has said that the WAVES summit to be held in Mumbai from the 1st to the 4th of May will be one of its kind summit where all the verticals of media and entertainment will get together.

3. Global order will not be determined by the developed nations: FM Nirmala Sitharaman

Finance Minister Nirmala Sitharaman has said that against all the challenges globally, India is moving ahead with growth. Addressing a media conclave in New Delhi today, Ms Sitharaman said, the global supply chain is where the concentration risks are posing challenges. She said these are very interesting but very challenging times.

4. Union Minister Piyush Goyal inaugurates Bharat Calling Conference 2025

Union Minister of Commerce and Industries Piyush Goyal, today, inaugurated the Bharat Calling Conference 2025 in Mumbai.

FIVE TO REMEMBER · 27 FEBRUARY 2025

1. **The National Food Security Act (NFSA)** in 2013 delivered maternity benefits of **₹6,000 per child** to every pregnant woman in the unorganized sector. Maternity Benefits in India
2. Coal dependence in India is still significant, the coal budget is up by **255% in the Union Budget of 2025-26**. Regional Influence
3. The risk weight **hike caused lending by banks to NBFCs to slow**, and credit growth fell to 6.7% in 2024 (from 15% in 2023). RBI Eased Risk Weights Norms on Commercial Bank…
4. Here are the changes in Capex over the years: the ratio of capital expenditure to GDP from **1.7% to 1.2% between 1991 96 has been downsized due to fiscal constraints**. RBI Study on Government Expenditure
5. 90% of Australian exports to India **would become free of tariffs by 2026 (up from 85% presently)**. India-Australia Economic Ties

Now test yourself: c4scourses.in/daily-quiz/daily-quiz-23-24-february-2025/

DAY 2 OF 2

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International Affairs

1. Kremlin Considers No Negotiation on Annexed Ukrainian Regions

Context

Five contested Ukrainian regions, according to it, are currently ruled out by Russia from any negotiation: **Crimea (2014), Donetsk, Luhansk, Zaporizhzhia, and Kherson (2022).** A spokesman for the **Kremlin, Dmitry Peskov,** emphasized that all these territories have now become "an inseparable part" of Russia and have been declared "non negotiable".
Part of **Zaporizhzhia and Kherson remains under Ukrainian control** though it has been claimed so by Russia.

Background

- Crimea was annexed in **2014 by Russia following a disputed referendum** which nearly all other parts of Ukraine and the Western world rejected.
- In September 2022 **Russia annexed four more regions,** which had failed to control entirely when Russia's large invasion had already been initiated.
- Several counter offensives have since been taken by Ukraine, with which **they have managed to regain some of its previously occupied lands.**

Latest Developments

- **Advances of Ukraine**
  - Ukrainian forces have seized territory in Russia's Kursk region, thus heightening the tension further.
- **Wedding Exchange?**
  - By hinting at the possibility of some sort of territorial exchange with Moscow, Ukrainian President Volodymyr Zelensky has sparked rumors, but Russia has otherwise categorically rejected such.

The Implications

- **Diplomatic Stalemate**
  - As Russia does not agree to any negotiation, the hostilities have indeed moved into a European style deadlock with limited space for diplomatic settlement.
- **Further escalation from the hostilities** may ensue as fighting becomes more heated in Ukraine as it follows through on its counters and as it continues to solidify as a nation on behalf of its citizens.
- **West to reject Russian position** by extending support to Ukraine and, of course, not recognizing any annexation.

Source: The Hindu

2. EU-India Relationships

Context

Leading **India-EU** Ties into the Future "**In this new normal of multiple conflicts around the world and**

competition in all ways, trusted friends are an essential ingredient," said European Commission President Ursula von der Leyen.

Key Highlights

- **An important dialogue between India and itself exists**
  - The talks held in consonance with the
- This coincides with **U.S. Russia peace talks on Ukraine and tensions** continuing in Bangladesh, with the EU laying an active hand in its support for the popular democracy.

Human Rights are also EU Issues

- **View of the EU Parliament on India**
  - **EU has raised valid concerns over human rights**, especially in India with regards to freedom of speech and minority rights.
  - **Claudio Francavilla (Human Rights Watch)** asked the EU to sharpen its position on the so called crackdowns on dissent and minorities under PM Modi.
- **Manipur Issue**
  - The European Parliament condemned the **ethnic violence in Manipur (a Meitei versus Kuki Zo conflict).**
  - India rejected the EU comments as intrusion**, asserting that Manipur was an internal matter.**
  - The Indian officials are **ready to repeat this position again if the matter is discussed.**
- **Bangladesh Factor and Regional Stability**
  - EU Concern about Democ Bangladesh might see a conversation about EU concerns over democracy and minority rights.
  - The EU has been a significant flagbearer of free elections and human rights in the region. Dialogue may also extend to India's role in Bangladesh's steadfastness, especially considering the closeness with Dhaka.

Strategic vs Rights Based India EU Approach Growth

- The rapprochement between **India and EU is increasing,** including on **trade, security, and geopolitical cooperation.**
- Remaining points of eminence are those of **human rights about which India maintains that such issues should be kept beyond scrutiny from foreign governments.**
- This little twist in the **Bangladesh pot plunges discussions into another layer with EU** calling for the cause democratization in South Asia.

3. EU vs. Trump

Bold Assertions, Tariff Threats from Trump

- **Former U.S. President Donald Trump** has definitely reignited tensions, **asserting that the EU was "formed to screw the United States."**
- He pledged to place a **25% tariff** on all imports from the EU if elected again.
- He said the U.S. is "**the pot of gold**" and could stop trading with Europe if it wanted to.

EU's Strong Denial & Retaliation Plans

- Polish PM Donald Tusk **rejected Trump's words, asserting the EU is a force for peace, fair trade, and transatlantic friendship.**
- The European Commission vowed **countermeasures, with enforcement beginning** from the day in question, on
  - **Bourbon whiskey:** a kick in the guts for American distillers.

- **Jeans:** a direct hit to U.S. fashion exports.
- **Motorcycles:** a nod to past tariffs on Harley Davidson.

Increasing Transatlantic Tension

- This is coming in the wake of Trump's threats to withdraw security guarantees for NATO allies.
- The rift presages an imminent fracture in **U.S. EU relations,** echoes of the trade disputes of 2018 19.

What's at Stake? Economic & Political Fallout

- An all out tariff war could disrupt approximately **$1.3 trillion in yearly trade between the U.S. and the EU.**
- **The economic sectors that are endangered**
  - U.S. automobile exports, now again hitting the top of EU list for tariffs.
  - Vulnerable to U.S. countermeasures: European luxury goods & tech industries.
- **Political stakes**
  - EU elections may hold the key for more robust leaders in June 2025.
  - Trump's Return: reshaping global alliances and the pivoting of Europe towards greater economy independence.

EU signals it won't back down. Retaliatory tariffs could escalate into a full blown trade war. U.S.-EU relations face a crossroads with consequences for the world economy.

4. Tariffs on Canada, China & Mexico by US

Context

President Donald Trump plans to **impose tariffs on Canada and Mexico** starting **March 4, 2025**, in addition to doubling the 10% universal tariff charged on imports from China.

New Tariffs Announced

- **Canada & Mexico**
  - Tariffs levied on imports at 25% with 10% tax on Canadian energy products (oil & electricity).
- **China**
  - Doubling the existing specialized 10% tariff on imports.
- **Europe**
  - Proposed 25% tariffs, in addition to specific tariffs aimed at autos, chips, and pharmaceuticals.
- **Steel, Aluminum & Copper**
  - Elimination of dynamics of 2018 tariffs, whereby imports now cost more.

Reasons for the Tariff Imposition

- **Fentanyl and drug trafficking**
  - Inducing nations to conform is by having tariffs; illicit drug smuggling is one of those Tariff justifying reasons.
- **Economic Policy**
  - In Trump's wing, there is a foreign policy called "April 2 Reciprocal Tariff," wherein U.S. tariffs would vary in a reciprocal manner from those imposed on American goods abroad.

Responses and Response Actions

Stock Market Impact

- **S&P 500** has fallen by **1.6 percent**, **erasing nearly all post election gains.**
- **Consumers are going down,** and trade fears are highly intense.

- **Foreign Responses**
  - **Mexico:** The president, Sheinbaum, hopes that all discussions will take place to avoid those tariffs. Security cooperation comes with key economic goals.
  - **Canada:** warned by PM Trudeau of retaliatory tariffs of about **$30B, increasing to $125B** after three weeks if dispute is not resolved.
  - **China:** A dialogue, called for by the commerce minister, Wang Wentao, as China, appears better prepared for a trade line conflict.

Economic Effects

- **Increased cost to U.S. consumers and businesses**
  - Producers in the United States would add additional costs to U.S. consumers from Canada/Mexico tariffs thought to approximate $120B 225B per year.
  - The additional tariffs from China may add another **$25B to U.S. costs a year.**
- **Rising inflation and political risk**
  - Inflation expectations were pushed up from **5.2% to 6%** in February.
  - The latest consumer confidence drop is the **largest reported so far since 2021**, indicating a concerning trend emerging among citizens.
  - They wait in anticipation of a **possible political** fallout because tariffs have the potential to discredit Trump's commitment to reducing inflation.

Trump's tariffs seem designed to create an event that will lead to what could be tantamount to a global trade war. But it definitely has enormous economic and political consequences. Most importantly, it intends to address both drug trafficking and trade imbalances but may slow down growth, escalate prices, and put international relationships under tension.

Source: The Hindu

5. Trump's 'Gold Card' Immigration Plan

What Is It?

A 5 million dollar **"gold card"** granting green card privileges and a path towards citizenship of the United States.

The Impact on Indian Graduates

- American companies will buy these gold cards to recruit top Indian graduates **from Harvard, Stanford, and other elite universities.**
- To **retain skilled talent** that would otherwise leave the US.

Replacement for EB-5 Visa

- Such a gold card will bulldoze the **EB-5 immigrant investor visa program requiring job creating investment in American territory.**
- The gold card instead, **sells residency out there without investment requirements.**

Revenue for US Debt

- Trump awaits the sale of millions of gold cards.
- The proceeds are reportedly expected to bring down own debt.

Implications

- Seen as an alternative to immemorial work permits, especially H-1B.
- Could favor wealth over merit in immigration.
- Raises ethical concern for selling residency and citizenship.

- It is expected to be up and running in two weeks.

National Affairs

1. Delimitation

Context

The delimitation, **an exercise in the country that involves the redrawing of boundaries for parliamentary and state assembly constituencies based on population changes,** is an area of concern **among the southern states of the country.** The leaders from this region suspect that the next delimitation, planned after the 2026 census, may shrink their representation on the Lok Sabha due to the states' success in controlling population growth.

Key Concerns

Threat of Losing Parliamentary Seats

- States like **Tamil Nadu, Kerala, Karnataka, and Andhra Pradesh** have in effect executed population control measures for decades, while states in the north like Uttar Pradesh and Bihar have seen a spurt in population growth.
- In the anticipated delimitation that would be carried out based on the most recent population figures, the southern states may stand to lose to the **more populous northern regions in terms of representation and available clout in the national decision making process.**
- **Southern states are the economic backbone of India**, with any downward shift in political representation only proving to undermine its claims over federal governance.

Differentiation in Economic and Development Levels

- Though having smaller populations, southern states are heavily contributive to the Indian economy. The combined gross domestic product (GDP) of **Karnataka, Kerala, and Tamil Nadu is above that of the 13 states in the eastern region.**
- Any diminishment of the parliamentary representation of these southern states will effectively lead to diminishing of **political leverage, which in turn, may impact** the allocation of **Central funds and resources vital for sustaining their development paths.**

Punishment for Population Control Policies

- South leaders argue that drawing the **allocation of seats based on population** is punishing those states that have actually gone about implementing **family planning and population control.**
- **Forward looking kind of policies** would not be encouraged by states who see delimitation as a punishment for doing something laudable.

History and Implications of Delimitation in India

The delimitation process in India was **adopted three times since independence:**

- **1951 Census:** 494 Lok Sabha seats | Population: 36.1 crore (7.3 lakh people per seat)
- **1961 Census:** 522 seats | Population: 43.9 crore (8.4 lakh per seat)
- **1971 Census:** 543 seats | Population: 54.8 crore (10.1 lakh per seat)

Key Events

- In 1976, the process was frozen to curb the **advantage of states gaining more seats due to population rise during the period of family planning.**
- **The 42nd Amendment Act (1976)** provided a moratorium of **25 years, up to 2000, on delimitation.**
- This period of moratorium was further extended, until 2026, by the **84th Amendment Act (2001).**

- At present, the delimitation of **543 Lok Sabha (and 250 Rajya Sabha)** seats is based on the **1971 census data.**
- While there were no changes made to total seats, constituency boundaries were adjusted after the **2001 Census,** as were **SC/ST reservations,** which will see another revision after **2026.**

Key Challenges

- Addressing **regional disparities in representation** while maintaining **federal balance** is critical.
- **Representation vs. Federalism:**
- A **simple population-based redistribution** would shift political power towards **Northern States**.
- **Southern States, despite economic and social progress, may feel politically sidelined**.
- **Need for a Balanced Approach:**
- Expanding **overall Lok Sabha seats** could be a solution to **prevent drastic changes in State-wise proportions**.

The Urgency of Conducting the Census

- As India aims for **global leadership**, it cannot afford to **delay the fundamental task of counting its population**.
- **Census Delay Raises Questions:**
- **A delayed Census could enable early delimitation, benefitting certain regions politically**.
- **Accurate data** is essential before making **such a major electoral change**.

Future of Delimitation and Its Impact

- The 2031 Census will lead to the next delimitation, which in turn may prompt an i**ncrease, decrease, or redrawing of constituencies while retaining unchanged the total number of parliamentary seats.**
- **Delimitation, however, is a highly sensitive issue, particularly among the southern states:** Tamil Nadu, Kerala, Karnataka, Andhra Pradesh and Telangana.

Hurdles abound in the delimitation exercise, whereby equal representation as required by the Constitution must be gently weighed against rewarding the good governance and population control achievements. Policymakers must be brought around the table before the 2026 deadline in order to deal with the grievances of southern states and uphold the federal equation.

2. EPFO Central Board of Trustees Meeting

Context

The interest rate for Provident Fund (PF) deposits for the upcoming financial year 2025-26 will be decided by the **Central Board of Trustees (CBT)** of the Employees' Provident Fund Organisation (EPFO).
The present interest rate stands at **8.25%.**
Workers' Demand: Consider to add an increase in the interest due to the inflation & economic distress conditions.
The finalized recommendation will go to the **Ministry of Finance for approval.**

Implementation of the Supreme Court Directive on Increased PF Pension

- The November 2022 verdict from the **Supreme Court authorized employees who meet eligibility conditions to seek a higher pension which is reflective of actual salary rather than determined by the salary ceiling for pensionable service.**
- **However, there has been widespread protest by EPFO** regarding the pro rata calculation for pension.
- **EPFO Position**
  - The basis for pro rata calculation is via Para 12 of the Employees' Pension Scheme (EPS) which gives its stamp of approval to **balance between pensioners under wage ceilings and those enjoying**

higher wages.
  - The Supreme Court did not declare this provision as ultra vires.
- **Current Standing**
  - Of higher pension applications filed, about **70% have been processed.**
  - **Target:** by March 31, 2025, completion of all applications.
- The CBT's executive has **instructed EPFO to expedite cases pending for major PSUs.**

Changes Proposed in Employees Deposit Linked Insurance (EDLI) Scheme

- **Current Situation**
  - Under the EDLI scheme, benefits are not paid in the case of death occurring within one month of joining.
- **Proposed Changes**
  - At least a compensation of **₹50,000** to the family of the employee in the case of death.
  - Greater compensation in the event of the death occurring within six months from joining.
- **Objective**
  - To ensure that family remains financially secure even in the event of early demise of the worker.

Workers demand a higher interest rate, but final decision varies depending upon financial feasibility. Implementation of a higher pension is being carefully monitored with the EPFO having a target of processing all cases by March 2025.

3. Drug Export Reform

Export NOCs for Unapproved Drugs Made Simple

- **Old System**
  - NOC was an application process for exporters for every order, depending on the customer and quantity.
- **New System**
  - A Blanket NOC will be granted on the basis of one year of export history.
  - NOC is issued product and country specific and does not tie itself to a single importer.
  - The number of NOCs granted will reduce from **~15,000 to 5,000 in a year** to lessen the regulatory burden on exporters.
- Companies are supposed to provide **customer details and regulatory proof only once every year.**

Impact: With reduced bureaucracy, the export becomes fast and cheap for Indian pharma companies.

New Guidelines for Biosimilars, Cell, and Gene Therapy

- **Biosimilars**
  - New guidelines will replace the ones made in 2018, putting India in line with global marking.
- **Cell & Gene Therapy**
  - India is coming up with its first regulatory framework by **CDSCO, DBT, and ICMR.**
  - All of this is aimed towards providing clarity and streamlining of approvals for companies.

Impact: Greater regulatory clarity enabling innovation in biotech emerging sectors.

Strengthening Regulatory Oversight and Digital Integration

- **Increased Inspections**
  - 905 inspections over two years have ensured compliances post approvals.
  - Enhanced inspectorial glare after the Aveo case, a recent regulatory infringement incident.

- **Digital Regulatory Platform**
  - The **₹100 crore project** intends to synergize all regulatory stakeholders (state regulators, custom, GST, manufacturer).
  - It intends to map the **supply chain from approval to sale, ensuring transparency.**
  - It would be up and running in about two years.

Impact: Stronger oversight reduced compliance risks and increased co ordination.

Pharma on the Rise, Hiking Exports but With Challenges

- **Indian Pharma exports grew by 9%**, nearly double the global growth rate, as per McKinsey.
- **Challenges**
  - Emerging regulatory trends from India and abroad will disrupt growth.
  - Increasing regulatory scrutiny in low and middle income countries (LMICs).

Impact: Growth prospects are bright, but Indian firms must adapt to a very fast changing regulatory environment.

The new and simplified process of NOCs will help exports get done in record time. The new guidelines for biosimilars and cell therapy express India's interest in aligning with global standards. Strong regulatory oversight integrated inspections with digital methods. Pharma exports are rapidly growing, though companies must contend with regulatory roadblocks.

4. Bharat Ports Global

Context

India has launched '**Bharat Ports Global**' to make a firm entry into international maritime geography .

Formation of Bharat Ports Global Consortium

- **Purpose**
  - Into bid for international port projects underlining India's role in global maritime trade. Members of the Consortium:
- **India Ports Global (IPGL)** – takes the operations in terms of Chabahar Port.
- **Sagarmala Development Corporation (SDCL)** – financial based function and then it is going to be maritime NBFC.
- **Indian Port Rail and Ropeway Corp (IPRCL)** Spearheads the infrastructure development.

Impact: Further augmentation of the global port infrastructure, as well as logistics effectiveness and trade competitiveness of India.

Areas Identified for Further Strengthening

- **International North South Transport Corridor (INSTC)** – 7200 km long trade route linking India, Iran, Russia and Central Asia.
- **India Middle East Europe Economic Corridor (IMEC)** – Intended to be a strategic trade route linking India with the UAE, Saudi Arabia, and Europe.
- **Eastern Maritime Corridor Reinforcement** of trade between India and Russia.

Impact: Further consolidated by India's presence in critical trade corridors whereby cargo movements become smoother.

Digital Trade Facilitation: The Launch of 'Maitri Interface'

- **Maitri (Master Application for International Trade and Regulatory Interface)**
  - Runs on a Virtual Trade Corridor between India & UAE. Will involve AI and Blockchain for security and efficiency of trade.

- Will eventually stretch to cover BIMSTEC and other ASEAN nations.

- **Includes**
  - Standardization of trade documents for reduction in delays.
  - Supply chain optimization and regulatory compliance enhancement.

Impact: Lesser time in processing, better efficiency in trade, and furthering sustainable economic development.

Bharat Ports Global really opens up the global maritime presence for India. Heavy investments are expected in all major trade corridors (INSTC, IMEC, Eastern Maritime Corridor).

Maitris digital interface will thus play a very important role towards its intended use by becoming part of cross border trade through AI & Blockchain.

Source: Business Standard

5. World's First Quantum Computing Chip- Ocelot

Context

Caltech has joined forces to bring about the first **quantum computing chip of Amazon here. One arrow goes by the name of Ocelot.** This launches Amazon into the quantum **coliseum** as recently-born hardware by other companies like Google and Microsoft.

New Possible Uses in Quantum Computing

- Inconceivably faster than normal computers, **such phenomena are expected to change industries such as chemistry and health-care.**
- Some experts opine that **it will still take a decade from now before real life applications are observed.**

Features of the Ocellus Computation Chip

- **Configuration:**
  - Two co-centric squares of silicon.
- **Qubits:**
  - Five qubits act as data storage devices.
  - Four additional qubits are for stabilizing and correcting errors.
- **Error Correction:**
  - With the help of "**cat qubits**", computation errors can be minimized similar to that of the famous thought experiment of Schrödinger's cat.
  - These errors should be due to heat, vibration, and electromagnetic interference.
- **Cost Effectiveness:**
  - Amazon claims that using this architecture is a decrease of 90 percent in costs as regards the most other quantum computing architectures.

This brings Amazon high up into the scales as far as its quantum computing ambitions are concerned, perhaps tilting the odds further in favor of closing the race into the very real-world applications domain of quantum.

Banking and Finance

1. Banks to Stay Conservative on NBFC Lending

Context

Banks are set to take a conservative approach to lending to Non Banking Financial Companies (NBFCs).

Rationale: Concerns about performance in the sector as pointed out by Pankaj Naik, Director, India Ratings & Research (Ind Ra).

Focus on Top Tier NBFCs

- Banks will restrict their **exposure to higher rated NBFCs.**
- **Lending to weaker NBFCs** is considered high risk due to the mounting asset stress.

Signs of Stress in NBFCs

- **Secured and unsecured loans slinking for NBFCs** are showing increasing signs of stress.
- **Asset quality pressure** shall become visible by FY26.
- **NBFC loan pricing shall remain lofty:**
  - There shall not be any immediate reduction in lending rates to NBFCs.
  - With risk rates going back to normal, lending from the banks will remain conservative.

Microfinance Sector Challenges Add to Risk Aversion

- **Microfinance Institutions (MFI)** sector facing increasing delinquencies.
- **Consumer income moderation**, leading to rising defaults.
- **Nomura Research:** Stress in MFI segment will further discourage banks from increasing exposure.

Banks will favor lending to higher rated NBFCs. Asset quality pressures in NBFCs & MFIs will affect lending sentiment. High risk aversion shall result in NBFC loan pricing being kept high.

Source: The Hindu

Economy

1. Centre Seeks to Cut States' Tax Share

Context

The Union Government plans to reduce the share of tax revenue allocated to States from **41% to 40%.** The proposal will be sent to the **Finance Commission (headed by Arvind Panagariya) for the recommendations.**
If approved, the change will be applicable from **FY 2026-27.**

Expected Revenue Impact

- A **1% reduction in States'** share could give the Centre approximately **₹350 billion.**
- **Actual impact depends** on the level of annual tax collections.

Cabinet Approval and Timeline of the Process

- It is expected that the **Union Cabinet shall clear the proposal by March end.**
- It is to be submitted to the **Finance Commission for the final recommendations.**
- The Commission's report will be binding and shall be **submitted by October 31, 2025.**

Possible Tensions Between Centre & States

- **Anticipating opposition from States,** as it reduces their fiscal resources.
- It may trigger further financial disputes between the **Centre and States,** especially if they are led by the opposition.
- So far, no official comment has come from the Finance Ministry or the Finance Commission.

Proposal to reduce the States' share from 41% to 40%. Central government stands to gain from ₹350 billion from this change. There could be political tussles over sharing of revenue.

Source: The Hindu

2. Fiscal Deficit: IMF vs. Government Perspective

Context

A fiscal deficit of around 3 per cent of the **gross domestic product (GDP)** for the central government, as advocated by the **International Monetary Fund (IMF)**, is difficult since a significant amount of capital expenditure previously undertaken by state-owned enterprises (SOEs) has been brought onto the central government budget.

The push by the government to IMF on the 3% fiscal deficit target

- Therefore, the IMF recommends India to bring down its central fiscal deficit to **3% of GDP, which includes a combined deficit (Centre + States) below 6%.**
- **Government says**
  - In capital expenditures done by state owned enterprises (SOEs), the earlier capital expenditure is found in the central budget, making it a difficult **3% target.**
  - **Complete elimination of revenue deficit** can compromise with economic growth.

Gradual medium term fiscal consolidation

- Both agree that fiscal consolidation is necessary **among IMF and the Indian government, however, they want to adjust it gradually due to global uncertainties.**
- **Government's debt strategy**
  - Because most of the public debt is long term, fixed rate, and held domestically, the risks are reduced.
  - Target to lower the debt to GDP ratio to 50% by FY31 (from 57.1% in FY25).
  - For FY26, the target will be adjusted to 56.1%, based on **nominal GDP** growth of 10.1%.

Fiscal Reform by IMF Recommendations

- **Revamping FRBM Act includes**
  - Medium term projections for macroeconomic variables
  - A clear fiscal roadmap for both Union governments and for states
  - Escape clauses for flexibility in the event of economic shocks.

Measures Employed to Increase Revenue

- Simplifying the **GST and reversing the past GST** rate cuts.
- **Exhibit an Reversal** in fuel excise cuts and broaden the income tax base.
- **Allowing domestic energy** prices aligned with international rates.

Main Takeaways

- India prefers **slow gradual fiscal adjustment** in which growth is given priority by being against aggressive deficit cuts.
- **Government debt strategy** will thus be based primarily on stable, long term borrowing, making it less risky.
- **Stronger operational revenue mobilization** is demanded by the IMF through: GST reform & subsidy rationalization.
- There should be a **revamped fiscal policy framework** for better transparency and long term stability.

Expenditure Rationalization

- Improved targeted subsidies and conversion toward direct **cash transfers wherever possible.**
- Retrospectively analyzing budget schemes to **find cost saving opportunities.**

Source: Business Standard

Facts To Remember

1. Govt. appoints Tuhin Pandey as new SEBI Chairman

The government on Thursday appointed Finance and Revenue Secretary Tuhin Kanta Pandey as the new chairman of the Securities and Exchange Board of India (SEBI).

2. Kyrgyzstan and Tajikistan finalise border deal, end years-long spat

Kyrgyzstan and Tajikistan have finalised a border agreement on Thursday, exchanging territories to end a decades-long dispute. Kyrgyzstan gains 25 sq. km from Tajikistan in exchange for land and better water access. The deal includes neutral roads and eased access to resources, marking a significant step towards peace.

3. Conservative-led coalition to form govt. in Austria without far right

Austria's conservative People's Party (OeVP), Social Democrats, and liberals formed a three-party government excluding the far-right Freedom Party (FPOe).

4. Amazon unveils Ocelot, its first quantum computing chip

Amazon Web Services (AWS) on Thursday has unveiled Ocelot, its first quantum computing chip, designed to reduce quantum error correction costs by up to 90%.

5. Soviet chess giant Boris Spassky passes away aged 88

Soviet chess Grandmaster Boris Spassky, who was famously defeated by US player Bobby Fischer at the height of the Cold War, has died at 88, the Russian Chess Federation announced.

6. PM Modi, EU Chief Von Der Leyen Set Ambitious Agenda for Trade, Green Energy & Connectivity

Prime Minister Narendra Modi today held delegation-level talks with the President of the European Commission, Ursula von der Leyen, in New Delhi.

7. India Retains Fastest-Growing Economy Tag with 6.2% GDP Growth in Q3 FY25

India retains the fastest-growing major economy tag as the country's GDP grew by 6.2 percent in the third quarter of FY25, up from the revised rate of 5.6 percent in the previous quarter. India recorded a GDP growth of 8.6 percent in the third quarter of the last fiscal year.

8. EPFO Retains 8.25% Interest Rate on EPF Deposits for 2024-25

The Central Board of Trustees (CBT) of the Employees' Provident Fund Organisation (EPFO) has kept unchanged and recommended the same interest rate of 8.25 percent on employees' provident fund (EPF) deposits for 2024-25. EPFO, which manages the EPF accounts of over seven crore subscribers, had increased the EPF interest rate from 8.15 percent in 2022-23 to 8.25 percent in 2023-24. The recommendation of the EPFO will be sent to the Union Ministry of Finance for approval.

9. India Advancing Towards Prosperity with Transparent Financial Laws: LS Speaker Om Birla

Lok Sabha Speaker Om Birla today emphasised that the country is moving forward on the path of prosperity. Addressing a symposium on the theme Adoption to Changing Landscape: My Viksit Bharat – 2047 in New Delhi, the Lok Sabha speaker highlighted how the government is working in the direction of making financial laws simple and transparent

10. WAVES Explorer Challenge invites creators to showcase India's diversity through YouTube Shorts

The World Audio Visual & Entertainment Summit (WAVES) is offering an exciting opportunity to creators and storytellers through 'WAVES Explorer Challenge' to showcase their vision of India by making YouTube Shorts.

11. Union Ministers discuss trade, tech ties at 2nd India-EU TTC meeting

External Affairs Minister Dr S Jaishankar participated in the 2nd India – EU Trade and Technology Council meeting along with Commerce and Industry Minister Piyush Goyal and Information Broadcasting Minister Ashwini Vaishnaw in New Delhi today.

12. Finance Secretary Tuhin Kanta Pandey appointed as new SEBI Chairman

Finance Secretary Tuhin Kanta Pandey has been appointed as the new Chairman of the Securities and Exchange Board of India (SEBI) for a term of three years. He will succeed Madhabi Puri Buch. The Appointments Committee of the Cabinet has approved the appointment of Tuhin Kanta Pandey as the new Chairman of SEBI.

13. National Science Day 2025: Empowering youth for global leadership

National Science Day is being celebrated across the country today. The day is observed every year on the 28th of February to commemorate the discovery of the 'Raman Effect' by the eminent physicist Sir C.V. Raman.

FIVE TO REMEMBER · 28 FEBRUARY 2025

1. **The 42nd Amendment Act (1976)** provided a moratorium of **25 years, up to 2000, on delimitation**. Delimitation
2. The basis for pro rata calculation is via Para 12 of the Employees' Pension Scheme (EPS) which gives its stamp of approval to **balance between pensioners under wage ceilings and those enjoying higher wages**. EPFO Central Board of Trustees Meeting
3. EU elections may hold the key for more robust leaders in June 2025. EU vs. Trump
4. The Commission's report will be binding and shall be **submitted by October 31, 2025**. Centre Seeks to Cut States' Tax Share
5. President Donald Trump plans to **impose tariffs on Canada and Mexico** starting **March 4, 2025**, in addition to doubling the 10% universal tariff charged on imports from China. Tariffs on Canada, China & Mexico by US

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