



**CLARITY 4 SURE**

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## CURRENT AFFAIRS

# May 2025

Every daily post of the month, in full · 24 days · 521 items

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

**Big themes · Banking and Finance 210 · National Affairs 118 · Facts To Remember 112**

Most mentioned · RBI · Reserve Bank · SEBI · Key Highlights · Exchange Board



### GIANT KILLERS

#### NABARD GRADE A 2026

ENROLLED IN CLARITY NABARD MENTORSHIP PROGRAMME

|                                                                                                                                          |                                                                                                                                        |                                                                                                                              |                                                                                                                                        |                                                                                                                                                 |                                                                                                                                      |
|------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>1</b><br/><b>188.75</b><br/>SURAJ RAVINDRA</p> |  <p><b>2</b><br/><b>185</b><br/>LOKESH CHANDRAN</p> |  <p><b>3</b><br/><b>185</b><br/>VIVEK</p> |  <p><b>4</b><br/><b>184.50</b><br/>KAPIL PATLYA</p> |  <p><b>5</b><br/><b>183.75</b><br/>SIDDHANT KHESARWANI</p> |  <p><b>6</b><br/><b>182</b><br/>LALIT KUMAR</p> |
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**6** OF THE  
TOP 10

Six of the ten highest scorers in NABARD Grade A 2026 came from this classroom — 32 final selections in one batch. The same mentors compile this book every day.

# Contents

Every daily post of May 2025 in full, day by day — 24 days, 521 items. Every line is linked; so is every bookmark in your PDF reader.

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## THE MONTH IN NUMBERS

## May 2025 at a glance

24 daily compilations, 521 items across 8 topics — Banking and Finance weighed the most. Read the charts first: they tell you where this month's questions will come from.

24

daily compilations

521

items covered

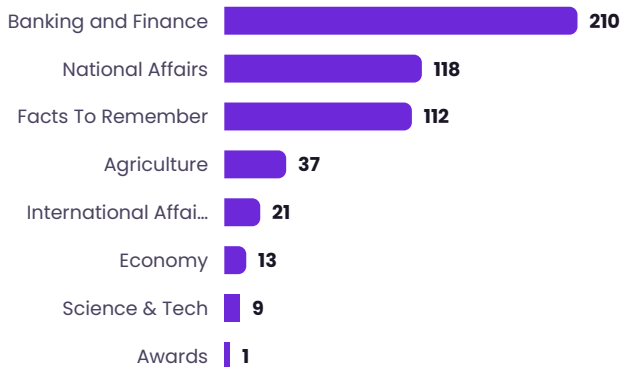
8

topics

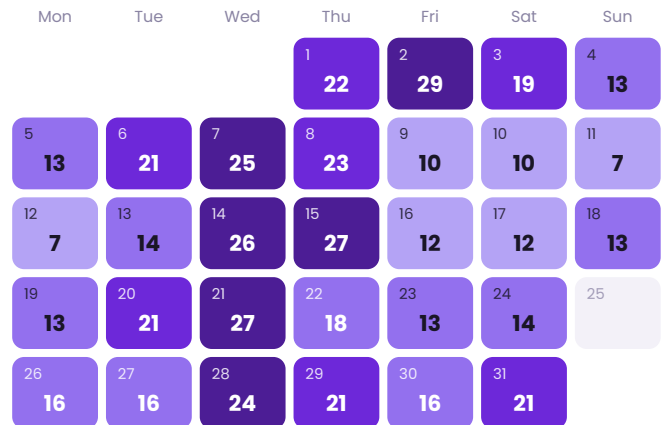
54

data tables

## Items by topic



## Items per day



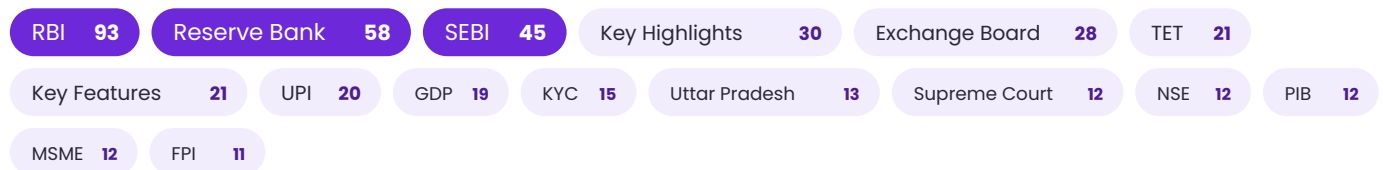
Darker = a heavier day. Two-day posts are split across their days.

## Where the items sat



## Most mentioned this month

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



"The day you do not feel like studying is the day it counts most."

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## FIGURES THE PAPER LOVES

# May 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.

## ₹2,000 crore

Sumant Kathpalia, the MD & CEO of IndusInd Bank, resigned on April 29, 2025, citing moral responsibility for the acco...

IndusInd Bank's Executive Changes and Regulatory Actions · 1 May 2025

## ₹5,000

Incentive: ₹5,000 for the first live birth (PMMVY 1.0); additional incentive for second child if a girl (PMMVY 2.0 un...

India's Maternal Mortality Ratio · 9 & 10 May 2025

## \$400 million

In 2023, the Reserve Bank of India (RBI) provided a \$400 million USD swap and ₹30 billion INR swap to ease a financia...

Treasury Bills (T-Bills): A Key Short-Term Government Instrument · 14 May 2025

## ₹58.9 crore

Highest historical penalty: ₹58.9 crore on ICICI Bank (March 2018) for HTM securities violations.

RBI Enforcement and Penalties in FY24 · 18 & 19 May 2025

## 16.4%

Market Share Growth: BSE's market share in index options has increased from 16.4% in December 2024 to around 22.1% in...

BSE Seeks Approval for Monthly Derivative Contracts on New Indices · 2 May 2025

## 5.7%

Bank credit to NBFCs grew only 5.7% YoY to ₹16.36 trillion as of March 21, 2025 (vs 15.3% growth in the same period l...

Bank Lending to NBFCs and MFIs Remains Subdued · 4 & 5 May 2025

## 278%

Passive Index Funds: Recorded a massive 278% year-on-year inflow growth to ₹59,306 crore in FY 2024-25.

Rapid Growth and Adoption of Mutual Funds by Household Investors · 22 May 2025

## ₹1,000 crore

Other Requirements: Listed status, net worth over ₹1,000 crore, and scheduled bank status

Jana Small Finance Bank Set to Seek Universal Banking Licence in May 2025 · 2 May 2025

## \$3 billion

Estimated Size: The Reserve Bank of India intervened with an estimated \ \$3 billion purchase of US dollars.

Rupee Hits 7-Month High of 83.76/USD Before RBI Steps In · 3 May 2025

## ₹355

₹355 per quintal for sugarcane with a basic recovery rate of 10.25%, up from ₹340 in 2024-25.

Centre Hikes Sugarcane FRP to ₹355/Quintal for 2025-26 Season · 3 May 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 |
|-----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-------|
| 1 May 2025 · 22 items       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 2 May 2025 · 29 items       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 3 May 2025 · 19 items       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 4 & 5 May 2025 · 25 items   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 6 May 2025 · 21 items       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 7 May 2025 · 25 items       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 8 May 2025 · 23 items       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 9 & 10 May 2025 · 20 items  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 11 & 12 May 2025 · 14 items | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 13 May 2025 · 14 items      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 14 May 2025 · 26 items      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 15 May 2025 · 27 items      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 16 & 17 May 2025 · 23 items | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 18 & 19 May 2025 · 26 items | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 20 May 2025 · 21 items      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 21 May 2025 · 27 items      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 22 May 2025 · 18 items      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 23 May 2025 · 13 items      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 24 May 2025 · 14 items      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 26 & 27 May 2025 · 32 items | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 28 May 2025 · 24 items      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 29 May 2025 · 21 items      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |
| 30 May 2025 · 16 items      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |

"Read the news like an examiner: who, what, when, how much."

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| DAY                    | READ                     | RECALL +3                | RECALL +7                | QUIZ                     | NOTES |
|------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-------|
| 31 May 2025 · 21 items | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |       |



DAY 1 OF 24

**1 May 2025**

Thursday · 22 items · 5 topics

International Affairs 1 · National Affairs 6 · Science &amp; Tech 2 · Banking and Finance 8 · Facts To Remember 5

**Daily Current Affairs Quiz**  
**1 May, 2025****International Affairs****1. Shenzhou-19 Crew Returns After Record Mission****Context**

Three Chinese astronauts **Cai Xuzhe, Song Lingdong, and Wang Haoze** returned to Earth on **April 30, 2025**, after a **six-month mission** aboard the **Tiangong space station**. The landing occurred in **Inner Mongolia**, and state media confirmed all crew members were in **"good health"**. The return was delayed by a day due to **bad weather** at the Dongfeng landing site.

**Mission Achievements**

- The Shenzhou-19 astronauts **set a new national record for the longest-ever spacewalk** by a Chinese crew.
- They conducted various **scientific experiments** and supported station maintenance tasks during their stay since **October 2024**.

**Shenzhou-20 Mission Takes Over**

- The **Shenzhou-20 mission** began last week with a **ceremonial send-off** at the **Jiuquan Satellite Launch Center** in **Gansu province**.
- Aboard the **Long March-2F rocket**, the new crew includes:
  - **Chen Dong (46)** – veteran commander and first Chinese astronaut with over **200 cumulative days in orbit**.
  - **Chen Zhongrui (40)** – former air force pilot, first spaceflight.
  - **Wang Jie (35)** – former space tech engineer, first spaceflight.

**Objectives of Shenzhou-20**

- Conduct **life sciences and physics experiments**.
- **Install space debris protection equipment** on the station.
- Study **planarians** – regenerative aquatic flatworms – for the first time aboard Tiangong.

**China's Expanding Space Ambitions:**

- Under President **Xi Jinping's "space dream"**, China is investing billions to become a **major celestial power**.
- Goals include:
  - **Crewed lunar mission by the end of the decade**.
  - Establishing a **lunar base**.
  - Continued **robotic exploration of Mars and the moon**.

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## National Affairs

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### 1. Union Cabinet Approves Caste Census

#### Context

Union Minister Ashwini Vaishnaw announced that caste enumeration will be part of the next Census. This marks a significant shift in **India's demographic data collection approach**.

#### Historical Context

- The last full caste-based Census was conducted in 1931 during British rule.
- Post-independence Censuses have only enumerated **Scheduled Castes (SCs)** and **Scheduled Tribes (STs)**.
- The 2011 **Socio-Economic Caste Census (SECC)** was conducted separately and lacked legal mandate or comprehensive caste disclosure.

#### Legal and Operational Framework

- Caste data will be gathered during the second and final phase of the upcoming decennial Census, giving it statutory authority.
- The upcoming Census will be conducted digitally for the first time.
- A dropdown caste code directory is being integrated into the Census mobile app to facilitate accurate data entry.

#### Emerging Political Dynamics

- Caste enumeration could **reshape political alignments** by **activating marginalized voices**, leading to **new party formations and power-sharing arrangements**.
- **Ashwani Kumar**, another political scientist, remarked that the move offers a **"golden opportunity" for deeper democracy and harmonious power sharing**, not fragmentation.

#### Challenges and Sensitivities

- The **Karnataka caste survey experience** shows that dominant communities (e.g., **Lingayats, Vokkaligas**) may **oppose the findings** if perceived as unfavourable.
- Managing post-enumeration demands for **reservations, welfare, and political representation** will require deft governance.

#### Census Timeline

- The 2021 Census, initially delayed due to the COVID-19 pandemic, has not yet been officially rescheduled.

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### 2. India Suspends Indus Waters Treaty

#### Context

In response to a terrorist attack in **Jammu & Kashmir (Pahalgam)**, India's Cabinet Committee on Security announced the suspension of the 1960 **Indus Waters Treaty (IWT)** with Pakistan. India demands Pakistan "credibly and irrevocably abjure cross-border terrorism" for the treaty to be reinstated. Legally, the IWT has no exit clause, it can only be terminated through mutual agreement, as per **Article XII(4)**.

#### Legal and Diplomatic Complexity

- India may seek justification under **Articles 60 and 62** of the **Vienna Convention on the Law of Treaties (VCLT)**, though it is not a signatory, and Pakistan has not ratified it.
- Pakistan is exploring legal avenues through the World Bank, the Permanent Court of Arbitration, or the

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International Court of Justice (ICJ).

- The move risks internationalising the water-sharing issue, potentially inviting global scrutiny.

### Operational Levers India Can Use

- **Suspension allows India to:**
  - Stop sharing river flow data with Pakistan.
  - Release or hold water at will, affecting flood and drought cycles.
  - Avoid treaty-based scrutiny of hydro projects on western rivers (Indus, Jhelum, Chenab).
- **Potential for agricultural and hydroelectric disruption** in Pakistan, especially amid internal provincial disputes (e.g., Punjab vs. Sindh over canal projects).

### Infrastructure Constraints

- **Despite being allowed to store 3.6 MAF of water and irrigate 1.34 million acres**, India currently stores only ~1 MAF and irrigates ~0.642 million acres in J&K and Ladakh.
- Major hydro projects on **western rivers (Kishanganga, Ratle, Baglihar, etc.) are run-of-the-river, with limited storage.**
- **Long-term water maximisation plans** face delays due to terrain, red tape, and underdeveloped infrastructure.

### Broader Geopolitical Risks

- **India's move may:**
  - Influence China to **withhold hydro data or cooperation on Sutlej and Brahmaputra rivers.**
  - Impact the renewal of the **Ganga Water Treaty** with Bangladesh (expiring 2026).
  - Strain water-sharing relations with Nepal and affect Sri Lanka's willingness to sign future treaties with India.
  - Harm India's regional image as a responsible upper riparian nation.

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## 3. Vembanad Lake

### Context

Vembanad Lake, **India's longest and Kerala's largest lake, is under serious ecological stress. Spanning 96.5 km and draining six major rivers, it supports agriculture, biodiversity, and livelihoods across Alappuzha, Kottayam, and Ernakulam.** The lake is part of the Vembanad-Kol wetland system, a **Ramsar site**, but has shrunk drastically due to human encroachment, pollution, and weed infestation.

Credit: Wikipedia

### Key Environmental Challenges

#### Shrinking Surface and Depth

- **Surface area reduced by 27%** between 1917 and 1990 (cited by multiple studies).
- **Encroachment, land reclamation, sedimentation** cited as major contributors.
- Lower floodwater retention and impaired ecosystem functions such as water purification and biodiversity support.

#### Pollution and Biodiversity Loss

- High levels of **plastic waste, silt, and chemical pollutants** found in recent studies.
- **Water hyacinth proliferation** contributes to elevated Biological Oxygen Demand (BOD) and Chemical Oxygen Demand (COD).

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- **Fish catch down by 66%** over three decades due to eutrophication and habitat degradation.

### Unregulated Human Activities

- **Houseboats identified as key pollutants.**
- **Unauthorised vessels and encroachments** remain largely unchecked despite regulatory attempts.

### Vembanad Lake Rejuvenation Project

#### Administrative Framework

- Spearheaded by **Alappuzha District Collector Alex Varghese**, inspired by **Namami Gange**.
- Backed by **₹188.25 crore five-year plan**, submitted to CM Pinarayi Vijayan.
- Guided by 8 subcommittees covering agriculture, fisheries, sanitation, biodiversity, climate change, and more.

#### Short-Term Objectives

- Removal of plastic waste and water hyacinth.
- Construction of 31 **bio-bunds** (1 km each) across grama panchayats.
- Fish ranching and **bio-shield installation** to protect farmland.

#### Long-Term Targets

- **Dredging lake bed** to improve water-holding capacity.
- Promotion of **organic farming** to reduce pesticide runoff.
- Establishment of **sewage and faecal sludge treatment plants** in flood-prone Kuttanad.
- **Utilisation of water hyacinth** for value-added products.
- Boosting **sustainable tourism and fisheries**.

#### Progress So Far

- **28.72 tonnes of plastic waste removed**, along with large volumes of weeds in district-led cleanup drives.

#### Challenges Ahead

- **Political will** required to reclaim encroached land.
- Enforcement needed against **illegal houseboat operations**.
- **Integration with broader Kuttanad region revival** essential due to ecological interdependence.
- Need for **inter-governmental collaboration** and local community engagement for sustainable outcomes.

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## 4. Supreme Court Declares Digital Access a Fundamental Right

### Context

The **Supreme Court of India** has ruled that **access to digital services is a part of the fundamental right to equality, life, and dignity**. The ruling reinforces the need for **inclusive digital governance**, especially for **persons with disabilities (PwDs)** and marginalized groups.

#### Access To Digital Services

Access to digital services refers to **the ability of individuals and communities to access and effectively use digital technologies and resources**. This includes having the necessary hardware, software, internet connectivity, and digital literacy skills to participate fully in the digital world. Essentially, it's about ensuring everyone can utilize digital tools and platforms for various aspects of life, from education and healthcare to employment and social connections.

"Big scores are built from small daily deposits."

### Origin of the Case

- The judgment was delivered in response to **petitions filed by acid attack survivors** led by **Pragya Prasun**, and **Amar Jain**, a **visually challenged petitioner**.
- They highlighted the **barriers faced in completing digital KYC** processes, which rely heavily on visual input and are **inaccessible to PwDs**.

### Critique of Current KYC Processes

- The court noted that the **current digital KYC regime is exclusionary** and **violates the rights of disabled and marginalized individuals**.
- It observed that the **“unfriendly digital atmosphere”** further isolates rather than empowers these citizens.

### Substantive Equality Principle Upheld

- The SC invoked the principle of **substantive equality**, emphasizing that **mere formal access is not sufficient**.
- True digital inclusion means **removing practical barriers** in access and ensuring **equity in outcomes**.

### Broader Issues Identified

- **PwDs** face obstacles due to **inaccessible websites, non-adaptive apps, and lack of assistive technology**.
- **Rural Indians** suffer from **poor connectivity and lack of digital content in local languages**, hindering their participation in welfare and governance schemes.

### 20 Directions Issued to Government

- The Bench directed the government to **reform KYC processes** to make them **more accessible and inclusive**.
- Though specifics weren't detailed in the summary, directions are likely aimed at enhancing **accessibility features, language options, and technological adaptability**.

### Implications for Policy and Governance

- The ruling **strengthens the legal foundation for digital accessibility mandates**.
- Government departments and financial institutions will now need to **redesign digital platforms** with **universal accessibility standards**.
- The verdict may also impact upcoming **Digital India, fintech, and welfare delivery policies**.

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## 5. Centre Considers Revising EV Charging Infrastructure Costs Under PM E-Drive Scheme

### Context

The Government of India has initiated **inter-ministerial consultations** to revise the benchmark costs for **EV public charging infrastructure**, a move driven by changing technology and cost structures since the last revision in **2022**. This update falls under the ₹10,900-crore **PM E-Drive Scheme**, with **₹2,000 crore** earmarked specifically for charging infrastructure subsidies.

### Key Points

#### Cost Revision Underway

- Current benchmark costs:
  - **₹1.5 lakh** for two- and three-wheeler chargers
  - **₹6 lakh** for car chargers
  - **₹24 lakh** for bus and truck chargers

- The **Power and Heavy Industries Ministries** and **Bureau of Energy Efficiency (BEE)** are jointly evaluating the updated cost norms.

### Drivers of Cost Change

- **Small/home chargers** have become more affordable due to:
  - Mass production
  - Domestic manufacturing
  - Government incentives
- **Large fast chargers**, used in public and highway locations, have become costlier due to:
  - Rising raw material costs (e.g., **copper**)
  - Increased import costs (e.g., **battery management systems**)

### Subsidy Structure & Infrastructure Targets

- Subsidy covers **up to 80% of upstream costs**, which include:
  - Distribution transformers
  - Cables
  - Circuit breakers
  - Civil works
- **Upstream costs** constitute around **60%** of total infrastructure expenditure.
- **Public charging stations planned** under the scheme:
  - **48,400** for two- and three-wheelers
  - **22,100** for electric cars
  - **1,800** for electric buses and trucks

### Strategic Rollout Plans

- **Highway corridors** have been prioritized for EV truck and bus charging to reduce logistics emissions and support intercity travel.
- **Location-based planning** is key:
  - **Urban areas** need multi-vehicle stations.
  - **Highways** focus on high-capacity, long-duration chargers.

### Policy Implications

- The revised cost structure will better align with **market realities** and ensure **efficient allocation of subsidies**.
- It supports India's broader goals of:
  - **Reducing emissions**
  - **Scaling EV adoption**
  - **Strengthening last-mile and freight electrification**

Mint

## 6. PM Modi to Inaugurate WAVES 2025 Summit

### Context

**Prime Minister Narendra Modi** will inaugurate **WAVES 2025** (World Audio Visual and Entertainment Summit) at the **Jio World Centre, Mumbai, , May 1 2025**. This **four-day summit** is the first of its kind organized by the **Government of India**, highlighting India's ambition to be a **global media and entertainment powerhouse**

## Major Participants

- Over **100 leading exhibitors** will participate, including global giants:
  - **Netflix, Amazon, Google, Meta, Sony, Reliance, Adobe**
  - Indian players: **Tata, Balaji Telefilms, Dharma Productions, Saregama, Yash Raj Films**
  - Innovators like **JetSynthesys, Digital Radio Mondiale (DRM), Free Stream Technologies, Neural Garage**, and **Fractal Picture**

## Special Initiatives and Cultural Events

- Cultural performances and the "**Create in India Challenge**" will feature prominently
- The challenge aims to **empower Indian content creators** and boost indigenous storytelling and innovation

## Government Vision

- WAVES 2025 is positioned as a **strategic platform for global collaboration, creativity, and innovation** in the entertainment sector
- It marks a pivotal effort to integrate India deeper into global M&E value chains

*The Indian Express*

## Science & Tech

### 1. Natural Hydrogen

#### Context

Natural hydrogen, also known as **geologic hydrogen**, is gaining global attention as a clean, low-cost, and abundant alternative to fossil fuels and industrially produced hydrogen. With vast reserves potentially lying beneath the Earth's surface including in India this fuel could play a transformative role in the global energy transition.

#### What is Natural Hydrogen?

- Naturally occurring hydrogen gas is formed underground through **geological processes**, not manufactured.
- It is a **clean energy source** that emits **no carbon dioxide** when used.
- Key production processes:
  - **Serpentinisation** (reaction between water and iron-rich rocks)
  - **Radiolysis** (splitting of water by radioactive rocks)
  - **Decomposition of organic matter** at geological depths

#### Historical Discovery

- In **1987**, a flame erupted unexpectedly from a borehole in **Bourakébougou, Mali**, revealing a rich source of hydrogen.
- By **2012**, analysis showed the gas was **98% pure hydrogen** — a turning point for understanding its geologic potential.
- Once considered a curiosity, **natural hydrogen** is now recognized as a legitimate, large-scale energy resource.

#### Current Reserves and Potential

- Recent **discoveries in France (Moselle and Lorraine)** indicate massive deposits — **92 million tonnes**, worth ~\$92 billion.
- **USGS estimates** suggest tens of **trillions of tonnes** may exist globally.

"Big scores are built from small daily deposits."

- If just **2% is recoverable**, it could meet global hydrogen demand for **200 years**.
- Countries with active seeps or exploration: **Australia, U.S., France, Spain, Albania, South Korea, Colombia, Canada**.

**India's Geological Potential:** India is geologically suited for natural hydrogen generation due to:

- **Ultramafic and basaltic rock formations**
- **Ophiolite complexes in Andaman and Himalayas**
- **Greenstone belts in Dharwar and Singhbhum cratons**
- **Sedimentary basins** (Vindhyan, Cuddapah, Gondwana, Chhattisgarh)
- **Fractured basement rocks and hydrothermal systems** (e.g., hot springs)

Despite the high potential, **exploration in India remains nascent**. A structured roadmap for surveying and testing is needed.

#### Advantages of Natural Hydrogen

- **Low cost of extraction** (as low as **\$1/kg** or less)
- **Zero emissions** at point of use
- Doesn't require **electrolysis or fossil fuel reforming**
- **Energy-dense** and potentially more scalable than green hydrogen

#### Challenges

- **Economic viability** depends on deposit **concentration and accessibility**
- **Exploration technology and data** still evolving
- **Scattered distribution** could increase costs
- **Environmental impact of drilling** must be evaluated

TH

## 2. Cosmologists Confront 'S8 Tension' as Clumpiness of Universe Challenges Standard Model

### Context

Recent findings in cosmology suggest that the next major breakthrough in understanding the universe may lie in resolving how "clumpy" matter really is — a property quantified by the *Sigma 8* (*S8*) parameter. This ongoing mystery challenges the standard **Lambda Cold Dark Matter (ΛCDM) model** and offers new perspectives on dark matter, dark energy, and the future of the cosmos.

#### The Big Bang and Cosmic Clumpiness:

- The universe originated from the Big Bang ~13.8 billion years ago.
- The **Cosmic Microwave Background (CMB)** radiation shows an almost **perfectly uniform early universe**, with slight density fluctuations (1 in 100,000).
- Today, the universe is "lumpy" with **galaxies, clusters, and filaments**, largely shaped by **gravitational forces** and **dark matter** dynamics.

#### What is Sigma 8 (S8)?

- *S8* measures **matter clustering** over large cosmic scales (~26 million light-years).
- A **higher S8 value** indicates greater matter clumping; a **lower value** suggests a smoother distribution.
- The *ΛCDM model* predicts a specific value based on CMB data, but newer observations yield lower values — creating the "**S8 tension**."

#### New Findings from the Subaru Telescope

- Researchers using **Hyper Suprime-Cam (HSC)** on the Subaru Telescope in Hawaii reported an *S8*

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value of **0.747**, aligning with earlier surveys.

- The data was gathered through **cosmic shear** (gravitational lensing of starlight by massive structures).
- **Surhud S. More** (IUCAA) explained that baryonic matter (like gas) movements cannot explain the discrepancy — suggesting that **dark matter and dark energy** are central to the mystery.

### CDM Model vs. Observations

- **CMB-based predictions** give higher  $S_8$  values than shear surveys.
- This mismatch challenges the **validity or completeness of the  $\Lambda$ CDM model**, though the model still broadly holds.
- A key uncertainty: **redshift measurements** of faint galaxies, which limit the precision of deep field surveys like HSC.

### Emerging Theories and Instruments

- Data from the **Dark Energy Spectroscopic Instrument (DESI)** suggests **dark energy might be weakening**, hinting at a possible **decelerating universe** and future "**big crunch**" scenario.
- Upcoming project: **Rubin Legacy Survey of Space and Time (LSST)** from **Vera C. Rubin Observatory (Chile)** aims to offer **unprecedented, wide-field cosmic observations**.

While the standard cosmological model still holds explanatory power, persistent  $S_8$  tension, unknown systematics, and new observations may signal the dawn of a new era in cosmology — possibly requiring **a revision or extension** of our current understanding of dark matter, dark energy, and the universe's fate.

TH

## Banking and Finance

### 1. NSO Survey on Private Sector Capex FY25

#### Context

The NSO conducted a **survey** between **November 2024 and January 2025** to assess **capital expenditure (capex)** trends for the private corporate sector over the past three years (FY22-FY24) and its intentions for FY25 and FY26. The survey covered **5,380 firms**, with a response rate of **58.3%** (2,172 enterprises providing data). The focus was on enterprises with **₹400 crore or more turnover** in manufacturing, **₹300 crore** for trade, and **₹100 crore** for other sectors.

#### Capex Allocation for Green Technologies and Diversification

- Less than **5%** of private companies in FY25 planned to allocate their capex to **diversification** and **green technologies**:
  - **Energy transition/conservation: 1.38%**
  - **Diversification: 2.75%**
- **10 out of 17 sectors** allocated **zero** capex to energy transition/conservation, reflecting a lack of focus on green and future technologies in India's private sector.

#### Sector-Specific Allocation

- **Energy Transition/Conservation**:
  - The highest capex allocation was in the **manufacturing** sector (**4.36%**).
  - Other sectors with allocation included **water supply, sewerage, waste management (0.96%)** and **electricity, gas, steam (0.76%)**.
- **Diversification**:
  - The highest capex for diversification was seen in **agriculture, forestry, and fishing (17.31%)**.

"Big scores are built from small daily deposits."

- Other sectors included **administrative and support service activities (14.11%)** and **education (5.3%)**.

### Primary Capex Objectives in FY24–25

- **Income generation: 49.6%** of enterprises prioritized capex for income generation.
- **Upgrade: 30.1%** allocated capex for upgrades.
- **Others: 16.2%** of firms had unspecified or varied objectives for their investments.

### Private Sector's Capex Trends:

- The total private sector capex for FY24–25 is expected to reach **₹6.56 trillion**, a post-pandemic high.
- However, there is a forecasted **25% reduction** in capex outlays for FY25–26, bringing the total to **₹4.9 trillion**. This decrease reflects **cautious planning** after strong investment levels in FY24–25.

BS

## 2. IndusInd Bank's Executive Changes and Regulatory Actions

### Context

The **Reserve Bank of India (RBI)** has approved **IndusInd Bank's** request to form an **executive committee** to oversee the duties of the **Chief Executive Officer (CEO)** until a new CEO is appointed, or for a maximum of **three months**. The **Oversight Committee** of the bank's Board, chaired by **Sunil Mehta**, will guide the executive committee. This committee includes senior members from various oversight divisions, including **Audit, Risk Management, and Compensation & Nomination**.

### Resignation of MD & CEO Sumant Kathpalia:

- **Sumant Kathpalia**, the MD & CEO of **IndusInd Bank**, resigned on **April 29, 2025**, citing **moral responsibility** for the **accounting lapses** that led to a loss of **₹2,000 crore**.
- His resignation follows the **Deputy CEO Arun Khurana's** resignation on **April 28, 2025**, in connection with the same accounting issues.
- **Arun Khurana** had also taken over as CFO after the resignation of **Gobind Jain** in January 2025.

### Impact on Board Composition

- The bank is now **without a whole-time director**, which is a requirement for private sector banks under **RBI norms**.
- **IndusInd Bank** is working to fill the CEO position, with the RBI asking for a list of potential candidates for approval as soon as possible.

### Regulatory Oversight and Audit

- The bank is cooperating with external audits and investigations related to the accounting lapses:
  - **PricewaterhouseCoopers (PwC)** estimated a **₹1,979 crore** negative impact from derivative issues, with a **2.27% post-tax impact** on the bank's net worth as of December 2024.
  - **EY** is assisting in reviewing concerns in the **microfinance** business.

### Market Impact:

- Shares of **IndusInd Bank** saw a **marginal increase** of **₹838.45** on Wednesday, signaling some stability after the executive changes.
- Analysts suggest that appointing a **private sector banker** as the new MD & CEO is crucial for **re-rating** the bank, given its unique portfolio of vehicle finance, microfinance, and gems & jewelry loans, which comprise **37%** of its loan book.

BS

### 3. SEBI Defers Common Contract Note for FPIs to July 1

#### Context

The Securities and Exchange Board of India (SEBI) has postponed the implementation of the **Common Contract Note (CCN)** for **Foreign Portfolio Investors (FPIs)** to **1 July 2025**, extending the deadline by two months due to operational challenges raised by market participants.

#### Common Contract Note (CCN)

The CCN seeks to consolidate **trade details across exchanges into a single document to boost transparency, streamline processes, and lower costs, bringing FPIs on par with retail investors who already receive unified notes**. In the current system, FPIs receive separate notes for trades executed on BSE and the National Stock Exchange.

#### Key Objectives of CCN

- **Unification:** Combines trade data across **BSE** and **NSE** into a single document.
- **Transparency:** Enhances auditability and reduces data fragmentation.
- **Cost Efficiency:** Streamlines processes, mirroring the **unified contract note** system already available to **retail investors**.

#### Current System vs Proposed Reform

| Feature          | Current Regime                                           | Common Contract Note Regime                             |
|------------------|----------------------------------------------------------|---------------------------------------------------------|
| Exchanges        | Separate notes for NSE and BSE                           | Single consolidated note                                |
| Reconciliation   | Per-exchange                                             | Cross-exchange, single note                             |
| Settlement Chain | FPI → Global Custodian → Local Custodian → Clearing Corp | Same chain, but reconciled across exchanges in one step |
| Penalty Risk     | Exists on misclassification (e.g., hand delivery)        | Could increase with small mismatches                    |

#### Why the Deferral?

- **Global custodians and FPI reps** flagged several issues:
  - **Reconciliation mismatches** could classify trades as **hand delivery**, which incurs penalties.
  - **System incompatibility** and **parallel flows** between brokers and custodians complicate real-time matching.
  - **Clearing risks** if mismatches arise under the unified format due to the multi-intermediary nature of FPI settlements.

#### Industry Impact

- **FPIs hold nearly 17% of India's listed equities** (as of Dec 2024).
- India has over **11,000 registered FPIs**.
- Any friction in their trade processing or compliance could:
  - Affect **market liquidity**
  - Erode **investor confidence**
  - Potentially **disrupt settlement cycles**

#### Broader Context

- SEBI had initially planned CCN rollout in **August 2024**, then advanced it to **April 30**, now deferred to **July 1**.
- While **institutional support for CCN remains strong**, execution challenges remain.
- Unlike **retail trades**, FPI transactions involve **complex multi-party coordination**, increasing error

probability.

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## 4. Sebi's Advisory on Opinion Trading

### Context

On **29 April**, the **Securities and Exchange Board of India (Sebi)** clarified that **opinion trading platforms do not fall under its regulatory jurisdiction**. These platforms allow users to **bet on real-world outcomes** (e.g., "Will it rain tomorrow?") via **binary choices like "yes" or "no."**

- Sebi stated that since **no security is being traded**, **no investor protection** provisions under securities law apply.
- It also **warned users** that these apps use misleading terminology like **"trading," "profits," or "stop-loss"**, which may mimic securities market activities.

### Platforms Affected

- Major platforms in India include:
  - **Probo** (backed by Peak XV, Elevation Capital, Fundamentum)
  - **MPL Opinio**
  - **Tradex**
  - **Trago**
- These platforms had **hoped for a CFTC-style framework** (like in the U.S. for event contracts), but India currently lacks such regulation.

### Legal Grey Area

- Sebi stated that if **any opinion contract qualifies as a security**, such trading would be **illegal** and **actionable**.
- However, **legal ambiguity** persists:
  - These platforms **don't offer equity, debt, or derivatives linked to companies**.
  - They **don't promise financial returns** akin to traditional investments.
  - Hence, **they may not meet the definition of a "security"** under Indian securities laws.

### Current Regulation

- Platforms claim to be **governed under MeitY (Ministry of Electronics and IT)** guidelines, not financial laws.
- This leaves them **unregulated in terms of financial conduct**, creating **user risk exposure** due to lack of redress mechanisms.

### Implications

| Stakeholder   | Impact                                                            |
|---------------|-------------------------------------------------------------------|
| Users         | No regulatory protection; high risk of loss and misuse            |
| Platforms     | Must avoid securities-like offerings or risk Sebi enforcement     |
| Investors/VCs | Increased regulatory risk could limit future funding or expansion |
| Regulators    | A need for clearer cross-sector frameworks between MeitY and Sebi |

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## 5. Curie Money's UPI-Mutual Fund Integration

### Context

"Big scores are built from small daily deposits."

Curie Money is pioneering a model where **UPI payments are debited directly from liquid mutual fund holdings**, merging the benefits of **instant liquidity, better returns, and payment convenience**. This financial innovation **may reshape how Indians manage short-term idle cash especially in a low-interest environment**.

### Key Features of Curie's Model

#### Instant UPI Payments via Mutual Funds

- Curie links UPI to **liquid mutual fund units**, allowing users to make real-time payments by auto-redeeming units in the background.
- **The process is seamless: scan a QR code → approve payment → mutual fund units are redeemed instantly**, with notifications sent by the AMC.

#### Built on Sebi's Instant Redemption Rules

- Sebi allows **instant redemptions of up to ₹50,000 or 90% of units**, but hasn't explicitly permitted or disallowed UPI-linked use.
- **Regulatory grey zone**: Curie's model is technically compliant but lacks explicit regulatory recognition.

#### Integration and Coverage

- Works best with **Yes Bank**, though compatible with others.
- **Supports only regular mutual fund plans**, allowing the platform to earn commissions.
- Current AMC support is limited—needs expansion for broader appeal.

### Advantages for Consumers

#### Higher Returns on Idle Cash

- **Savings account yield: 2.7–2.75%**
- **Liquid fund return: 5–6% (annualized)**  
→ More efficient cash management without sacrificing liquidity

#### Better Tax Treatment

- **No TDS** on mutual fund redemptions
- Taxed only on **capital gains**, not full amount
- **Loss set-offs and carry forward allowed**, unlike FDs

#### UPI Convenience + Investment Yield

- **Ease of daily payments** (groceries, services, transport)
- Earns return **even while idle**
- Use cases mirror UPI apps like PhonePe or GPay—but smarter with funds

### Challenges & Limitations

| Category                  | Challenge                                                                 |
|---------------------------|---------------------------------------------------------------------------|
| <b>Regulatory</b>         | Sebi hasn't formally recognized UPI-linked use of mutual fund redemptions |
| <b>Psychological</b>      | Mutual funds still seen as long-term tools, not spendable instruments     |
| <b>Operational</b>        | Delay in transactions, SMS/email for each redemption may feel intrusive   |
| <b>Ecosystem</b>          | Limited AMC integrations, dependency on partner banks                     |
| <b>Product Limitation</b> | Regular plans only; UPI Lite doesn't earn returns                         |

### Future Outlook

"Big scores are built from small daily deposits."

## Opportunities

- Tap into India's massive UPI ecosystem
- Position liquid funds as **FD-alternatives with daily usability**
- Educate users on **low-risk, high-liquidity mutual fund options**

## What's Needed for Scale

- **Clear Sebi/MeitY guidance**
- **Wider AMC and bank tie-ups**
- **UX improvements** to reduce redemption alerts and processing delays
- **User education** to shift mindset around mutual fund liquidity

Curie's UPI-mutual fund integration could **revolutionize short-term money management**, offering higher returns and better tax treatment than savings accounts, without losing the everyday usability of UPI. But it will require **regulatory clarity, ecosystem support, and mass awareness** to fully unlock its disruptive potential.

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## 6. SEBI's Proposal: Increased Mutual Fund Limits in REITs and InvITs

### Context

SEBI has proposed raising **mutual fund investment limits** in **REITs and InvITs** from 10% to 20%.

- **Objective:** Channel more long-term capital into real estate and infrastructure sectors
- Intended to enhance fund manager flexibility and attract broader investor participation

### Current Market Realities

- Mutual fund exposure in REITs and InvITs is currently <0.3% of total AUM
- India has only four listed REITs and 18 InvITs, of which just 8 InvITs are actively traded
- Daily trading volumes are low; for example, Embassy REIT trades around ₹41 crore per day
- Many InvITs have micro-cap-like free float, reducing market liquidity

### Liquidity and Valuation Challenges

- Increasing investment limits prematurely could lead to liquidity traps
- Thinly traded instruments risk NAV distortion and exit challenges for mutual funds
- During market stress, bulk sell-offs may trigger price crashes due to lack of buyers
- NAVs may become inaccurate due to stale or delayed disclosures by REITs/InvITs

### Hybrid Nature and Classification Issues

- REITs/InvITs are neither true equity nor fixed income instruments
- Mandated to distribute 90% of income, limiting growth via reinvestment
- Sensitive to macroeconomic and interest rate changes, like bonds, but perpetual in nature
- Investor expectations and suitability need clearer positioning

### Strategic Recommendation

- Rather than raising caps immediately, SEBI and stakeholders should focus on:
  - Deepening market liquidity and transparency
  - Promoting market-making and improving price discovery
  - Increasing retail and HNI participation
  - Enhancing awareness of risk-return profiles of REITs and InvITs
- Limit hikes should be considered only after significant utilization of current limits

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## 7. Income Tax Department Uses Benami Law to Probe UPI Transactions via Payment Gateways

### Context

The Income Tax Department has issued notices to at least two **payment gateway** firms under **Section 23 of the Benami Transactions (Prohibition) Act, 1988**

- The notices demand disclosure of individuals linked to suspicious **UPI IDs**, recipients of payments, transaction dates, bank account details, and the actual flow of money
- **Objective:** To trace whether **shell merchants** are being used to route money for tax evasion or benami arrangements

### What Is a Payment Gateway?

A payment gateway is a **technology used by merchants to accept debit or credit card purchases from customers. The term includes not only the physical card-reading devices found in brick-and-mortar retail stores but also the payment processing portals found in online stores.**

Brick-and-mortar payment gateways also have begun accepting phone-based payments using QR codes or **Near Field Communication (NFC) technology.**

### Suspicious Transaction Patterns

- Certain PG-registered merchants may be **fronts or proxies** helping remitters book **fake expenses**
- Money is received via UPI, then **returned in cash**, making it hard to trace and opening the door to **benami ownership and tax evasion**
- Shell companies acting as merchants may also **hold funds on behalf of undisclosed beneficiaries**

### Legal and Regulatory Basis

- Section 23 of the Benami Act empowers tax authorities to **gather information even in the absence of an active investigation**, with approval from an Additional or Joint Commissioner
- This differs from the I-T Act, where information collection is usually tied to an ongoing assessment
- Authorities may verify if **recipient entities report the income** in their tax returns; if not, it suggests a benami setup

### Role of Payment Gateways and KYC Compliance

- PGs, regulated by the **Reserve Bank of India (RBI)**, must carry out KYC before onboarding merchants
- Any **KYC gaps or informal arrangements** could increase regulatory scrutiny
- PGs may be asked to clarify if **real operators differ from those named in official KYC records**

### Implications for Fintech and Compliance

- The probe signals rising scrutiny of **digital payments infrastructure** for **money laundering and benami risk**
- Firms may need to strengthen **transaction monitoring systems** and tighten **merchant onboarding processes**
- Ensuring **clear documentation and transparent reporting** will be critical to avoid legal exposure

TET

## 8. Sebi Proposes Mandatory Dematerialisation of Key Shareholders' Holdings Before IPO

### Context

The **Securities and Exchange Board of India (Sebi)** has proposed a **new rule mandating**

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**dematerialisation of shares held by key pre-IPO stakeholders** before the filing of the offer document. This move will apply to **promoters, directors, senior management, qualified institutional buyers (QIBs)**, and other regulated entities such as **stock brokers and NBFCs** holding securities.

### Dematerialization of Shares

Dematerialization of shares is the process of **converting physical share certificates into an electronic format, allowing investors to hold their shares in a Demat account. This process eliminates the need for physical certificates and simplifies trading, transfer, and storage of shares**, while also reducing costs and enhancing security.

- **What it is:** Dematerialization is the conversion of physical securities, like share certificates, into electronic form.
- **How it works:** Investors need a Demat account with a **Depository Participant (DP)** to hold their dematerialized shares. They submit their physical share certificates to the DP, who then electronically transfers the shares to the Demat account.

### Current Regulatory Gap

- Sebi noted a **significant volume of physical shareholding** continues to exist even among critical shareholders in companies approaching IPO
- This leaves a **regulatory loophole**, allowing physical shares to remain in the listed ecosystem, which can hamper transparency and settlement efficiency

### Objective and Market Impact

- The aim is to **tighten governance**, enhance **market transparency**, and **reduce risks** associated with physical shareholding post-listing
- Sebi will **amend existing rules** to enforce demat compliance among the specified shareholder categories

TET

## Facts To Remember

### 1. Satya Chandrasekharendra Saraswathi anointed the 71st seer to head Kanchi Kamakoti Peetam

Amid the chanting of Vedic hymns and reverberating to the sounds of 'Hara Hara Sankara, Jaya Jaya Sankara' by devotees, Sri Satya Chandrasekharendra Saraswathi was anointed the 71st seer of the Kanchi Kamakoti Peetam at a grand ceremony held in Kancheepuram.

### 3. Govt Procures 256 Lakh MT Wheat; Eyes 312 Lakh MT Target

Department of Food and Public Distribution (DFPD) Secretary Sanjeev Chopra today said that the government has done a total procurement of 256 lakh metric tonnes of new season wheat this year.

### 4. WAVES is not just an acronym, it's a wave of culture, creativity, universal connect: PM Modi

Prime Minister Narendra Modi said, this is the perfect moment for India to lead global creativity. Mr. Modi inaugurated the first World Audio Visual Entertainment Summit (WAVES) 2025 at Jio World Convention Centre in Mumbai today.

### 5. International Labour Day being celebrated globally

International Labour Day is being celebrated across the globe today. The day is observed to honour the contributions of the working class and promote their rights. It pays tribute to the sacrifices of workers in

"Big scores are built from small daily deposits."

securing economic and social rights around the world. The day is also known as Global Workers Day or May Day.

## 6. WAVES Summit 2025 to create new economic opportunities: I&B Minister Ashwini Vaishnaw

Information and Broadcasting Minister Ashwini Vaishnaw has said the WAVES summit will create new economic opportunities. Addressing the inaugural session of the first World Audio Visual Entertainment Summit (WAVES) 2025 at Jio World Convention Centre in Mumbai today, Mr Vaishnaw said, this Summit will provide a global platform to creators and provide them with exposure to new technology.

### FIVE TO REMEMBER · 1 MAY 2025

1. **Sumant Kathpalia**, the MD & CEO of **IndusInd Bank**, resigned on **April 29, 2025**, citing **moral responsibility** for the **accounting lapses** that led to a loss of **₹2,000 crore**. [IndusInd Bank's Executive Changes and Regulator...](#)
2. **Surface area reduced by 27%** between 1917 and 1990 (cited by multiple studies). [Vembanad Lake](#)
3. By **2012**, analysis showed the gas was **98% pure hydrogen** — a turning point for understanding its geologic potential. [Natural Hydrogen](#)
4. **FPIs hold nearly 17% of India's listed equities** (as of Dec 2024). [SEBI Defers Common Contract Note for FPIs to Ju...](#)
5. Section 23 of the Benami Act empowers tax authorities to **gather information even in the absence of an active investigation**, with approval from an Additional or Joint Commissioner [Income Tax Department Uses Benami Law to Probe ...](#)

**Now test yourself:** [c4scourses.in/daily-quiz/daily-quiz-1-may-2025/](https://c4scourses.in/daily-quiz/daily-quiz-1-may-2025/)

DAY 2 OF 24

**2 May 2025**

Friday · 29 items · 5 topics

International Affairs 2 · National Affairs 3 · Banking and Finance 15 · Economy 1 · Facts To Remember 8

**Daily Current Affairs Quiz**  
**2 May, 2025****International Affairs****1. U.S.–Ukraine Finalize Rare Earth Minerals Agreement****Context**

The U.S. and Ukraine signed a strategic agreement called the **United States–Ukraine Reinvestment Fund**. The deal grants the U.S. access to **Ukraine's rare earth mineral resources**. Seen as a move to **secure long-term military and economic cooperation** between Washington and Kyiv

**Strategic Importance of the Deal**

- Ukraine possesses **vast deposits of critical minerals**, including rare earths essential for defense, electronics, and clean energy technologies
- The agreement could **bolster U.S. supply chains** while offering Ukraine economic stability and sustained military backing
- The deal follows months of negotiations and geopolitical recalibration around the **Russia–Ukraine conflict**

**Message to Russia and Global Observers**

- **U.S. Treasury Secretary Scott Bessent**: "This agreement signals clearly to Russia that the Trump administration is committed to a peace process centered on a free, sovereign, and prosperous Ukraine"
- Framed as a **geopolitical signal** amid concerns over a possible shift in U.S. policy under President Donald Trump

**Implications for Global Markets and Defense**

- May reshape the **global rare earth supply chain**, reducing U.S. dependence on China
- Could anchor U.S. presence in Eastern Europe, reinforcing its strategic interest in countering Russian influence
- Enhances Ukraine's economic leverage as it continues to face military pressure from Russia

TH

**2. India's Diplomatic Efforts Amidst the Pahalgam Terror Attack****Context:**

The **Pahalgam terror attack** shocked India, with fears of an escalation in military tensions and a diplomatic fallout with Pakistan. However, India has strategically used this moment to bolster its diplomatic ties with three of **Pakistan's closest allies: Saudi Arabia, the UAE, and the Taliban regime in Afghanistan**.

## Strengthening Ties with Saudi Arabia

- **Prime Minister Modi's visit** to Jeddah coincided with the attack, where he discussed the incident with **Saudi Crown Prince Mohammed bin Salman**.
- The **joint statement** from Saudi Arabia and India condemned the attack strongly, marking the **strongest language** used in such condemnations. This is seen as a culmination of the strategic partnership between India and Saudi Arabia that began with:
  - The **2006 India-KSA Delhi Declaration**.
  - The **2010 Strategic Partnership agreement** which shifted Saudi Arabia's stance on terrorism.
- Saudi Arabia's cooperation has been key in the past, such as their role in **securing the arrest** of **Sayed Zabiuddin Ansari (Abu Jundal)**, an **LeT co-conspirator** involved in the **26/11 attacks**.
- Today, the relationship has moved beyond counterterrorism to **technological cooperation** and **promises of \$100 billion investment** from Saudi Arabia.

## Partnership with the UAE

- India's relationship with the **UAE** has witnessed significant transformation, especially since the **Strategic Partnership** signed in **2017**.
- Key moments include **Prime Minister Modi's multiple visits** to the UAE, and most recently, the **visit of Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum** in April, reinforcing strategic ties.
- This marks a **dramatic shift** from the 1990s when India struggled to secure **extradition** requests, such as for **Dawood Ibrahim**, and faced limited support in events like the **1999 IC-814 hijacking**.

## Engagement with the Taliban

- India's recent engagement with the **Taliban regime in Afghanistan** represents another important shift in diplomatic strategy.
  - A **surprise visit** by India's point-person for **Pakistan-Afghanistan-India** relations in Kabul resulted in a **meeting with Taliban foreign minister Muttaqi**.
  - The Taliban issued a **categorical condemnation** of the Pahalgam killings, a marked departure from their previous hostile stance toward India and their historical collaboration with **Pakistani agencies and terror groups**.

## Implications of these Diplomatic Moves

- **Saudi Arabia, the UAE, and the Taliban** represent countries that have historically been seen as **close allies of Pakistan**, often limiting India's diplomatic maneuvering.
- **Well-timed diplomacy** by India has successfully **shifted the dynamic**, pressuring Pakistan through these allies' **support against terrorism**.
- This diplomatic success also highlights how **India's relations** with these countries, once difficult or antagonistic, have evolved into constructive partnerships, underlining the power of **long-term relationship-building**.

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## National Affairs

### 1. PM Modi Dedicates Vizhinjam International Seaport

#### Context

**Vizhinjam International Seaport** officially commissioned by **PM Narendra Modi** in Thiruvananthapuram, Kerala. Billed as **India's first all-weather deepwater transshipment port**. Designed to reduce India's reliance on foreign ports and boost maritime trade competitiveness.

### Strategic Importance

- **75% of India's transshipment cargo** is currently handled by foreign ports, leading to annual revenue losses of **\$200–220 million**
- Vizhinjam aims to bring this volume back to Indian shores, **reducing costs, delays, and congestion**
- Geostrategic location with **natural draft and minimal littoral drift** makes it ideal for large container vessels

### Technology and Innovation

- Equipped with:
  - **AI-powered control room**
  - **Vessel Traffic Management System (VTMS)** developed by **IIT-Madras and Maritime Technology Pvt Ltd**
  - Real-time radar and sensor tracking for **ship movement optimization**
- Will serve as a model for **next-gen port infrastructure in South Asia**

### Challenges Faced

- **Local protests** led by fisherfolk and supported by church-backed groups over breakwater construction
- Despite opposition, the government pushed ahead citing long-term economic and strategic advantages

### Expected Impact

- Will significantly boost India's **global maritime logistics profile**
- Reduce dependency on Colombo, Singapore, and Dubai for transshipment
- Attract global shipping lines and increase **cargo throughput efficiency**

*The Indian Express*

## 2. Private Member's Bills in India

### Context:

**Private Member's Bills (PMBs)** are proposed by Members of Parliament (MPs) who are not part of the government. Most legislation in India is introduced by the government, but PMBs allow MPs to propose laws based on personal convictions or constituency needs. Fridays in Parliament sessions are typically reserved for PMB discussions, providing MPs an opportunity for independent thought and legislative contribution.

### Declining Relevance of PMBs

- Over time, the effectiveness of PMBs has significantly diminished.
  - **Frequent disruptions** and **pre-emptive adjournments** have limited the time for discussion.
  - **Government business priorities** have increasingly overshadowed PMB discussions, relegating them to symbolic gestures.
- The **17th Lok Sabha (2019–24)** saw 729 PMBs introduced in the Lok Sabha and 705 in the Rajya Sabha, but very few were discussed.
- **18th Lok Sabha (2024)** witnessed a drastic decline, with **only 20 MPs** introducing PMBs, none of which were discussed in the Budget or inaugural sessions.

### Significant Private Member's Bills

- **PMBs offer a platform for MPs to address societal issues and reflect public needs:**
  - **Supriya Sule's 'Right to Disconnect' Bill (2019):** Proposed the legal right for employees to disengage

from work after hours. Though it did not proceed, it sparked important conversations on **work-life balance** and **mental health**.

- **Tiruchi Siva's 'Rights of Transgender Persons Bill'** (2014): Became the first PMB in four decades to pass the **Rajya Sabha** and laid the foundation for the **Transgender Persons (Protection of Rights) Act, 2019**.
- **Gopal Chinayya Shetty's Bill** (BJP): Suggested **free medical and healthcare facilities** for senior citizens in government and private hospitals, showcasing MPs' ability to act on **constituency concerns**.

### Challenges to the PMB Process

- **Institutional Changes:**
  - The **Anti-Defection Law (Tenth Schedule)**, introduced to ensure political stability, limits MPs' independence, especially those in the ruling party.
  - The shift towards **party-driven priorities** has restricted MPs' ability to introduce independent legislation.
- **Electoral Influence:** Voters often choose MPs based not only on party affiliation but also their **individual integrity** and **constituency service**, thus highlighting the importance of MP-driven legislation.

### Reforms Needed for PMBs

- **Protected Time for PMBs:**
  - **PMB time** should be safeguarded by amending the **Rules of Procedure and Conduct of Business** to prevent it from being overridden except in national emergencies.
  - This would enable **meaningful discussions** and the **introduction of significant bills**.
- **Creation of a Review Committee:**
  - A **dedicated committee** should be set up to **screen PMBs** for quality, relevance, and constitutionality, providing **priority lists** for discussion.
  - A **fast-track mechanism** for high-impact PMBs could expedite their consideration.
- **Extension of Parliamentary Hours:**
  - Extending the working hours of Parliament by a few hours could help ensure that **PMBs** receive sufficient time without hampering government business.
- **Adopting International Practices:**
  - Introducing a **Ten-Minute Rule**, as practiced in the UK Parliament, could facilitate more **PMBs being heard** and **recorded** without requiring extensive time slots.

### Potential Impact and the Value of PMBs

- **Strengthening Democracy:** The Vice President of India, **Jagdeep Dhankhar**, has emphasized that PMBs serve as a **"gold mine"** for India's legislative landscape, offering **forward-looking solutions** to contemporary issues.
- **Nurturing Innovation:** When adequately supported, PMBs can **introduce significant policy reforms** and **create legislative momentum** on pressing social matters.

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## 3. India's Suspension of the Indus Waters Treaty (IWT)

### Background: The Indus Waters Treaty (IWT)

- The **1960 IWT** allocates control over the waters of the six rivers of the Indus River System:
  - **India's rights:** Unrestricted access to the **eastern rivers** — **Ravi, Beas, and Sutlej**.



- **Pakistan's rights:** Exclusive control over the **western rivers** — **Indus, Jhelum, and Chenab**, with limited access for India for non-consumptive uses.
- Following the **Pahalgam terror attack** on April 22, India declared the IWT to be **"held in abeyance"**, meaning a suspension of its operation, citing the need to reassess obligations under the treaty.

### Is Unilateral Suspension of the IWT Permissible?

- **Article XII of the IWT:** This article clearly states that the treaty can only be terminated through a **duly ratified treaty**, which requires the mutual agreement of both India and Pakistan. Therefore, unilateral suspension is not permissible under the treaty's provisions.
- **"Abeyance" vs. Suspension:** India's use of the term **"abeyance"** is not recognized in **international law** and does not align with standard terminology found in treaties. According to **Dr. Prabhash Ranjan**, the correct legal term would be **"suspension"**, which refers to temporarily halting the operation of a treaty or parts of it, without terminating it.
- **Vienna Convention on the Law of Treaties (VCLT):** Though India is not a party to the VCLT, Pakistan's signature means it is bound by many of its provisions, including those related to treaty suspension. The **ICJ** has affirmed that **Article 62 of the VCLT** (which allows for suspension in case of a "fundamental change of circumstances") reflects customary international law.
- **Fundamental Change of Circumstances:** India claims the **"fundamental changes in circumstances"** as justification for suspension. However, the **International Court of Justice (ICJ)** has set a high bar for such claims. In the **Gabcíkovo-Nagymaros Project dispute** (1997), Hungary's argument for treaty termination due to political and economic changes was rejected by the ICJ, as the changes were not directly linked to the treaty's primary objective.

### Potential Impacts on Pakistan

- **Pakistan's Dependence on Water:**
  - Over **80% of Pakistan's agriculture** and about **a third of its hydropower generation** depend on the waters of the Indus Basin. Any disruption in water flow from the western rivers could have severe consequences.
- **India's Infrastructure Limitations:**
  - India lacks the **massive storage infrastructure** and extensive **canal systems** that would allow it to withhold large quantities of water from the western rivers. India primarily has **run-of-the-river hydropower plants**, which do not have the capacity for **large-scale water storage**.
- **Uncertainty and Potential Disruptions:**
  - While India's existing infrastructure might not allow for **large-scale withholding of water**, **uncertainty over water flow** could severely impact Pakistan's economy, particularly its **agricultural sector**, which is highly dependent on a consistent flow of water.
  - **Dr. Happymon Jacob** from JNU highlighted that **regulating the flow** using India's infrastructure could still cause **disruptions**, even without the capacity for full-scale withholding.
- **Potential for Strategic Actions by India:**
  - India could explore measures that it has **never previously considered**, including:
    - **Redesigning hydroelectric projects** to enhance **water storage capacity**.
    - **Deploying 'drawdown flushing'** techniques from its reservoirs, which involve the abrupt release of water, potentially causing **damage downstream in Pakistan**.
  - **Impact of Abrupt Water Release:** If India were to suddenly release large volumes of water, it could cause significant **flooding** and **damage** in Pakistan, leading to **humanitarian and economic distress**.

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## Banking and Finance

### 1. GST Collections Reach Record ₹2.09 Trillion in April 2025

#### Context

India's net goods and services tax (GST) receipts grew 9.1 per cent in April to hit a fresh monthly record of over ₹2.09 trillion, making a significant improvement over the mild 7.3 per cent uptick in revenues this March, despite a 40 per cent sequential surge in refunds.

#### Key Highlights

- Net GST revenue rose 9.1% YoY to ₹2.09 trillion in April 2025
- Gross GST collection surged 12.6% YoY to ₹2.37 trillion
- Domestic GST revenue increased 10.7%; import-related GST grew 20.8%
- Refunds surged 40% month-on-month, with export-related refunds up 86.1%
- Net economic activity-based GST for FY25 stood at ₹19.73 trillion vs ₹18.26 trillion in FY24

#### Drivers Behind the Growth

- March-end compliance and inventory liquidation by businesses boosted filings
- Exporters accelerated transactions ahead of expected US 'Liberation Day' tariff hikes
- Consistent high collections across all major producing and consuming states (11%–16% growth range)

### Automobile Sector Performance

#### Passenger Vehicle Sales

- Domestic PV wholesales rose 4.4% YoY to ~3.53 lakh units in April
- SUV sales and rural demand remain the primary growth drivers

#### Digital Payments Trend

##### UPI Transactions

- UPI transaction value dipped 3% MoM to ₹23.9 trillion in April
- Decline likely due to seasonal post-fiscal slowdown in retail payments

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### 2. UPI Transactions: Temporary Dip

- **Sequential Decline:** The 2% drop in volume and 3% drop in value in April is **seasonal**, following a March high driven by fiscal year-end business settlements and consumer purchases. The drop is **not structural**.
- **Sustained YoY Growth:** A **34% YoY rise in volume** and **22% in value** shows UPI remains **firmly entrenched** as India's primary digital payment method.
- **Stability in Daily Usage:** Nearly constant daily transaction volume (596M vs 590M) suggests **strong baseline activity**, indicating that UPI usage is habitual, not event-driven.

#### IMPS: Losing Ground to UPI

- **Month-on-Month Decline:** A 3% fall in transaction volume and 7% drop in value.
- **Structural Trend:** IMPS continues to **cede ground to UPI**, especially with UPI's expanding use cases (e.g., credit cards on UPI, UPI for MSMEs).
- IMPS is becoming more **niche and institutional**, while UPI handles the bulk of retail digital flows. Expect further **relegation** of IMPS unless it innovates or finds distinct utility.

### AePS: Volatile and Region-Dependent

- **Sharp MoM Drop:** 16% fall in transactions, 13% drop in value.
- **YoY Resilience:** Despite the MoM fall, AePS saw **2% volume and 6% value growth YoY**.
- **Rural Dependency:** AePS remains **rural-focused**, and transaction volumes often vary with **MNREGA cycles**, subsidy disbursement, or agricultural seasons.
- AePS is **cyclical** and **policy-sensitive**. Its drop may reflect lower government disbursements or reduced cash withdrawal needs in April.

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## 3. Policy Direction and Strategic Vision

### Context

The Finance Minister reinforced the government's commitment to **simplifying regulations** and enhancing **ease of doing business**. This aligns with India's larger ambition of becoming a **global economic powerhouse**. The emphasis on **building domestic efficiencies** highlights a strategy of internal consolidation amidst global uncertainties.

### Trust in the Private Sector

- Declaring the private sector a **"trusted partner"** in development marks a shift from regulatory oversight to a more **collaborative governance model**.
- The policy tone indicates a balance between **formalisation and innovation**, suggesting room for startups and MSMEs to grow within a stable framework.

### Institutional Strengthening and Service Delivery

- The launch of **Corporate Bhawan** as a one-stop regulatory hub is a major step toward **institutional efficiency**.
- Co-locating MCA entities including NCLT, IBBI, and SFIO indicates an effort to **streamline regulatory coordination** and **minimise procedural delays**.
- A **facilitative compliance approach** was underlined, possibly hinting at reduced red tape and faster company incorporations.

### Skill Development and Internships

- Integration of the **PM Internship Scheme's facilitation centre** signals intent to bridge **regulatory frameworks with career development**.
- It aligns with the broader agenda of **youth skilling and employment** through formal corporate exposure.

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## 4. Jana Small Finance Bank Set to Seek Universal Banking Licence in May 2025

### Context

Jana Small Finance Bank (SFB) plans to apply to the **Reserve Bank of India (RBI)** for a **universal banking licence in May 2025, according to MD & CEO Ajay Kanwal**.

### Eligibility Criteria Met

The bank qualifies under RBI norms, having achieved:

- **Gross NPA:** 2.5% in FY25 (below 3% threshold)
- **Net NPA:** 0.9% in FY25 (below 1% threshold)
- **Profitability:** Maintained consistent profitability for the last two years

- **Other Requirements:** Listed status, net worth over ₹1,000 crore, and scheduled bank status

### Strategic Objectives

- **Lower Cost of Deposits:** Licence will help reduce the bank's deposit cost
- **Improved CASA Ratio:** Expected to enhance current and savings account growth
- **Secured Loan Expansion:** Targeting 80:20 secured-to-unsecured loan mix (currently at 70:30)

### What Is Universal Banking?

Universal banking is a system in which **banks provide a wide variety of comprehensive financial services, including those tailored to retail, commercial, and investment services.**

### RBI's Licensing Guidelines Universal Banking Licences in India (2016)

The Reserve Bank of India introduced the 'On Tap' Licensing Policy in **August 2016 for private sector universal banks.** This policy allows eligible applicants to seek a banking licence at any time, enhancing dynamism and competition in the Indian banking sector.

### Eligibility Criteria

- **Individuals/Professionals:**
  - Must be Indian residents
  - Minimum 10 years of senior-level experience in banking and finance
- **Private Entities/Groups:**
  - Resident-owned and controlled
  - Minimum 10 years of successful operational track record
  - *Large industrial houses excluded* but may hold up to 10% stake
- **NBFCs:**
  - Resident-controlled with a 10-year track record
  - Must meet additional criteria prescribed by RBI
- **Small Finance Banks (Conversion Eligibility):**
  - Net worth  $\geq$  ₹1,000 crore
  - Scheduled bank status
  - 5-year satisfactory operational record
  - Gross NPA  $\leq$  3% and Net NPA  $\leq$  1% for past two years
  - Mandatory listing on stock exchanges

## 2. Corporate Structure

- **NOFHC Requirement:**
  - *Not mandatory* for standalone individual promoters
  - *Mandatory* for promoters with group entities
  - Promoter group must hold at least 51% of NOFHC's equity

## 3. Capital Requirements

- Minimum **₹5 billion** paid-up voting equity capital
- Promoters must initially hold  **$\geq 40\%$** , locked-in for **5 years**
- Shareholding to reduce to **15% within 15 years**

## 4. Foreign Shareholding

- Allowed up to **74%** as per current FDI policy
- Subject to **minimum domestic promoter shareholding** norms

## 5. Corporate Governance Norms

- Board must consist of a **majority of independent directors**
- Compliance with **Banking Regulation Act, 1949** and prudential norms

## 6. Financial Inclusion Mandate

- Must submit a **viable business plan** for inclusion
- **25% of branches** must be in **unbanked rural centers**

## 7. Listing Obligation

- Bank must be listed on **stock exchanges within 6 years** of launch

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## 5. NABFID Plans to Raise ₹70,000 Crore in FY26

### Context

NABFID aims to raise up to ₹70,000 crore in FY26, significantly higher than the ₹23,000 crore raised in FY25.

- **Sources of Funds:** The funds will be sourced from both domestic and international markets, marking a shift towards **external commercial borrowings (ECBs)** and overseas bond offerings, depending on market conditions.

### Outstanding Debt and Borrowing Growth

- **Debt Securities:** Outstanding debt securities rose to ₹37,190 crore in March 2025, up from ₹19,668 crore in March 2024.
- **Lender Borrowings:** Borrowings from lenders more than doubled to ₹11,934 crore in FY25, compared to ₹5,550 crore the previous year.

### Asset Growth Projections

- **Asset Doubling:** NABFID expects its total assets, comprising loans and investments in instruments like debentures, to nearly double from ₹59,000 crore in March 2025 to ₹1.15 trillion by March 2026.

This strategy reflects NABFID's ambition to expand its financial capacity to support infrastructure development across India.

BS

## 6. Large Cap, Mid Cap, And Small Cap Funds

### Context

After a period of underperformance, largecap funds are seeing a resurgence. They have outperformed smallcap funds in the two-year **Systematic Investment Plan (SIP)** returns chart. SIP investments in largecap funds have generated an average annualized return of 11.3% over the past two years. In comparison, smallcap funds have provided 7.2% annualized returns.

### Midcap Funds

- **Midcap Funds' Position:** Midcap funds continue to outperform largecap funds with a 12.6% annualized return over the two-year period.

### What Is The Difference Between Large Cap, Mid Cap, And Small Cap Funds?

Mutual funds are among the most effective investment options for wealth creation, especially for beginners. One of the key ways mutual funds are classified is based on *market capitalization*—the total market value of a company's outstanding shares.

## What is Market Capitalization?

Market capitalization (or market cap) is the total value of a company's outstanding shares, calculated as:

**Market Cap = Current Market Price per Share × Total Number of Outstanding Shares**

Based on this value, SEBI categorizes companies into three main types:

### Large-cap Companies

- **Definition: Top 100 companies** by market cap
- **Market Cap Range:** ₹20,000 crore and above
- **Mutual Fund Type:** Large-cap funds
- **Characteristics:**
  - Stable returns
  - Lower risk
  - High liquidity
  - Typically includes *blue-chip stocks* (e.g., Nifty 50 companies)

### Mid-cap Companies

- **Definition: Ranked 101st to 250th** by market cap
- **Market Cap Range:** ₹5,000 crore to ₹20,000 crore
- **Mutual Fund Type:** Mid-cap funds
- **Characteristics:**
  - Moderate risk and volatility
  - Potential for higher returns than large-caps
  - Medium liquidity
  - Suitable for medium-term investment goals

### Small-cap Companies

- **Definition: Ranked 251st and beyond**
- **Market Cap Range:** Below ₹5,000 crore
- **Mutual Fund Type:** Small-cap funds
- **Characteristics:**
  - Highest risk due to limited track record
  - High volatility
  - Low liquidity
  - Strong growth potential for long-term investors

### Large-cap vs Mid-cap vs Small-cap Funds

| Factor                       | Large-cap Funds        | Mid-cap Funds       | Small-cap Funds                               |
|------------------------------|------------------------|---------------------|-----------------------------------------------|
| <b>Risk Profile</b>          | Low                    | Moderate            | High                                          |
| <b>Volatility</b>            | Low                    | Medium              | High                                          |
| <b>Liquidity</b>             | High                   | Medium              | Low                                           |
| <b>Average 5-Year Return</b> | ~7%                    | ~10.28%             | ~14.74%                                       |
| <b>Investment Horizon</b>    | Short to medium-term   | Medium to long-term | Long-term only                                |
| <b>Ideal For</b>             | Conservative investors | Balanced investors  | Aggressive investors with high-risk tolerance |

## 7. BSE Seeks Approval for Monthly Derivative Contracts on New Indices

### Context

The Bombay Stock Exchange (BSE) has sought approval from the **Securities and Exchange Board of India (Sebi)** to offer monthly derivative contracts for two to three additional indices, including several thematic indices.

- **Market Share Ambitions:** This move is aimed at expanding the BSE's share in the Futures and Options (F&O) segment, a key growth area for the exchange.

### Regulatory Process and Timeline

- **Approval Challenges:** While the proposal is in the works, it may take time for Sebi to grant approval. This delay is partly due to ongoing regulatory changes and proposals surrounding F&O, including adjustments in delta calculation and the potential limitation of expiry days to two.
- **Sebi's Criteria for Approval:** To qualify for monthly derivative contracts, an index must meet several conditions set by Sebi, such as ensuring that the stocks contributing to 80% of the index's weight are eligible for derivative trading. Additionally, any stock ineligible for F&O must not have a weighting of more than 5% in the index.

### Recent Developments and Index Launches

- **New Indices Launched:** Since September 2024, BSE has introduced 20 new indices based on market capitalisation, sector classification, and other criteria. These include BSE 1000, BSE Focused Midcap, BSE 250 Microcap, BSE PSU Bank, and BSE Focused IT.
- **Use of Indices:** These indices can be used for various financial products like mutual funds, portfolio management services (PMS), exchange-traded funds (ETFs), and index funds.

### Current Market Offerings and Performance

- **Existing Monthly Contracts:** Currently, the BSE offers monthly derivative contracts for three indices: Sensex, Bankex, and Sensex50.
- **Market Share Growth:** BSE's market share in index options has increased from 16.4% in December 2024 to around 22.1% in February 2025, boosted by regulatory changes that have helped increase premium turnover.

### Future Prospects

- **Potential for Further Expansions:** The BSE plans to continue engaging with market participants and regulators to develop new products and services that meet the evolving market demand.
- **Ongoing Consultation:** The BSE spokesperson emphasized that the process of regulatory engagement is continuous, involving adjustments to align with the dynamic nature of the capital market.

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## 8. SEBI Proposes Enhanced Role for Credit Rating Agencies in Equity Market

### Context

The Securities and Exchange Board of India (SEBI) has proposed that **credit rating agencies (CRAs)** take a more active role in scrutinising companies raising money in the equity market. The regulator aims to ensure that questionable companies do not access capital markets, which could lead to investor protection issues.

### Key Aspects of the Proposal

- **Closer Scrutiny of Fund Utilisation:** SEBI has suggested that rating agencies should closely monitor how companies utilize the funds they raise in the equity markets. This would help in preventing misuse of capital raised from public investors.

- **Evaluation of Fund Necessity:** The regulator has proposed that CRAs assess whether a company's decision to raise funds through the equity market is justified. This includes evaluating whether the amount being raised is appropriate for the company's business needs and financial track record.

### What are Credit Rating Agencies?

CRAs **theoretically provide investors with an independent evaluation and assessment of debt securities' creditworthiness**. However, in recent decades the paying customers of CRAs have primarily not been buyers of securities but their issuers, raising the issue of conflict of interest (see below).

TET

## 9. Opportunities and Challenges in the Gold Loan Sector Amid RBI's Regulatory Overhaul

### Context

The Reserve Bank of India (RBI) issued draft guidelines on April 9, 2025, to harmonize the regulatory framework for **gold loans**, aiming to strengthen governance in the sector and address observed regulatory concerns. The new rules are expected to bring more stability and clarity to the gold loan market, which could help attract further investments and partnerships, particularly for fintech firms.

### Rising Interest from Fintech Firms

- New fintech players are seeing a significant opportunity in the gold loan sector due to these regulatory changes. Many fintechs that have traditionally focused on unsecured consumer lending are now exploring co-lending partnerships with banks and non-banking financial companies (NBFCs) to offer secured gold loans.
- Co-lending is seen as a way to expand credit offerings and mitigate risks, offering a lucrative growth avenue for fintech firms in an otherwise competitive space.

### New Market Entrants

- Several new players are entering the gold loan market, including L&T Finance and Poonawala Fincorp, signaling further growth potential.
- Established fintech companies like Rupeek, Oro Money, Indiagold, and Manipal Fintech are already active in the space, with the latter recently appointing Puja Abhishek Singh as CEO, who previously led business operations at Paytm.

### Partnerships and Expansion

- Startups like Moneyview, which achieved a \$1 billion valuation in 2024, are now looking to enter the gold loan market, further indicating the sector's growth potential.
- Digital payments firm PhonePe has started acquiring gold loan customers for Muthoot Finance and Muthoot Fincorp through its app, marking a strategic expansion into the lending sector.
- BankBazaar, traditionally an unsecured loan sourcing platform, has also entered the gold loan market by partnering with Muthoot Fincorp to source gold loan customers via digital channels. Muthoot Fincorp has even invested ₹15 crore to acquire a stake in BankBazaar.

### Market Potential and Consumer Demand

- India is home to approximately 25,000 tonnes of gold across households, making borrowing against gold jewellery a popular means of financial protection, especially during times of economic uncertainty.
- A large portion of India's gold loan market remains underserved, with an estimated 65% of the market being informally served. The introduction of clearer regulations is expected to help formalize and expand access to this under-served segment.

TET



## 10. India Post & SBI Mutual Fund Join Hands to Offer Doorstep KYC Services

### Context

India Post and SBI Funds Management have signed an MoU to simplify mutual fund KYC onboarding through India's vast postal network, boosting financial inclusion and investor access.

### Key Highlights

- **Objective:** Enable secure, accessible, doorstep KYC collection, especially in rural and underserved areas.
- **Reach:** Leverages India Post's 1.64 lakh+ post offices across the country.
- **Execution:** Trained postal staff will visit investors' homes to collect KYC documents.
- **Beneficiaries:** Senior citizens, rural investors, and those with mobility issues.
- **Alignment:** Supports Jan Nivesh, Digital India, and overall financial literacy and participation goals.

### Impact

- Empowers wider participation in mutual funds.
- Bridges the accessibility gap in capital market onboarding.
- Reinforces India Post's growing role in digital financial services.

This initiative marks a milestone in democratizing mutual fund investments, combining trusted postal infrastructure with financial innovation for inclusive economic growth.

## 11. Bajaj Allianz Launches 'ClimateSafe'

### Context

Bajaj Allianz General Insurance has introduced 'ClimateSafe', **a first-of-its-kind parametric insurance product in India, offering swift financial relief against climate-induced risks using predefined weather triggers.**

### Key Highlights

- **Target Customers:** Retail workers, **gig economy workers**, drivers, shop owners, residents, and event attendees.
- **Covered Risks:** Extreme heat, cold waves, and excessive rainfall.
- **Claims Process:** Automatic settlement within 7 days, no customer intimation needed.
- **Flexibility:**
  - Risk location and duration (1–30 days) selectable by customer
  - Dynamic premiums based on real-time weather data
  - Multiple purchases allowed in a year

### Impact

- Addresses income disruptions and expenses due to climate volatility
- Enhances financial resilience for vulnerable and informal sector workers
- Promotes tech-led climate risk insurance adoption in India

'ClimateSafe' redefines insurance accessibility in a warming world—offering affordable, tech-enabled climate resilience to India's most exposed populations.

## 12. SBI Partners with LPAI to Boost Banking Services at India's Border Land Ports

### Context

State Bank of India (SBI) has signed an MoU with the **Land Ports Authority of India (LPAI) to enhance banking and trade-related financial services across 26 land ports on India's borders, aligning with the**

## Viksit Bharat 2047 vision.

### Key Highlights

- **LPAI Network:** Operates 15 land ports across 8 states; 11 more approved in border regions like UP, Bihar, Mizoram, and West Bengal
- **Trade & Passenger Volume (FY24):** ₹70,952 crore in trade; 30.46 lakh passengers; forex trade valued at ₹71,000 crore
- **Growth Trends:** Trade and passenger movements surged by 15x and 18x over the last decade
- **SBI's Role:**
  - Provide forex services, bulk cargo insurance, and digital banking
  - Offer corporate salary packages with benefits for LPAI employees
  - Support trade expansion goals from ₹80,000 crore to ₹2 lakh crore by 2030

### Strategic Impact

- Facilitates cross-border commerce with neighboring countries (Nepal, Bangladesh, Bhutan, Myanmar)
- Enhances financial infrastructure at crucial land trade gateways
- Boosts India's economic integration and regional connectivity

### About SBI

- **Founded:** 1 July 1955
- **HQ:** Mumbai
- **Chairman:** Challa Sreenivasulu Setty

### About LPAI

- **Established:** March 1, 2012, under LPAI Act, 2010
- **HQ:** New Delhi
- **Chairman:** Aditya Mishra
- **Parent Ministry:** Ministry of Home Affairs

## 13. SBI Partners with LPAI to Boost Banking Services at India's Border Land Ports

### Context

State Bank of India (SBI) has entered into a strategic partnership with the Land Ports Authority of India (LPAI) to enhance trade-linked financial and digital banking services across India's land ports. This aligns with the government's *Viksit Bharat 2047* vision to modernize infrastructure and facilitate regional commerce.

### Key Highlights

- **LPAI Footprint:** Currently operates 15 land ports across 8 states; 11 more are in the pipeline, including sites in Uttar Pradesh, Bihar, Mizoram, and West Bengal
- **FY24 Trade Metrics:**
  - Cross-border trade: ₹70,952 crore
  - Passenger footfall: 30.46 lakh
  - Forex trade value: ₹71,000 crore
- **Growth Milestones:**
  - Trade volume has grown 15x
  - Passenger movement increased 18x over the last decade
- **SBI's Contribution:**
  - Provide end-to-end forex services, digital banking, and trade facilitation

- Offer bulk cargo insurance and corporate salary packages for LPAI staff
- Support government's goal to boost trade volume to ₹2 lakh crore by 2030

### Strategic Relevance

- Strengthens India's trade logistics with key neighbors: Nepal, Bangladesh, Bhutan, and Myanmar
- Upgrades banking infrastructure at high-traffic land trade corridors
- Reinforces India's role in regional economic connectivity and supply chain resilience

### About SBI

- **Founded:** July 1, 1955
- **Headquarters:** Mumbai
- **Chairman:** Challa Sreenivasulu Setty

### About LPAI

- **Established:** March 1, 2012 (under the LPAI Act, 2010)
- **Headquarters:** New Delhi
- **Chairman:** Aditya Mishra
- **Parent Ministry:** Ministry of Home Affairs

## 14. RBI Adds 57.5 Tonnes to Gold Reserves in FY25 Amid Global Volatility

### Context

In FY25, the Reserve Bank of India (RBI) purchased 57.5 tonnes of gold, **its second-highest annual acquisition since 2017, driven by global uncertainties and a surge in gold prices.**

### Key Highlights

- **Total Gold Holdings:** Reached **879.6 tonnes** as of March 2025, up from 822.1 tonnes in FY24
- **Year-wise Purchases:**
  - FY22: 66 tonnes (highest)
  - FY23: 35 tonnes
  - FY24: 27 tonnes
- **Gold Price Surge:** Global prices rose 30%, enhancing gold's appeal as a safe-haven asset
- **Trump Re-election Effect:** Dollar volatility post-Nov 2024 election spurred RBI's gold buy
- **India's Global Rank:** Now 7th in global gold reserves, up from 10th in 2015
- **Gold in Forex Reserves:** Rose from **6.86% (2021)** to **11.35% (2024)**

### Forex Reserves Context

- **Definition:** Assets held by RBI in foreign currencies, bonds, T-bills, etc.
- **Main Components:**
  - **Foreign Currency Assets (FCA)** – largest
  - **Gold Reserves** – second largest
  - **Special Drawing Rights (SDR)** – IMF-backed asset based on five major currencies
  - **Reserve Tranche Position (RTP)** – IMF quota-based emergency borrowing facility

RBI's gold purchases align with a strategy to hedge against currency volatility, diversify reserves, and enhance financial security amid global economic risks.

## 15. Razorpay Launches India's First AI-Integrated Model Context Protocol (MCP) Server

### Context

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"Study the question paper, not just the syllabus."

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Razorpay has launched India's first **Model Context Protocol (MCP) server for payment gateways, enabling AI tools like chatbots to execute payment operations autonomously, bypassing traditional APIs or dashboards.**

### Key Highlights

- **MCP Capabilities:**
  - AI assistants can now:
    - Create payment links
    - Initiate refunds
    - Manage transactions via simple text commands
  - Example: "Send ₹500 to Neha on WhatsApp"
- **Real-time Automation:** Enhances speed, accuracy, and efficiency of business payments
- **Seamless Integration:** AI systems can directly plug into Razorpay's backend for end-to-end payment management

### UPI Infrastructure Partnership

- **Partner:** Airtel Payments Bank
- **Service:** Razorpay's UPI Switch
- **Performance:**
  - 10,000 transactions/sec capacity
  - <100 ms latency
  - 24-hour issue resolution (7x faster than industry average)
  - 4–5% improvement in transaction success rate

This innovation marks a leap in AI-led financial automation in India, strengthening Razorpay's backend capabilities and expanding its presence in UPI infrastructure services.

## Economy

### 1. MGNREGA Work Demand Declines in April 2025

#### Work Demand Overview

- **Demand Decrease:** In April 2025, households demanding work under the [Mahatma Gandhi National Rural Employment Guarantee Act \(MGNREGA\)](#) stood at 20.1 million, reflecting a 6.6% decrease compared to April 2024.
- **Historical Comparison:** This figure is the lowest for April since 2020–21. However, it is still higher than pre-Covid levels, although the gap between current demand and pre-Covid demand is narrowing.

#### Year-on-Year and Sequential Trends

- **Year-on-Year Drop:** The demand for work in April 2025 showed a decline compared to the same month in the previous year.
- **Sequential Growth:** Despite the year-on-year decline, the demand in April 2025 was higher than in March 2025, indicating a sequential increase in work demand.

#### Financial Allocation and Labour Budget

- **Union Budget Allocation:** The Union Budget for FY26 allocated ₹86,000 crore for MGNREGA, maintaining the same amount as the Revised and Budget Estimates for the previous year.
- **Approved Labour Budget:** The approved labour budget for FY26 is around 199 crore person-days, which is 18.44% lower than the actual labour budget for FY25.

This reflects the ongoing trend of fluctuating demand for work under the scheme, despite consistent financial support from the government.

BS

## Facts To Remember

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### 1. PM Modi to relaunch Amaravati project today

Preparations for Prime Minister Narendra Modi's visit to Amaravati to relaunch the capital city construction works have been completed.

### 2. Caravaggio's 'Mary Magdalene in Ecstasy' Unveiled at KNMA, Delhi

**Kiran Nadar Museum of Art (KNMA)**, Saket, is exhibiting *Mary Magdalene in Ecstasy* by **Michelangelo Merisi da Caravaggio**. The painting, **long considered lost**, was rediscovered in 2014 and authenticated by leading historians. First time the original Baroque masterpiece is being displayed in India

### 3. Army, Air Force see major changes at the top as new leaders take over

In a series of major changes in the top brass of the Army and Indian Air Force (IAF), Lt. Gen. Pratik Sharma took over as the Northern Army Commander, and Air Marshal Ashutosh Dixit took charge as the Chief of Integrated Defence Staff. Air Marshal Narmadeshwar Tiwari is set to take over as the Vice-Chief of the Indian Air Force (IAF).

### 4. Trump removes Mike Waltz from the post of National Security Adviser

U.S. President Donald Trump ousted his national security adviser Mike Waltz and named Secretary of State Marco Rubio as his interim replacement in the first major shakeup of Mr. Trump's inner circle since he took office in January.

### 5. Arvind Shrivastava takes charge as Revenue Secy

Arvind Shrivastava, a 1994 batch Indian Administrative Services (IAS) officer of the Karnataka cadre, took charge as secretary, department of revenue, Union Ministry of Finance.

### 6. India's Forex Reserves Rise by \$1.98 Billion to \$688.13 Billion

India's foreign exchange reserves rose by 1.98 billion dollars, reaching 688.13 billion dollars in the week ending April 25. According to the Weekly Statistical Supplement released by the Reserve Bank of India, during the last week, foreign currency assets, a major component of the reserves, were up by 2.17 billion dollars to around 580.6 billion dollars.

### 7. I&B Ministry to Unveil Media and Entertainment Sector Handbook at WAVES 2025

The Information and Broadcasting Ministry will release the Statistical Handbook on the Media and Entertainment Sector 2024-25 at WAVES 2025 in Mumbai tomorrow.

### 8. India & EU reaffirm commitment to conclude free trade agreement by 2025

Minister of Commerce and Industry Piyush Goyal and European Commissioner for Trade and Economic Security Maroš Šefčovič have reaffirmed their shared resolve to conclude the India-European Union Free Trade Agreement (FTA) by the end of 2025.

**FIVE TO REMEMBER · 2 MAY 2025**

1. **Tiruchi Siva's 'Rights of Transgender Persons Bill'** (2014): Became the first PMB in four decades to pass the **Rajya Sabha** and laid the foundation for the **Transgender Persons (Protection of Rights) Act, 2019**.  
Private Member's Bills in India
2. **Market Share Growth:** BSE's market share in index options has increased from 16.4% in December 2024 to around 22.1% in February 2025, boosted by regulatory changes that have helped increase premium turnover. BSE Seeks Approval for Monthly Derivative Contr...
3. **Established:** March 1, 2012, under LPAI Act, 2010 SBI Partners with LPAI to Boost Banking Service...
4. **Established:** March 1, 2012 (under the LPAI Act, 2010) SBI Partners with LPAI to Boost Banking Service...
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**Now test yourself:** [c4scourses.in/daily-quiz/daily-quiz-2-may-2025/](https://c4scourses.in/daily-quiz/daily-quiz-2-may-2025/)

DAY 3 OF 24

**3 May 2025**

Saturday · 19 items · 5 topics

International Affairs 1 · National Affairs 3 · Banking and Finance 11 · Economy 3 · Agriculture 1

**Daily Current Affairs Quiz**  
**3 May, 2025****International Affairs****1. India-UK FTA Talks Resume****Context**

Union Commerce Minister **Piyush Goyal met UK Trade Secretary Jonathan Reynolds** in an **unscheduled resumption of Free Trade Agreement (FTA) talks** in London. Goyal's return follows an earlier **two-day visit** this week that ended without a final deal. Negotiations began in **January 2022**, post-Brexit, but faced delays due to **frequent changes in British leadership**. The new Labour government has accelerated the process.

**Status of Negotiations**

- **Few Issues Remain:** Businesses close to the matter say **only a few sticking points** are left.
- **Finalized Areas:** Tariff reductions on **whisky and automobiles** have reportedly been agreed upon.
- **Constructive Dialogue:** Both governments described the latest discussions as **"constructive"**, indicating substantial progress.

**Parallel Negotiations**

- **Bilateral Pacts:** India and the UK are also negotiating **separate treaties on investment protection and social security** alongside the FTA.
- **Investment Treaty Clause:** Expected to include **investor-state dispute settlement (ISDS) provisions**, enabling companies to sue governments over policy changes impacting investments.
- **US Tariff Concerns:** Both India and the UK are **seeking separate trade negotiations with the US** to resolve tariff-related issues.

**Implications**

- A successful FTA would boost **bilateral trade**, provide **duty benefits**, and offer legal protection for investors.
- The deal may serve as a model for future **post-Brexit UK trade pacts** with emerging economies.

BS

**National Affairs****1. Vizhinjam Port****Context**

PM Narendra Modi inaugurated the **₹8,800-crore Vizhinjam International Deepwater Multipurpose Seaport** in **Thiruvananthapuram, Kerala**. This is **India's first dedicated container transshipment port**,



strategically located near major global shipping routes. The port is developed by **Adani Ports and SEZ Ltd** under a **public-private partnership (PPP)** with the Kerala government.

#### Prime Minister's Remarks

- **Economic Vision:** Modi emphasized that **port cities and coastal States will be pivotal to India's growth** and transformation into a developed economy.
- **Policy Blueprint:** The Centre's focus is on **infrastructure development and ease of doing business**, which has shaped the port and waterways strategy over the past decade.
- **Private Sector Role:** Highlighted **massive PPP investments** as critical in upgrading ports to global standards and making India's maritime sector future-ready.

#### Port Features & Benefits

- **Natural Depth:** Nearly **20-metre deep draft** makes it ideal for handling large container ships.
- **Reduced Dependence:** The port will **minimize India's reliance on foreign ports for transshipment**, boosting efficiency and lowering logistics costs.
- **Global Trade Integration:** Enhances India's presence in **international maritime trade**, aligning with long-term export and logistics goals.

TH

## 2. PM Modi Launches ₹58,000-Crore Projects in Andhra Pradesh

### Context

PM Narendra Modi **laid the foundation stone and inaugurated infrastructure works worth ₹58,000 crore** in Andhra Pradesh. Ceremony held near the **Secretariat in Guntur district**, with virtual participation for select projects.

#### Amaravati Capital Development

- **Amaravati Revived:** Modi **restarted the stalled capital city works** at Amaravati, originally launched by him in 2015 under the TDP regime.
- **Past Delays:** Development halted due to the **three-capital policy** of the YSR Congress Party government.
- **Renewed Commitment:** Modi assured **full Central support** and declared that **all obstacles are now cleared** for Amaravati's development.
- **Future Vision:** Projected Amaravati as a hub for **IT, AI, green energy, education, healthcare, and clean industries**.
- **Cultural Sentiment:** Quoting in Telugu, Modi said, "*Amaravati oka nagaram kaadu, oka Shakti*" (Amaravati is not a city, it's a force).

#### Infrastructure Projects Highlights

- **National Highways & Railways:** Over **₹9,000 crore allocated to railway projects**, with broad emphasis on **inter-state connectivity**.
- **Defence Sector:** **Foundation laid for a Missile Testing Range at Nagayalanka (Krishna district)** to bolster the national defence ecosystem.
- **River Linking Support:** Backing extended for **Polavaram project**, aimed at harnessing **Godavari and Krishna rivers** for irrigation and water supply.

#### Socio-Economic Initiatives

- **Inclusive Development Focus:** Emphasis on **empowering farmers, youth, women, and the poor**, with targeted welfare schemes.
- **Central-State Collaboration:** PM reaffirmed that **joint efforts with CM Chandrababu Naidu and**

**Deputy CM Pawan Kalyan** would fulfill the dream of “**Viksit Andhra**” envisioned by N.T. Rama Rao.

TOI

### 3. Global Media Dialogue 2025

#### Overview

- **Event:** Global Media Dialogue 2025
- **Platform:** Government-to-government initiative, held during the **World Audio Visual Entertainment Summit (WAVES)**
- **Hosted by:** India; attended by delegates from **60+ countries**

#### Key Objectives

- Foster **technology-driven pluralism** and a **democratised international system**
- Promote **cultural diversity**, **local storytelling**, and **cross-border media collaboration**
- Reimagine global discourse beyond colonial-era structures and great power dominance

#### WAVES Declaration Highlights

- **Adopted by all member states**
- **Core Commitments:**
  - Promote **cultural diversity** and **responsible AI use**
  - Enhance **global cooperation** in the media and entertainment sector
  - Reduce **digital and cultural divides**
  - Ensure **fair and ethical media practices**
  - Combat **misinformation and disinformation** through **responsible journalism**

#### Strategic Outcomes:

- Global consensus on:
  - Enabling creative innovation and cultural preservation
  - Strengthening **media integrity** and **fact-based reporting**
  - Supporting inclusive, **ethically governed digital media ecosystems**

#### Significance

- Positions India as a thought leader in shaping **a more inclusive, multipolar media order**
- Lays groundwork for a **collaborative global media framework**, anchored in shared cultural values and equitable digital access

PIB

## Banking and Finance

### 1. RBI Working Group Recommends Longer Call Money Market Hours to Enhance Liquidity Flexibility

#### Key Recommendations by RBI Working Group (Chaired by Radha Shyam Ratho):

- **Extended Trading Hours for Call Money Market:**
  - Proposed trading window to be **extended till 7:00 PM** (from the current 5:00 PM).
  - Aims to offer **greater flexibility for banks** in overnight fund management and balance sheet optimization.
- **Changes to Market Repo & Tri-Party Repo (TREP):**

- **Synchronize and extend trading hours** for both market repo and TREP to **4:00 PM**.
- **Unify TREP trading hours** for participants settling via Designated Settlement Banks and RBI.
- **Revised LAF Auction Timings:**
  - **Prepone the Liquidity Adjustment Facility (LAF)** auction to **9:30–10:00 AM**, from the current **10:00–10:30 AM**.
  - This change is aimed at improving **liquidity planning** during the trading day.
- **Government Securities Market:**
  - **No change to current onshore trading hours.**
  - However, **offshore trading with non-residents** may be allowed between **5:00 PM and 11:30 PM**, subject to:
    - **T+1 trade reporting** on NDS-OM before onshore hours.
    - **T+2 settlement** cycle.
- **No Changes Proposed For:**
  - **Interest Rate Derivatives**
  - **Foreign Exchange Markets**

### Rationale Behind the Recommendations

- Post-5 PM, many banks face settlement uncertainties, impacting overnight fund usage.
- Greater **alignment with global best practices** and rising market volumes demand flexible frameworks.
- Feedback from market participants revealed a strong preference for **operational flexibility**.

### Market Trends and Data Highlights (2014–2025)

- **Overnight Money Market Annual Turnover:**
  - Grew from ₹281.37 trillion (2014–15) to ₹1,324.05 trillion (2024–25).
- **Daily Average Turnover:**
  - Increased from ₹1.17 trillion to ₹5.52 trillion in the same period.
- **TREP Segment Dominance:**
  - Accounts for **69%** of daily average volume, followed by **market repo (29%)**.
  - **Call Money share fell** from **13% to 2%**.

The RBI's working group has proposed a pragmatic set of market reforms to reflect the evolving structure of India's financial ecosystem. These changes aim to improve liquidity management, ensure operational continuity, and enhance market efficiency.

BS

## 2. RBI Seeks Government Nod to Remove Cap on Vostro Account Investment in Short-Term Sovereign Debt

### Context

In 2022, the **Reserve Bank of India (RBI)** introduced **Special Rupee Vostro Accounts (SRVAs)** to facilitate rupee-based trade settlements, aiming to promote the **internationalisation of the rupee**. These SRVAs allow foreign banks to **hold rupee balances** in India through domestic banks for trade settlement without registering as **Foreign Portfolio Investors (FPIs)**.

### Current Restriction

- As per existing norms, **only 30% of SRVA balances** can be invested in **short-term sovereign debt instruments** (residual maturity less than one year), including **treasury bills**.
- This restriction was designed to:

- Encourage **long-term capital inflows**.
- Support **financial stability** by avoiding excess short-term speculative flows.

### RBI's Proposal to Finance Ministry

- The **RBI has written to the Finance Ministry**, seeking removal of the 30% cap on short-term investments by SRVA holders.
- The central bank argues this limit is **discouraging usage** of SRVAs and **restricting short-term liquidity management** for foreign banks.
- Feedback from SRVA participants indicated the cap was a **major barrier to operational efficiency**.

### Objective Behind the Move

- **Boost rupee-denominated investments and trade** settlement through SRVAs.
- **Enhance global acceptance** of the rupee for international trade.
- Provide **greater flexibility** to overseas banks using SRVAs for managing trade-linked liquidity.

### Significance

- If approved, the measure could:
  - **Increase foreign interest in rupee assets**.
  - Enhance **demand for short-term Indian sovereign debt**.
  - Further India's goal of establishing the rupee as a **global trade currency**.

BS

## 3. Poonam Gupta Appointed Deputy Governor of RBI

### Context

**Economist Poonam Gupta** took charge as a **Deputy Governor** of the **Reserve Bank of India (RBI)** on Friday, becoming the **fourth woman** to hold this position. She succeeds **Michael Patra**, whose term ended in January 2025.

### Departments Under Her Oversight:

Poonam Gupta will oversee several critical RBI departments, including:

- **Monetary Policy Department**
- **Financial Markets Operations Department**
- **Department of Economic and Policy Research**
- **Financial Stability Department**
- **International Department**
- **Department of Statistics and Information Management**
- **Corporate Strategy and Budget Department**
- **Department of Communication**

### Role in Monetary Policy:

- Gupta will be part of the **six-member Monetary Policy Committee (MPC)**, responsible for setting interest rates.
- The **MPC has cut the policy repo rate** by 25 basis points each in its last two meetings (April and February).
- The next MPC meeting is **scheduled for June 2025**.

BS

## 4. SEBI Alleges Insider Trading Violation by Pranav Adani

### Context

**Pranav Adani**, a key director in **Adani Group** companies and nephew of founder **Gautam Adani**, is facing insider trading allegations from the **Securities and Exchange Board of India (SEBI)**. According to a SEBI notice reviewed by Reuters, **Pranav Adani allegedly shared unpublished price-sensitive information (UPSI)** regarding **Adani Green Energy's 2021 acquisition** of **SB Energy Holdings**, backed by SoftBank.

### What Is Illegal Insider Trading?

#### Definition

Illegal insider trading involves **buying or selling securities** while in possession of **material, nonpublic information** in violation of a **fiduciary duty** or a **relationship of trust and confidence**. It also includes **tipping** such information to others who then trade based on it.

#### Key Violations Include

- Trading by **corporate insiders** (officers, directors, employees) who have access to confidential information
- Trading by **tippees** (friends, family, or associates) who receive insider information from company insiders
- Employees of **law firms, banks, brokerages, or printing firms** who misuse corporate information
- **Government employees** who trade on confidential information acquired through their official roles
- **Political intelligence consultants** who tip or trade on nonpublic government information
- **Others** who misappropriate confidential information from any trusted source (e.g., employers, friends)

#### Examples of Insider Trading Cases Brought by the SEC

- Company executives trading on confidential merger or earnings information
- Friends or family trading stocks after receiving a tip from an insider
- Legal or financial professionals using client information to trade securities
- Government insiders or consultants leveraging political intelligence for financial gain

#### Why It Matters

Illegal insider trading **erodes public trust** in the financial markets by giving unfair advantages to a select few. To maintain **market integrity**, the **U.S. Securities and Exchange Commission (SEC)** prioritizes **detecting, investigating, and prosecuting** such violations.

#### Nature of Allegation

- The regulator claims Adani **shared deal-related information with his brother-in-law** before the acquisition was publicly disclosed.
- The incident potentially violates India's **Prohibition of Insider Trading Regulations**, which aim to curb unfair advantages in securities trading.

### Background

- The **Adani Green-SB Energy deal** was a major transaction valued at **\$3.5 billion**, marking one of the largest M&A deals in India's renewable energy sector in 2021.
- This is the **first time** such allegations have surfaced publicly against **Pranav Adani**, a long-time executive and public face of the group.

#### Implications:

- The case could **test SEBI's enforcement powers** in high-profile insider trading matters.
- A settlement without admission may **help Adani avoid protracted litigation** but still leaves reputational questions open.

BS

## 5. NSE Launches Nifty Waves Index for Media, Entertainment, and Gaming Sectors

### Key Highlights:

The **National Stock Exchange (NSE)** launched a new thematic index — the **Nifty NSE Waves Index** at the **World Audio Visual & Entertainment Summit (WAVES)** in Mumbai. The index is designed to **track the performance of companies** in the **media, entertainment, and gaming sectors**, reflecting growing investor interest in these industries.

### Index Composition

- The **Nifty Waves Index** includes **43 listed companies**, such as:
  - **Nazara Technologies**
  - **PVR Inox**
  - **Zee Entertainment**
  - **Saregama India**
  - **Network18 Media & Investments**
- **Weight cap:** Each stock's weight in the index is **capped at 5%**, ensuring diversified exposure.

### Objective and Relevance

- The index aims to provide a **benchmark for tracking performance** in India's rapidly evolving digital entertainment economy.
- It also aligns with the broader market shift toward **thematic investing** in niche and high-growth sectors like **gaming, OTT, music, and media**.

TH

## 6. SEBI Proposes Framework Relaxations for InvITs and REITs to Ease Business Environment

### Context

The **Securities and Exchange Board of India (SEBI)** released a **discussion paper** on Friday outlining **proposed relaxations** in the regulatory framework for **Infrastructure Investment Trusts (InvITs)** and **Real Estate Investment Trusts (REITs)**. The move is part of SEBI's broader agenda to promote **ease of doing business** and enhance the attractiveness of these instruments for both issuers and investors.

### Major Proposals Include

- **Redefinition of 'Public' Unitholders:**
  - SEBI proposes **changes to the definition of 'public'** for the purpose of calculating **minimum public unitholding requirements**.
  - This could help trusts meet public holding norms more flexibly, especially during fundraising or restructuring events.
- **Additional Relaxations (Under Consideration):**
  - Easing of **listing obligations** and **disclosure norms**.
  - **Simplification of capital raising procedures** for InvITs and REITs.
  - Enhanced **flexibility in leverage limits** and **investment conditions**.

### Objective and Impact

- These proposals are aimed at **streamlining regulatory compliance**, reducing friction in capital markets, and encouraging greater participation in **long-term infrastructure and real estate investments**.
- If adopted, the new rules could **spur growth in REIT and InvIT listings**, attract global capital, and boost



retail and institutional investor confidence.

BS

## 7. SEBI Proposes Simplified Disclosure Norms for QIP Placement Documents

### Context

The **Securities and Exchange Board of India (SEBI)** on Friday proposed **amendments to the 'placement document'** required for **Qualified Institutions Placement (QIP)**. The changes aim to **streamline disclosure requirements** by focusing only on information relevant to the issuer, eliminating redundant details.

### Key Highlights:

- **QIP's Importance:** In FY24, QIPs accounted for **35% of total equity-based fund mobilization**, making them a crucial fundraising tool for listed companies.
- **Rationale for the Proposal:**
  - SEBI noted that listed entities already adhere to **continuous disclosure obligations**.
  - The current QIP format mandates extensive disclosures that are **duplicative and time-consuming**.

### Proposed Changes

- Amend the QIP **placement document format** to focus exclusively on:
  - Material information **specific to the issuer**
  - **Recent developments** impacting the company
  - **Risk factors** and key financials already disclosed via regulatory filings

### Expected Impact

- Reduced compliance burden and **faster fundraising** process for companies.
- Enhanced **efficiency and transparency** in capital raising via QIPs.
- Likely to encourage **more frequent usage** of the QIP route by listed firms.

TET

## 8. RBI Panel Proposes Extension of Call Money Market Hours till 7 PM

### Context

A **Reserve Bank of India (RBI)** working group has recommended **extending the call money market trading hours by two hours, from 5:00 PM to 7:00 PM**, to align with the 24x7 availability of payment systems and support better liquidity management among banks.

### Key Recommendations

- **Call Money Market:** Extend trading hours **till 7:00 PM** to enhance reliance on this **regulated interbank platform**.
- **Market Repo & TREPS:** Unify and extend trading hours for both segments to **4:00 PM** from the current **3:00 PM**.
- **Government Securities (Post-Market):** Permit **post-onshore trading with non-residents** from **5:00 PM to 11:30 PM**, with **reporting on T+1** and **settlement on T+2** via NDS-OM.
- **No change proposed** for trading hours in the bond and foreign exchange markets.

### Rationale & Industry Viewpoint

- **24x7 RTGS** has made it **challenging to manage end-of-day fund flows**, leading to increased reliance on RBI's **Standing Deposit Facility (SDF)** or **Marginal Standing Facility (MSF)**.
- Banks **lose potential earnings** when surplus funds are parked in SDF rather than the interbank market.



- **Call money's share** in the overnight money market has declined from **13% (2014-15)** to **~2%**, but it remains critical as the **call rate serves as the RBI's operational target** under its current monetary policy framework.
- **TREPS** holds **69%** market share, followed by **market repo at 29%**.

#### Next Steps

- The **RBI is accepting public comments until May 30**, after which it will take a final decision on the recommendations.

TET

## 9. RBI Imposes Penalties on ICICI Bank, Axis Bank, and 3 Others for Regulatory Non-Compliance

### Context

On Friday, the **Reserve Bank of India (RBI)** imposed **monetary penalties on five major banks** ICICI Bank, Axis Bank, Bank of Maharashtra, Bank of Baroda, and IDBI Bank **for violations across multiple regulatory frameworks, including KYC norms, cyber security, and customer service standards.**

### Bank-wise Penalties and Reasons

1. **ICICI Bank**
  - **Penalty:** ₹97.8 lakh
  - **Violations:**
    - Delayed reporting of a **cybersecurity incident**
    - Weak alert systems for account monitoring
    - Failure to send **credit card statements**, while levying **late payment fees**
2. **Axis Bank**
  - **Penalty:** ₹29.6 lakh
  - **Violation:**
    - Unauthorized use of **internal/office accounts**
3. **Bank of Maharashtra**
  - **Penalty:** ₹31.8 lakh
  - **Violation:**
    - Non-compliance with **Know Your Customer (KYC)** regulations
4. **Bank of Baroda**
  - **Penalty:** ₹61.4 lakh
  - **Violations:**
    - Lapses in **financial services compliance**
    - Deficiencies in **customer service and deposit interest rate disclosures**
5. **IDBI Bank**
  - **Penalty:** ₹31.8 lakh
  - **Violation:**
    - Non-compliance with the **interest subvention scheme** related to **Kisan Credit Card (KCC)** loans for agriculture

### Regulatory Context

These penalties are **administrative actions** under RBI's supervisory powers and are not meant to question the validity of any transaction or agreement with customers.

## Implications

This development underscores RBI's emphasis on **cybersecurity preparedness**, **customer service integrity**, and **accurate implementation of government subsidy schemes**, particularly in **agriculture finance**.

TET

## 10. SEBI Rules Out Aptitude Test for Retail F&O Traders, Emphasizes Investor Autonomy

### Context

Securities and Exchange Board of India (SEBI) Chairperson **Tuhin Kanta Pandey** has dismissed the idea of introducing an **aptitude test for retail traders** in the **Futures and Options (F&O)** segment, citing concerns over feasibility and regulatory overreach.

### Key Highlights:

#### 1. No Aptitude Test for F&O Participation

- SEBI will not introduce a **mandatory screening or aptitude test** for retail investors to trade in derivatives.
- The move is aimed at maintaining a balance between **investor protection** and **personal financial autonomy**.

#### 2. Regulatory Perspective on Derivative Trading

- In **November 2023**, SEBI introduced **curbs on excessive speculation** in derivatives to reduce financial risk.
- A SEBI internal study revealed that **90% of retail investors incur losses** in F&O trading.

#### 3. Focus on Certification for Key Market Participants

- SEBI currently mandates **NISM certifications** for certain roles such as **investment advisors** and **registered intermediaries**, but not for individual retail traders.

#### 4. Emphasis on Individual Autonomy

- SEBI asserts that **individuals should have the freedom** to manage their investments.
- The regulator encourages **informed decision-making** rather than imposing restrictions on access to markets.

#### 5. Leverage and Risk Controls

- SEBI **discourages the use of leverage** for trading due to the high risk involved.
- Leverage-based trading is not permitted** in **Alternative Investment Funds (AIFs)**.

#### 6. Systemic Checks and Market Surveillance

- SEBI believes the current market infrastructure has **adequate checks and balances**.
- Stock exchanges act as frontline regulators**, ensuring transparency through **disclosures and audits**.

#### 7. Strong Enforcement Against Insider Trading

- SEBI maintains a **zero-tolerance policy on insider trading**.
- Enforcement actions focus on building **legally robust cases** to withstand judicial scrutiny.

## Implications

This policy stance reflects SEBI's broader vision of **empowering retail investors** without creating entry barriers, while **strengthening systemic safeguards** against misuse and financial fraud.

## 11. Bank of India Signs MoU with Sa-Dhan to Boost Financing for Women-Led and Micro Enterprises

### Context

Bank of India (BOI) has entered into a **Memorandum of Understanding (MoU)** with **Sa-Dhan**, a self-regulatory organisation appointed by the RBI, to **expand financial access** for small, micro, and women-led enterprises. The partnership aligns with India's **National Financial Inclusion Strategy** and **Sustainable Development Goals (SDGs)**.

### Key Objectives of the MoU

- **Expand credit access** to **Self-Help Groups (SHGs)** and **non-SHG entrepreneurs**
- **Promote climate-resilient technologies** and **green financing**
- Support **WASH financing** (Water, Sanitation and Hygiene)
- Enable **co-lending with Microfinance Institutions (MFIs)**
- Drive **digital transformation** and **technology adoption**
- Enhance **financial literacy** and awareness of **government schemes**

### Strategic Focus

- Promote **affordable, flexible financing** for underserved communities
- Prioritize **women entrepreneurship**, rural enterprises, and semi-urban development
- Facilitate **loan disbursement and monitoring** via digital platforms
- Build awareness around **social security** and **financial inclusion programmes**

### Impact

This non-commercial MoU underscores a joint commitment to:

- **Empowering rural entrepreneurs**
- **Strengthening women-led businesses**
- **Scaling sustainable finance** solutions

## Economy

### 1. Rupee Hits 7-Month High of 83.76/USD Before RBI Steps In

#### Key Highlights:

- **Intraday Movement:** The Indian rupee **appreciated to 83.76 per dollar** in early Friday trade — its **strongest level since September 30, 2024** (when it touched 83.71).
- **Psychological Level Breached:** This marked the first time since **October 17, 2024**, that the rupee moved **below the 84/USD mark**, triggering stop-loss orders and foreign inflows.
- **Closing Rate:** The rupee **ended the day at 84.55**, slightly weaker than Thursday's close of 84.49.

#### RBI Intervention:

- **Estimated Size:** The **Reserve Bank of India** intervened with an estimated **\ \$3 billion purchase** of US dollars.
- **Purpose:** Aimed at **containing rupee volatility** and **preserving export competitiveness**.
- **Market Reaction:** Dealers cited heavy dollar buying by RBI as the key reason for the rupee's retracement from its peak.

#### Bond Market Update

- **New 10-Year G-Sec:** The coupon for the freshly issued **10-year government bond was set at 6.33%**,

aligning with market expectations.

- **Liquidity:** It has quickly become the **second most liquid on-the-run government security**.

### Forex Reserves

- India's **foreign exchange reserves** are also at a **7-month high**, reflecting robust **external stability and capital inflows**.

BS

## 2. S&P Lowers India's FY26 GDP Growth Forecast to 6.3%

### Key Highlights:

#### Revised Growth Estimates:

- **FY26 GDP forecast** lowered to **6.3%** from 6.5% by **S&P Global Ratings**.
- **FY27 GDP forecast** also cut by **30 basis points** to **6.5%**.

#### Reason for Downgrade:

- A **"seismic and uncertain shift"** in **U.S. trade policy** is causing market volatility and affecting global confidence.
- **Increased U.S. tariffs**, anticipated **retaliatory actions** by trade partners, and **market turbulence** are cited as major downside risks.

#### Impact on Indian Markets

- **Foreign Portfolio Investors (FPIs)** have **offloaded record volumes of Indian government bonds**, driven by:
  - **Narrowing yield spread** between Indian and U.S. bonds.
  - Increased **global risk aversion** amid uncertainty in trade and policy.

#### Implications

- Lower growth may impact fiscal and monetary policy assumptions for FY26–FY27.
- Bond market outflows suggest **weaker investor sentiment**, especially if yield differentials continue to shrink.
- The situation underscores **India's vulnerability to global macroeconomic shocks**, despite domestic growth momentum.

BS

## 3. NITI Aayog Recommends Overhaul of CGTMSE Scheme to Boost MSME Competitiveness

### Key Recommendations from NITI Aayog's Report:

Title: "Enhancing Competitiveness of MSMEs in India"

- **Reform of CGTMSE:**
  - **Greater transparency and oversight:** The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) should be brought under a **formal regulatory authority** to improve governance and accountability.
  - **Reduced premium rates:** Lowering guarantee premiums to make the scheme more attractive and accessible for micro and small enterprises.
  - **Enhanced coverage for women-led units:** **100% credit guarantee** coverage should be extended to **women-led enterprises** to encourage female entrepreneurship.
- **Addressing Governance Gaps:**
  - Currently, the Trust lacks regulatory oversight and clear governance structures.

- Recommendations call for balancing **fund availability** with **financial discipline**, particularly for **low-end entrepreneurial activities**.
- **Credit Utilization Focus:**
  - Emphasis not just on access to credit, but on **effective credit utilization**.
  - Advocates **better resource allocation** at the enterprise, government, and institutional levels.
  - Calls for building a system that supports **sound financial decision-making** and **risk mitigation** beyond just formalised MSMEs.
- **Technological & Fiscal Interventions:**
  - Push for MSMEs to adopt **emerging technologies** such as **Artificial Intelligence**, supported through both financial and infrastructural assistance.
  - Cites findings from a **NASSCOM–Meta study** highlighting technology's role in MSME competitiveness.

## Background

- **CGTMSE**, launched in 2000, is a key government initiative to provide **collateral-free credit** to India's micro and small enterprises.
- It is jointly managed by the **Ministry of MSME** and **SIDBI**.

## Implications

- A reformed CGTMSE can **enhance formal credit outreach**, particularly to underserved segments like **women entrepreneurs**.
- Technological integration and risk-aware lending practices can **broaden the impact** of government schemes across India's vast MSME landscape.

BS

## Agriculture

### 1. Centre Hikes Sugarcane FRP to ₹355/Quintal for 2025–26 Season

#### Context

In a significant move to support India's agrarian economy, the **Cabinet Committee on Economic Affairs**, chaired by Prime Minister **Narendra Modi**, has approved an increase in the **Fair and Remunerative Price (FRP)** of sugarcane to **₹355 per quintal** for the 2025–26 sugar season. This decision benefits around **5 crore farmers** and **5 lakh sugar mill workers** nationwide.

#### Key Highlights:

##### New FRP Rate Announced

- **₹355 per quintal** for sugarcane with a **basic recovery rate of 10.25%**, up from ₹340 in 2024–25.
- **4.41% higher** than the current season's FRP.
- FRP is **105.2% higher** than the cost of production, estimated at **₹173 per quintal**.

##### Incentives Based on Sugar Recovery Rates

- **Premium** of **₹3.46/quintal** for every 0.1% rise in recovery above 10.25%.
- **Deduction** of **₹3.46/quintal** for each 0.1% fall below 10.25%.
- **No deduction** for recovery below 9.5%; such farmers will still receive **₹329.05/quintal**.

#### Basis for Decision

- Recommendations from the **Commission for Agricultural Costs and Prices (CACP)**.

- Consultations held with **State Governments and stakeholders**.

### Payment Performance

- **2023–24 Season:** ₹1,11,703 crore (99.92%) of the ₹1,11,782 crore dues paid.
- **2024–25 Season (ongoing):** ₹85,094 crore (87%) of the ₹97,270 crore dues cleared by April 28, 2025.

### Economic & Employment Impact

- Sugarcane farming and processing support **millions of livelihoods** across farming, factory work, transport, and rural labour sectors.

### Implications

This FRP hike reinforces the Centre's commitment to **doubling farmer incomes, ensuring timely cane payments**, and **strengthening rural economic stability** through targeted policy support.

### What is Fair and Remunerative Price (FRP)?

#### Definition:

The **Fair and Remunerative Price (FRP)** is the **minimum price** set by the **Government of India** that **sugar mills must legally pay** to sugarcane farmers for their produce. It is designed to ensure that farmers receive a fair return on their crop.

#### Legal Framework

- Governed by the **Sugarcane (Control) Order, 1966**, under the **Essential Commodities Act (ECA), 1955**.
- FRP must be paid **within 14 days** of cane delivery.
- **Delayed payments attract interest up to 15% per annum**.
- Sugar commissioners can **recover unpaid FRP dues** through revenue recovery processes, including **property attachment** of defaulting mills.

#### Payment Terms

- Mills may **enter agreements** with farmers to **pay FRP in installments**.
- FRP is **binding**, irrespective of market prices for sugar.

#### Who Recommends and Approves FRP?

- Recommended by the **Commission for Agricultural Costs and Prices (CACP)**, an advisory body under the **Ministry of Agriculture and Farmers Welfare**.
- Final FRP is **approved by the Cabinet Committee on Economic Affairs (CCEA)**, which is chaired by the **Prime Minister of India**.
- The policy is based on suggestions from the **Rangarajan Committee** on sugarcane industry reform.

#### Key Factors Considered for FRP Determination

1. **Cost of production** of sugarcane
2. **Returns from alternative crops** and general price trends of agricultural commodities
3. **Fair price for consumers** of sugar
4. **Selling price of sugar** by producers
5. **Sugar recovery rate** from cane (efficiency)
6. **Realization from by-products** such as **molasses, bagasse, and press mud**
7. **Reasonable margin** for farmers covering **risk and profit**

TH

**FIVE TO REMEMBER · 3 MAY 2025**

1. The **RBI has written to the Finance Ministry**, seeking removal of the 30% cap on short-term investments by SRVA holders. RBI Seeks Government Nod to Remove Cap on Vostr...
2. **Weight cap**: Each stock's weight in the index is **capped at 5%**, ensuring diversified exposure. NSE Launches Nifty Waves Index for Media, Enter...
3. **Call money's share** in the overnight money market has declined from **13% (2014-15)** to **~2%**, but it remains critical as the **call rate serves as the RBI's operational target** under its current monetary policy framework. RBI Panel Proposes Extension of Call Money Mark...
4. **Psychological Level Breached**: This marked the first time since **October 17, 2024**, that the rupee moved **below the 84/USD mark**, triggering stop-loss orders and foreign inflows. Rupee Hits 7-Month High of 83.76/USD Before RBI...
5. **₹355 per quintal** for sugarcane with a **basic recovery rate of 10.25%**, up from ₹340 in 2024-25. Centre Hikes Sugarcane FRP to ₹355/Quintal for ...

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DAY 4 OF 24

# 4 & 5 May 2025

25 items · 7 topics

International Affairs 1 · National Affairs 4 · Science &amp; Tech 1 · Banking and Finance 11 · Economy 1 · Agriculture 2 · Facts To Remember 5

## Daily Current Affairs Quiz 4 & 5 May, 2025

### International Affairs

#### 1. EU Willing to Reengage with India on WTO ICT Tariff Dispute

##### Context

The **European Union (EU)** has expressed willingness to reinstate negotiations with India over a **WTO dispute concerning import tariffs** imposed by New Delhi on **information and communication technology (ICT) products**. A senior EU official confirmed the bloc's readiness to explore an "amicable settlement," provided India is open to such talks.

##### Background of the Dispute

- **Nature of Dispute:** India imposed customs duties on ICT goods including mobile phones, components, and handsets — gradually implemented since **2014**.
- **EU's Position:** These tariffs **violate WTO rules**, particularly under the **Information Technology Agreement (ITA)**, which mandates **zero duty on covered products**.
- **WTO Ruling (April 2023):** WTO's Dispute Settlement Body ruled **in favor of the EU**, asking India to remove these duties.
- **India's Response:** India **appealed** the ruling to the **WTO Appellate Body**, which is **currently non-functional**, rendering it an "**appeal into the void**."

##### Current Developments

- **EU Readiness for Talks:** The EU remains open to discussions if India seeks an **amicable bilateral resolution**.
- **Public Consultation by EU:**
  - In **November**, the EU launched a **public consultation** under its **Enforcement Regulation** to assess the **impact of India's tariffs on EU interests**.
  - This is a **preliminary step** to evaluate potential **retaliatory measures**, though it doesn't predetermine any future decision.
- **MPIA Rejection by India:**
  - The EU suggested resolving the issue via the **Multi-Party Interim Appeal Arbitration Arrangement (MPIA)**.
  - India declined, arguing for a **restoration of the WTO Appellate Body** and maintaining that the tariffs are on **non-ITA products**.

##### Key Issues at Stake

- **Trade Impact:** Tariffs affect EU exporters of ICT goods, including electronics and telecom equipment manufacturers.
- **Legal Complexity:** WTO appeals remain unresolved due to the **dysfunctional appellate mechanism**,

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complicating final settlement.

- **Enforcement Regulation:** Gives the EU legal grounds to **retaliate** if the dispute remains unresolved under WTO channels.

### India's Stand

- India claims the products in question **do not fall under the ITA-1 agreement**.
- The government asserts its **sovereign right to impose tariffs** and continues **bilateral engagement** with the EU.

BS

## National Affairs

### 1. India Imposes Comprehensive Ban on Imports, Postal Links, and Port Access for Pakistan

#### Context

In a significant **escalation of bilateral tensions**, the **Government of India has imposed a complete ban on trade, shipping, and postal links with Pakistan**. The decision follows a deadly terror attack in Jammu & Kashmir and coincides with Pakistan's latest missile test.

#### Key Developments:

##### Trade Ban Enforced

- The **Directorate General of Foreign Trade (DGFT)** announced a ban on the **"direct or indirect import or transit of all goods originating in or exported from Pakistan."**
- The restriction applies **regardless of the goods' import status** (freely importable or otherwise).
- The ban is effective *immediately* and will remain in place *until further orders*.
- The DGFT cited **national security and public policy** as the basis for the decision.

##### Port and Shipping Restrictions

- The **Ministry of Ports, Shipping and Waterways** issued an order to:
  - **Prohibit docking of Pakistani-flagged ships** at Indian ports.
  - **Bar Indian ships** from visiting ports in Pakistan.
- These measures are *effective immediately*, with **exemptions considered on a case-by-case basis**.

##### Suspension of Postal Links

- The **Department of Communications** confirmed the **complete suspension of all categories of inbound mail and parcels** from Pakistan.
- The suspension affects **both air and surface routes** and is already in force.

##### Comprehensive Visa Revocation by India

- India has implemented a **severe visa crackdown** on Pakistani nationals in phases since April 23, culminating in near-total suspension of non-official travel.

##### Context & Background

- The restrictions come in the aftermath of the **April 22 terror attack in Pahalgam, Jammu & Kashmir**, which claimed **26 lives**.
- Pakistan's **test-firing of a nuclear-capable missile** on the same day further heightened tensions.
- Earlier this week, India had implemented a **stricter visa regime for Pakistani nationals**.

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## Policy Implications

- These measures represent **India's most stringent non-military response** to Pakistan in recent years.
- Analysts believe the move is aimed at exerting **economic and diplomatic pressure** while reinforcing India's national security posture.

TH

## 2. India-France Rafale-M Deal

### Context

India has formally concluded a **₹64,000 crore deal with France** for 26 **Rafale-Marine (Rafale-M)** fighter jets, enhancing the Indian Navy's combat capabilities and preparing both **INS Vikramaditya** and **INS Vikrant** for full fighter jet deployment by 2030. Minor modifications to aircraft and carriers will be required to ensure seamless operations.

### Key Highlights:

#### Deal Finalisation and Delivery Timeline

- **Inter-Governmental Agreement (IGA)** signed on **April 28, 2025** between India and France.
- Procurement includes:
  - **22 single-seater Rafale-Ms**
  - **4 twin-seater trainer versions**
- Delivery schedule:
  - Begins: **Q2 2028**
  - Completed: **End of 2030**
- Package includes **training, simulators, weapons, associated equipment**, and **5-year performance-based logistics (PBL)**.
- Deal value: **~₹64,000 crore** (includes support equipment for existing IAF Rafales).

### Significance for Indian Navy

- Once inducted, Rafale-M will complete the **fighter complement for both Indian aircraft carriers**.
- Will significantly enhance India's **maritime power projection**, especially in the **Indian Ocean Region (IOR)**.
- Offers improved **interoperability with Western naval forces**, bolstering India's naval diplomacy and multilateral operations.

The Rafale-M acquisition marks a strategic leap for Indian naval aviation, ensuring **full fighter capacity** on both carriers by 2030. Backed by intelligent budgeting and intergovernmental collaboration, this deal underscores India's focus on **blue water capabilities**, indigenous carrier readiness, and modern air power integration.

TH

## 3. Global Vaccine Coverage Decline Raises Alarms as Preventable Diseases Re-emerge

### Why Vaccine-Preventable Diseases Are Rising Again

Global health agencies — **WHO, UNICEF, and Gavi** — have issued a joint warning that diseases such as **measles, meningitis, and yellow fever** are making a comeback due to:

- **Massive drops in immunisation coverage**
- **Reduced donor funding** and disrupted supply chains
- **Misinformation**, humanitarian crises, and population growth

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## Key Alarming Findings

- WHO's survey of 108 countries (mainly low/lower-middle income) found:
  - Nearly **50% face moderate to severe disruptions** in immunisation campaigns
  - **Over half have weakened disease surveillance systems**
- In 2023, **14.5 million children missed all routine vaccines**, up from 13.9 million in 2022 and 12.9 million in 2019
- Over **half of unvaccinated children live in fragile/conflict-hit regions**
- **Measles outbreak in the U.S.:** 935 cases reported as of May 1, 2025 — triple 2024 figures

## Vaccination: A Proven High-Return Investment

- WHO: Immunisation offers a **\$54 return for every \$1 spent**
- **154 million lives saved** in 50 years — six lives a minute
- Accounts for **40% improvement in infant survival rates**
- **Measles vaccine alone saved 60% of those lives**
- Vaccines **annually prevent 4.2 million deaths** from 14 major diseases

## India's Progress Through Immunisation

- **Universal Immunization Programme (UIP)** targets:
  - **26 million newborns** and **34 million pregnant women** annually
  - **13 million immunisation sessions** held each year
- Major milestones:
  - **Polio-free (2014)** and **tetanus eliminated (2015)**
  - National rollout of **Measles–Rubella, PCV, and Rotavirus vaccines**
- As per NFHS-5 (2019–21), India's full immunisation coverage is **76.1%** — meaning **1 in 4 children still miss essential vaccines**

## Urgent Actions Needed

- Governments must prioritise immunisation as a **critical public health and economic investment**
- Strengthen the **'Big Catch-Up' initiative** and commit to the **Immunisation Agenda 2030**
- Gavi's **June 25, 2025 pledging summit** seeks to raise **\$9 billion** to:
  - Protect **500 million children**
  - Save at least **8 million lives** between 2026–2030

TH

## 4. Discovery of Prehistoric Workshop in Haryana's Mangar Bani

### Context

The discovery was made in **Mangar Bani**, situated between **Manesar** and **Faridabad**, Haryana Hidden within the **Aravalli hills**, the site contains evidence of **early human civilization** dating back **500,000 years**

### Archaeological Findings

- The site is possibly the **oldest workshop in North India**, associated with the **Acheulean culture** — an early stage of human tool-making
- The **Lower Palaeolithic artefacts** discovered at the site offer insights into the tools and lifestyle of our **ancient ancestors**
- **Former ASI Joint Director-General S B Ota**, who confirmed the discovery, described the site as more than just a prehistoric settlement but a **complete workshop** where early humans not only crafted tools

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but also lived and thrived

### Cultural and Historical Context

- The **Acheulean culture** is known for distinctive **hand axes** and **cleavers**, marking a crucial period in **human evolution**
- The findings shed light on how early humans interacted with their environment and developed complex tool-making techniques during the **Lower Palaeolithic period**

### Impact on Prehistoric Studies

- Mangar Bani adds an important piece to the puzzle of **human evolution**, offering a **glimpse** into the **lifestyles** and **technologies** of **early hominins**
- This discovery could influence future archaeological surveys and deepen our understanding of **ancient human activity** in the Indian subcontinent

TOI

## Science & Tech

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### 1. Microgravity Increases Core Body Temperature: IIST Model

#### Context

A new study from the **Indian Institute of Space Science and Technology (IIST)**, Thiruvananthapuram, offers critical insights into how **microgravity affects human thermoregulation**—a key determinant of astronaut well-being during long-duration space missions such as future voyages matching Voyager 1's trajectory.

#### What is Microgravity?

Microgravity is the condition in which **people or objects appear to be weightless**. The effects of microgravity can be seen when astronauts and objects float in space. Microgravity can be experienced in other ways, as well. **"Micro-" means "very small," so microgravity refers to the condition where gravity seems to be very small. In microgravity, astronauts can float in their spacecraft – or outside, on a spacewalk. Heavy objects move around easily. For example, astronauts can move equipment weighing hundreds of pounds with their fingertips. Microgravity is sometimes called "zero gravity," but this is misleading.**

#### Key Findings:

- **Core Body Temperature in Space:**
  - Microgravity consistently raises astronauts' **core body temperature**. Over 2.5 months in space, body temperature may increase from **36.3°C to 37.8°C**, and up to **40°C with exercise** due to reduced sweating and increased metabolism.
- **Body Heat Redistribution:**
  - In near-zero gravity, **blood shifts from the lower limbs to the upper body**, making the **head, abdomen, and core warmer**, while **hands and feet become cooler**.
- **Advanced 3D Computational Model:**
  - IIST researchers developed a **3D thermoregulation model** simulating:
    - Blood redistribution
    - Reduced blood volume
    - Bone and muscle atrophy
    - Metabolic changes
    - Environmental heat transfer (e.g., via clothing, vital organs)

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- **Verification and Application:**

- The model's predictions match official reports from **Mir Space Station** and the **International Space Station (ISS)**.

Beyond space, such models are used in **medicine (surgical planning)**, **architecture (thermal comfort)**, and **apparel design (climate-adaptive clothing)**.

**Lead Researchers:**

- Prof. **Shine S.R.**, Department of Aerospace Engineering
- **Chithramol M.K.**, PhD researcher and first author

**Publication:**

The findings were published in *Life Sciences in Space Research* on **March 29, 2025**.

**Significance**

This research strengthens the knowledge base for designing **safer human spaceflights**, aiding agencies like ISRO and NASA to prepare for **extended missions beyond Earth orbit**.

TH

## Banking and Finance

### 1. Crypto Scam Epidemic in India

**Context**

Since 2015, a surge of fraudulent **cryptocurrency** platforms in India has led to **widespread investor losses running into tens of thousands of crores**. Lured by promises of high monthly returns and buoyed by Bitcoin's meteoric rise, investors—many unfamiliar with the technology—were misled into Ponzi-style schemes. Enforcement agencies have ramped up investigations, but legal ambiguity and delayed reporting have hindered recovery efforts.

**Key Highlights:**

**Rise of Dubious Crypto Firms (2015–2017)**

- Fraudulent companies like **BTC Fund** and **Gain Bitcoin** capitalized on crypto's early popularity and regulatory vacuum.
- These firms **promised 10–40% monthly returns**, leveraging seminars, social media, and influencer endorsements to attract unsuspecting investors.

**Enforcement Action**

- The **Enforcement Directorate (ED)** has taken up **122 cryptocurrency-related cases** since 2017–18.
- Assets worth:
  - **₹4.56 crore** have been attached in the BTC Fund case.
  - **Over ₹180 crore** seized in the Gain Bitcoin investigation, including properties in Dubai.
- The **2015 amendment to the PMLA (Section 8[8])** allows courts to restore attached properties to victims.

**Fraud Mechanisms & Challenges**

- **Ponzi schemes** masked as legitimate Bitcoin exchanges.
- **Dark Web channels and crypto wallets** used to obscure fund trails.
- Funds are swiftly diverted to **mule accounts and withdrawn overseas**, complicating recovery.
- According to Haryana Cyber Police, **70–80% of funds could be recovered** if reported within 5–6 hours

of a scam.

### Global Rankings and Legal Ambiguity

- **Per FBI data (2023):**
  - **India ranks 5th globally** in crypto scam complaints.
  - **6th in overall crypto fraud losses.**
- **Cryptocurrency's legal status remains unclear:**
  - **RBI ban (2018)** lifted by **Supreme Court (2020)**.
  - **No formal regulatory ban**, yet crypto incomes are **taxed**, implying **tacit approval**.
  - Crypto platforms often violate **FEMA** provisions.

India's cryptocurrency sector is trapped in a regulatory grey zone. While enforcement agencies have intensified action, victims remain in financial distress due to delayed justice, lack of investor awareness, and weak early intervention systems. Stronger oversight, legal clarity, and rapid response mechanisms are critical to curbing the ongoing crypto scam epidemic.

TH

## 2. ICAI to Prepare Research Paper to Assist SEBI in Tackling Financial Frauds

### Context

The **Institute of Chartered Accountants of India (ICAI)** has announced that it will develop a comprehensive **research paper to assist SEBI** (**Securities and Exchange Board of India**) in addressing financial frauds in the Indian capital markets.

### Key Highlights:

- **Objective:** To support SEBI in **enhancing regulatory oversight** and **preventing financial irregularities** through structured academic input.
- **Working Group Formation:** ICAI will establish a **dedicated working group** comprising experts to identify fraud indicators and best practices in forensic auditing.
- **Collaboration with SEBI:** The institute will hold **consultative discussions** with SEBI to define the scope and focus areas of the research.
- **Deliverable:** The working group will submit a **detailed research paper** outlining strategies to **detect, investigate, and deter financial frauds**.

BS

## 3. Public Sector Bank Pullback Slows Bancassurance Growth for Life Insurers in FY25

### Context

The **bancassurance (banca) channel** for life insurance witnessed **diverging growth trends** in FY25. **Public sector banks (PSBs)** scaled back insurance sales amid **misselling concerns** and regulatory scrutiny, while **private sector bank-backed insurers** continued to see robust growth through the same channel.

### Key Growth Trends in FY25

- **PSB-backed life insurers:**
  - Growth slowed from **7% in FY24** to **6% in FY25**
  - Growth dropped to **2% in March FY25**
- **Private bank-backed life insurers:**
  - Recorded **15% growth in FY25**
  - March growth moderated to **7%**, compared to **8% in FY24**

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## Reasons Behind PSB Slowdown

- **Changes in Incentive Structures:**
  - Several PSBs **eliminated incentive schemes** for staff involved in insurance sales.
  - Previously, some PSBs offered commissions or rewards; these have been **completely withdrawn**.
- **Regulatory Pushback:**
  - The **Reserve Bank of India (RBI)** advised banks to **focus on core banking** and treat insurance as a **customer service**, not a primary business.
  - At the **SBI Conclave (Nov 2024)**, **Finance Minister Nirmala Sitharaman** and **former IRDAI Chairman Debashish Panda** flagged serious concerns around **misselling and forced selling**.
  - **IRDAI** formed a **task force** to review and possibly restructure the **banca framework**.

## Performance by Key PSBs

- **Low Single-Digit Growth:** Punjab National Bank, Canara Bank, Union Bank of India
- **Double-Digit Growth:** State Bank of India, Bank of Baroda, Bank of India

## Emerging Challenges

- **Customer Preferences Shift:**
  - Footfalls at bank branches are declining as customers **prefer buying insurance online**.
- **Compliance Measures Introduced:**
  - Banks are adopting **PIVC (Pre-Insurance Verification Calls)** and other checks to curb misselling.

## Strategic Realignment in Banca Distribution

The **bancassurance model**, once a dominant life insurance distribution channel, is undergoing a **major reset**, especially in the public sector. As banks realign to regulatory expectations and digital transformation accelerates, insurers will need to adapt quickly by **diversifying channels, enhancing transparency**, and leveraging **digital innovations** to sustain growth.

BS

## 4. Bank Lending to NBFCs and MFIs Remains Subdued

### Context

Despite the **Reserve Bank of India (RBI)** **reverting to lower risk weights** on loans to **non-banking financial companies (NBFCs)** and **microfinance institutions (MFIs)** from April 1, 2025, **banks remain cautious** in extending fresh credit to the sector. Top-rated NBFCs continue to get funding access, while mid-sized and lower-rated firms struggle.

### Key Trends and Data

- **Bank credit to NBFCs** grew only **5.7% YoY** to ₹16.36 trillion as of March 21, 2025 (vs **15.3% growth** in the same period last year).
- **Microfinance loan portfolio** declined **4% YoY** to ₹3.91 trillion (as of December 2024).
- **Credit to the services sector**, which includes NBFCs, slowed to **13.4%**, down from **28%** last year.

### Sectoral Insights

- **Top-rated NBFCs:**
  - Continue to have stable access to bank funding.
  - Are the primary beneficiaries of the RBI's rollback of higher risk weights.
- **Mid and small NBFCs/MFIs:**
  - Face limited benefit due to **banks' conservative stance**.
  - Have been impacted by **tightened lending norms**, especially in high-risk segments.

### Why Are Banks Still Cautious?

- **Microlending stress:** Rising delinquencies have made microfinance a high-risk segment.
- **Cautious credit approach:** Banks prefer a **wait-and-watch strategy** for 1–2 more quarters.
- **Unchanged loan pricing:** Despite regulatory support, **loan rates are not expected to decline**.
- **MFIN restrictions:** The **Microfinance Industry Network** has imposed new norms (from early 2025), limiting borrower exposure to **no more than three lenders**.

### Caution Over Optimism

Even with RBI's support, **risk aversion persists among banks**, especially toward smaller NBFCs and MFIs. **Sustained improvement in credit quality**, adherence to **new borrower protection norms**, and **stronger sectoral performance** will be key to reviving lending momentum over the coming quarters.

BS

## 5. PMMY: Fueling India's Micro Enterprise Growth and Financial Inclusion

### Context

Launched on **April 8, 2015**, the **Pradhan Mantri Mudra Yojana (PMMY)** has emerged as a key pillar of India's inclusive financial ecosystem. Designed to offer **collateral-free loans to micro and small enterprises (MSEs)**, PMMY has empowered millions of first-time entrepreneurs with access to **formal institutional credit**.

### Loan Categories Under PMMY

PMMY operates through four loan categories:

- **Shishu:** Loans up to ₹50,000 (early-stage enterprises)
- **Kishor:** Loans between ₹50,001 to ₹5 lakh (growth-stage enterprises)
- **Tarun:** Loans between ₹5 lakh to ₹10 lakh (established businesses)
- **Tarun Plus (new in FY25):** Loans up to ₹20 lakh to support **business expansion** for existing borrowers

### Key Achievements (2015–2025)

- **520+ million loans sanctioned**
- **Total loan amount sanctioned: ₹32.61 trillion**
- **68%** of Mudra loans availed by **women borrowers**
- **50%** of accounts belong to **SC, ST, and OBC entrepreneurs**
- **MSMEs' share in total bank credit** rose from **15.8% to 20%** in 10 years

### Impact on Financial Inclusion & Entrepreneurship

- PMMY has reduced dependence on **informal lending** by offering credit linked to **cash flows and asset life**.
- Encouraged **first-time business owners**, especially women and marginalized communities.
- Strengthened the foundation of **inclusive entrepreneurship** and **self-reliance (Atmanirbhar Bharat)**.

### Role of Lending Institutions

- **Banks, NBFCs, RRBs, and MFIs** are central to the scheme's delivery.
- These institutions have:
  - Expanded credit access through rural and semi-urban branches
  - Improved awareness, reduced turnaround time, and simplified procedures
  - Actively resolved **field-level implementation challenges**

## Sectoral Expansion and Reforms

- Inclusion of **allied agriculture** and **rural manufacturing** has had transformational impact.
- Extension to **homestays (Union Budget 2025)** aims to unlock **rural tourism** potential.
- **Tech-enabled credit risk models** planned for the next phase to enhance reach and precision.

## Future Outlook

With a strong base of digitally assessed, collateral-free loans, **PMMY is poised to support India's goal of becoming a \$5 trillion economy** by:

- Scaling small businesses
- Encouraging formalization
- Deepening credit penetration in underserved areas

BS

## 6. Governance Crisis in Indian Banking

### Context

- On **April 28, 2025**, the **Deputy CEO of IndusInd Bank** resigned.
- A day later, the **MD & CEO also stepped down**, citing **moral responsibility** for lapses in derivative accounting.
- Earlier in January, the **Chief Financial Officer (CFO)** had also resigned.

### Triggering Events

- **Discrepancies in the accounting of derivative transactions** within the bank's global markets division raised red flags.
- **Investigations are ongoing** to determine the balance sheet impact.
- The top-level resignations followed **systemic failures across internal control, audit, and risk management functions**.

### Parallel Cases of Financial Misconduct

- **New India Cooperative Bank Fraud (₹122 crore siphoned off):**
  - In February, RBI uncovered cash misappropriation by a former GM.
  - The individual admitted to stealing cash from the vaults over several years.
- **Aviom India Housing Finance Fraud:**
  - National Housing Bank detected **inflated cash balances** through mutual fund accounting irregularities.
  - A forensic audit confirmed a **serious accounting fraud**.

### Key Issues Raised

- **Failures in internal control mechanisms**, board supervision, and governance oversight.
- **Questionable audit quality** and **weak RBI vigilance** in early detection.
- **Nomination and appointment of CEOs**, often influenced more by compliance than competence.
- **Regulatory blind spots**, as RBI relies on board-approved shortlists for key appointments.

### Governance Structure & Regulatory Framework

- **CEO accountability under Section 10B** of the Banking Regulation Act.
- **RBI's powers under Section 36ACA** allow board supersession for up to 1 year in public interest.
- **Private bank boards** must comprise at least 50% independent directors with specialized domain expertise.

## Systemic Challenges

- Current governance mechanisms are **inadequate to detect or prevent large-scale fraud**.
- **Board-level dysfunction** often limits a CEO's accountability, especially when the chairman plays an outsized role.
- **Inspection ≠ Audit**: RBI's inspections can miss deeper governance and compliance issues.

## Recommendations & Future Outlook

- **Focus of RBI inspections should shift** from asset quality to board-level governance and compliance culture.
- **Appointment of dedicated governance officers**, separate from ethics officers or company secretaries.
- **Strengthening laws for financial crimes**, including clearer consequences and faster judicial outcomes.
- **Avoid symbolic resignations**; instead, enforce **individual accountability and structural reform**.

BS

## 7. Supreme Court Ruling on JSW–Bhushan Power Deal

### Context

The **Supreme Court declared JSW Steel's acquisition of Bhushan Power and Steel illegal**, spotlighting serious **procedural gaps in India's Insolvency and Bankruptcy Code (IBC)**

- The ruling reflects growing concerns about **delays, inefficiencies, and legal loopholes** in the insolvency resolution process

### Core Issues in the IBC Framework

- **Delays in timely resolution**, contradicting IBC's original objective of time-bound recovery
- **Limited institutional capacity** to handle increasing caseloads
- **Bottlenecks** include:
  - Inadequate **information flow between creditors and debtors**
  - **Strategic legal challenges** used to delay proceedings

### Structural Flaws and Incentive Misalignment

- Current framework gives **creditors dominant control**, incentivizing **debtors to obstruct or delay**
- A **balanced approach** is needed to ensure fair outcomes for both sides
- Letting **debtors retain operational control** post-resolution can reduce resistance and fast-track settlements

### Suggested Reforms for Improved Efficiency

- **Evolve the IBC process** to:
  - Raise the **deterrence value** of entering insolvency proceedings
  - Use the **threat of losing corporate control** to push quicker settlements
  - Encourage **pre-insolvency arbitration** and **out-of-court negotiations**
  - Emphasize **equal accountability for lenders and borrowers** in managing credit risks

### Long-Term Vision

- A reformed IBC should:
  - **Prevent moral hazard** by enforcing responsible risk management
  - Enable **faster, fairer resolutions**
  - Reduce the system's vulnerability to **legal and procedural abuse**

"The morning hour is worth three at night."

- **Legal interventions** should focus on systemic design rather than case-by-case fixes, which are **costly and time-consuming**

TET

## 8. Foreign Investors Face Regulatory Roadblocks in Buying Small Stakes in Indian Listed Companies

### Context

**Offshore investors** seeking to buy **less than 10% equity in listed Indian companies** through **off-market transactions** (like preferential allotments or secondary deals) are facing rejections from **banks**. Banks insist such investments require the investor to be **Sebi-registered Foreign Portfolio Investors (FPIs)**, even for sub-10% holdings.

### Market Trades and Off-market Transactions

- **Market Trades**– Trades placed through the stock exchange. They are executed through a broker/exchange (NSE/BSE), cleared by the depositories (NSDL/CDSL), and settled through a Clearing Corporation (CC).
- **Off-Market Trades**– Trade settlement between two parties, the transferor (entity which transfers the share) and transferee (entity that receives the shares) **without the involvement of an exchange or a CC. It is a way of transferring ownership of securities.** Here, the transferor submits a signed Delivery Instruction Slip (DIS) to their Depository Participant (DP) requesting a transfer of the mentioned securities to the transferee.

### Regulatory Confusion: FDI vs. FPI

- As per **NDI (Non-Debt Instruments) Rules**,
  - **≥10% holding = FDI** (governed by RBI)
  - **<10% = Foreign Portfolio Investment (FPI)**, governed by Sebi)
- However, the **term “foreign portfolio investment” in Rule 2(t)** applies broadly to any non-resident—not just registered FPIs
- This has led to **divergent interpretations**:
  - **Conservative banks** reject sub-10% investment unless investor is an FPI
  - **Liberal banks** allow non-FPI foreign investors to buy <10% without FDI documentation like **FC-GPR**

### Implications for Foreign Investment in India

- **Single-digit stake buyers** reluctant to seek FPI registration due to cost and complexity
- **Inconsistent bank interpretations** create hurdles for foreign inflows
- **Sebi’s upcoming proposal** to allow direct stock purchases by foreigners (similar to NRIs) may address part of the problem

### FDI-FPI Classification Rigidity

- If an FPI exceeds 10% stake, **entire holding reclassified as FDI**
- Even after reducing the stake below 10%, it’s still considered FDI
- This rigidity reflects **jurisdictional turf issues** between **RBI (FDI)** and **Sebi (FPI)**, limiting investor flexibility

TET

## 9. IIFL Finance Sues ACRE Over ₹1,000 Crore Loan Recovery Dispute

### Context

“The morning hour is worth three at night.”

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**IIFL Finance**, a Mumbai-based NBFC, has filed a petition in the **Bombay High Court** against **Assets Care and Reconstruction Enterprise (ACRE)**, backed by **Ares Management**. The legal battle centers around **alleged mismanagement of ₹1,085 crore in distressed assets** under a 2021–22 servicer agreement

#### Key Allegations by IIFL Finance

- **Arbitrary suspension and termination** of recovery efforts by ACRE, hampering progress on asset resolution
- **Unjustified charging of management fees** after RBI's October 2022 circular prohibiting such payments from non-recovery funds
- **Violation of RBI guidelines** by not refunding excess fees already paid
- **Misuse of trust funds** to cover ACRE's legal expenses in arbitration, in breach of contract terms
- ACRE allegedly prioritized its own interests **after recovering capital**, compromising its fiduciary responsibility

#### Servicer Agreement Details

- Agreement covered:
  - **₹1,085 crore in bad loans** from 7 stressed developers and over **22,000 retail borrowers**
- ACRE was entitled to:
  - **4% annual management fee** (~₹40 crore)
  - Additional **performance incentives** based on recovery outcomes

#### Regulatory Trigger

- In October 2022, the **RBI issued a circular** requiring that **management fees for ARCs be paid only from actual recoveries**
- IIFL stopped fee payments post-circular and demanded refund of any **excess payments made in violation** of this directive

#### ACRE's Response

- Refused to comment citing **sub judice status** of the case
- Rejected the accusations as **baseless and misconceived**
- Reiterated commitment to **RBI compliance and stakeholder interest**

#### Implications for the ARC Sector

- Case may set precedent for how **servicer agreements** are enforced post-RBI guidelines
- May lead to tighter **fiduciary accountability standards** for **Asset Reconstruction Companies (ARCs)**
- Could impact **ARC fee structures, recovery timelines, and trust-based fund usage** in future asset resolution deals

TET

## 10. India Post Payments Bank (IPPB) Celebrates Labour Day with Key Welfare Initiatives

- **Commitment to Labour Welfare:**
  - On **Labour Day** (May 1), **India Post Payments Bank (IPPB)** reaffirmed its commitment to the welfare of **Shramiks** (labourers) by focusing on providing essential services and benefits for the unorganised sector workforce.
- **Launch of Antyodaya Shramik Suraksha Yojana (ASSY):**
  - The **Antyodaya Shramik Suraksha Yojana (ASSY)**, an affordable insurance scheme, was introduced to offer comprehensive protection to unorganised sector workers.
  - Launched by the **Hon'ble Chief Minister of Gujarat** on **8th July 2023** at **Kheda**, Gujarat, this scheme

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provides workers with a safety net and financial support in times of need.

- **Scheme Impact:**

- **6,97,531 policies** have been issued to **Shramiks** under the scheme since its launch.
- **355 claims** have been successfully settled, amounting to a total claim payout of **₹5,41,17,754**.

- **IPPB's Role and Partners:**

- The scheme is facilitated through **IPPB** with the support of six insurance partners:
  - New India Assurance
  - Bajaj Allianz General Insurance
  - TATA AIG General Insurance
  - Niva Bupa Health Insurance
  - Aditya Birla Health Insurance
  - Start Health

- **IPPB's Infrastructure:**

- **India Post Payments Bank** aims to bridge the gap for **unbanked** and **underbanked** populations, ensuring that essential services reach the **last mile** through its extensive postal network.
- The network includes approximately **1,65,000 Post Offices** (with **140,000 in rural areas**) and **3,00,000 Postal employees**.

- **Leadership:**

- **Mr. R. Viswesvaran** serves as the **MD & CEO** of **India Post Payments Bank (IPPB)**.

IPPB's efforts reflect a strong commitment to improving the financial and social well-being of India's labour force, especially in the unorganised sector.

## 11. India Post Collaborates with SBI Mutual Fund to Simplify KYC Verification Process

- **Partnership Overview:**

- **India Post** has partnered with **SBI Funds Management Limited (SBIFM)** to streamline the **KYC (Know Your Customer)** verification process for mutual fund investors across India.
- The collaboration is formalized through a **Memorandum of Understanding (MoU)**, aimed at utilizing **India Post's extensive network** to offer **doorstep KYC verification** services to investors of **SBI Mutual Fund**.

- **Key Benefits of the Collaboration:**

- The partnership ensures **easy access** for investors nationwide to complete their **KYC process** from any location, leveraging India Post's vast infrastructure.
- This initiative supports the **Government of India's Jan Nivesh** program, which aims to **increase financial inclusion** and **encourage participation** in India's capital markets.

- **India Post's Proven Expertise in KYC:**

- India Post has previously **successfully facilitated KYC verifications** for other mutual fund companies, including **UTI Mutual Fund** and **SUUTI** (Securities and Exchange Board of India's public fund).
- India Post has handled over **5 lakh KYC verifications** efficiently, demonstrating its ability to manage **high-volume operations** with **precision, security, and efficiency**.

- **About SBI Mutual Fund:**

- **Founded: 29 June 1987**
- **Headquarters: Mumbai, Maharashtra**
- **MD & CEO: Mr. Nand Kishore**
- **Ownership: SBI Mutual Fund** is a joint venture between **State Bank of India (SBI)** and **Amundi**, a



leading European asset management company.

This collaboration is expected to further simplify the mutual fund investment process, offering greater accessibility and convenience for investors, while contributing to India's financial inclusion goals.

## Economy

### 1. India's April GST Collection Hits Record ₹2.37 Lakh Crore

#### Record GST Collections and Compliance Trends

- India's **GST collections for April 2025** hit a historic high of **₹2.37 lakh crore**, up **12.6% YoY**.
- **Net GST revenue** after refunds: **₹2.09 lakh crore**, marking a **9.1% annual increase**.
- Rise attributed to:
  - Year-end tax filings by businesses
  - **Increased compliance** across MSMEs
  - **Mass adoption of fintech** solutions (87% fintech adoption rate, above global average)
  - Faster refunds supporting liquidity, especially for small businesses

#### April's GST Growth Reflects Broader Economic Momentum

- Since GST rollout in 2017, **April collections have more than doubled** from ₹1.03 lakh crore to ₹2.37 lakh crore in 2025.
- A significant **86% rise in GST refunds**—mainly to exporters—reflects **export demand strength**.
- GST from **imports surged 20.8%**, aligning with trade and supply chain shifts.

#### Manufacturing Sector Gets a Boost from Export Surge

- **HSBC India Manufacturing PMI** touched a **10-month high** at **58.2 in April**, from 58.1 in March.
- The PMI indicates:
  - **Strong growth in new orders**
  - **Highest foreign demand in over 14 years**
  - **Export demand led by Africa, Asia, Europe, West Asia, and the Americas**

#### Global Trade Realignment Benefiting India

- Surge in April export orders partly driven by the **approaching July 9 deadline** for the end of a **90-day U.S. tariff pause**.
- U.S. tariffs on **Chinese goods** appear more stringent, prompting supply chain diversification.
- India gains from:
  - Lower risk of punitive U.S. tariffs
  - **Reshoring and near-shoring** trends
  - Corporate sourcing shift—**Apple to manufacture most iPhones for U.S. in India**

#### From Temporary Gains to Sustainable Growth

- While this surge reflects **short-term export-led momentum**, India's **manufacturing sector grew at only 4%** in FY25—a **four-year low**.
- Long-term growth requires:
  - **Boosting domestic demand**
  - **Favourable terms in ongoing Free Trade Agreements (FTAs)**
  - **Policy incentives** to deepen manufacturing and value-addition capacity

India's record April GST collections highlight **robust export activity**, a **compliance-friendly fintech**

**ecosystem**, and **shifting global trade dynamics**. However, to sustain this momentum, **domestic consumption and trade negotiations** must play a larger role in driving manufacturing and tax revenue.

TH

## Agriculture

### 1. India Unveils First-Ever Genome-Edited Rice Varieties

#### Context

Union Agriculture Minister Shivraj Singh Chouhan announced the successful development of **two genome-edited rice varieties**.

- The innovation, led by the **Indian Council of Agricultural Research (ICAR)**, is positioned as a catalyst for **India's second Green Revolution**.
- Speaking at an ICAR event, the Minister praised the scientists for achieving a breakthrough that blends **productivity with sustainability**.

#### Major Agricultural Milestone

- India becomes the **first country globally** to release genome-edited rice varieties
- Two new variants: **'Kamala (DRR Dhan 100)'** and **'Pusa DST Rice 1'**
- Developed using **SDN1 and SDN2 genome editing methods**, with no foreign genes inserted
- Promises **30% higher yield** and **15–20 days earlier maturation** compared to traditional varieties

#### Key Benefits of the Genome-Edited Rice

- **Water Efficiency**: The new rice varieties require **less irrigation**, helping conserve water resources.
- **Environmental Impact**: Reduced **greenhouse gas emissions**, especially methane, which is typically associated with rice cultivation.
- **Higher Yield Potential**: Aimed at **boosting crop productivity** while being resilient to climate stress.

#### Benefits to Farmers and Environment

- Reduced water consumption during cultivation
- Lower greenhouse gas emissions, supporting climate-resilient farming
- Enhanced tolerance to stress factors like drought, pests, and salinity
- Initial distribution through **state-run seed firms**, later expanded to wider markets

#### Regulatory and Legal Landscape

- India **exempted SDN1 and SDN2 genome-edited crops** from GEAC oversight under EPA Rules, 1989
- These varieties fall outside the scope of genetically modified (GM) crop regulation
- Intellectual Property Rights (IPR) applications to be filed soon for new rice lines

#### Government Investment and Future Outlook

- ₹500 crore allocated in the **2023–24 Union Budget** for genome editing in agriculture
- Apart from rice, **24 food crops and 15 horticultural crops** are under gene editing development
- Deployment to farmers may take **4–5 years** due to seed production cycles
- Efforts underway to **fast-track seed availability**

#### 'Lab-to-Land' Mission to Reach Farmers

- ICAR scientists and Krishi Vigyan Kendras to conduct **twice-a-year outreach**
- Each program includes **15 days of interaction** with farmers per season

"The morning hour is worth three at night."

- At least **three farmer meetings per day**, aiming for full national coverage in 3–4 years
- Initiative aims to **accelerate adoption of agri-scientific innovations** at the grassroots

### Strategic Context and Government Vision

- The development aligns with **Prime Minister Narendra Modi's** call during **Azadi Ka Amrit Mahotsav** to adopt **modern agricultural technologies**.
- Genome editing is part of India's push for **sustainable agri-innovation**, especially under conditions of **climate uncertainty** and **resource scarcity**.

TH & BS

## 2. Agrivoltaics in India

### What Are Agriphotovoltaics (APVs)?

- **Agriphotovoltaics (APVs)** refer to the dual use of land for **solar energy generation and crop cultivation**.
- Originally conceptualized by German scientists **Adolf Goetzberger and Armin Zastrow** in 1981, APVs involve **elevated solar panels** (typically 2 m high) that allow crops to grow beneath or between solar arrays.
- APVs promote **land-use efficiency**, enable **climate resilience**, and create **additional income streams** for farmers.

### Current Status and Pilot Projects in India

- APVs are at a **nascent stage** in India, mostly limited to pilot projects by research bodies or private developers.
- A case study in **Najafgarh, Delhi**, showed a **more than sixfold income boost** when a farmer leased land for APV use while also growing shade-tolerant, high-value crops.
- APVs also foster **favorable microclimates**, reducing **water loss and heat stress** on crops.

### Economic and Structural Barriers

- **High upfront cost** is a major hurdle: APV systems cost **11% more** than traditional ground-mounted solar systems (~₹2.7 crore per MW).
- **Feed-in tariffs (FiTs)** are crucial for viability:
  - Current FiT (₹3.04/unit) yields a **15-year payback**.
  - A FiT aligned with **thermal average power purchase cost (₹4.52/unit)** would cut it to just **4 years**.

### Need for Regulatory Framework

- India **lacks national standards** for APVs, unlike:
  - **Japan**: Requires temporary APV structures, 2m panel height, <20% crop yield loss.
  - **Germany**: Mandates 66% reference yield and restricts solar footprint to 15% of arable land (DIN SPEC 91434).
- **India must define clear APV norms** to ensure agricultural priority isn't compromised for energy returns.

### Smallholder Integration and Institutional Support

- Most Indian farmers are **smallholders (<2 ha)** with limited capital.
- FPOs and cooperatives like **Sahyadri** (which runs a 250-kW APV with high-value crops) can **aggregate land and investments**.
- **Policy instruments** like:
  - **NABARD credit guarantees**

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- **Grants for APV infrastructure**
- **Capacity-building programs**  
can scale adoption among small farmers.

### Expand PM-KUSUM

- **PM-KUSUM**, India's flagship agri-solar scheme, currently lacks APV-specific provisions.
- By modifying its **grid-connected components** to accommodate dual-use infrastructure, the government can:
  - **Leverage existing policy**
  - **Promote land-neutral solar growth**
  - **Incentivize rural energy entrepreneurship**

### Two Pillars for APV Success in India

1. **Robust Farmer-Centric Policy:** Guidelines on panel design, crop yield protection, and land-use criteria.
2. **Strong Economic Incentives:** Fair feed-in tariffs, financial support, and institutional innovation.

**With the right policy vision, India can scale APVs to enhance rural incomes, support clean energy, and ensure food security — all on the same piece of land.**

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## Facts To Remember

### 1. Australia's Albanese wins a second 3-year term

Anthony Albanese claimed victory as the first Australian Prime Minister to clinch a second consecutive three-year term in 21 years and suggested his government had increased its majority in the next Parliament by not modelling itself on U.S. President Donald Trump's administration.

### 2. Indian Bank Q4 net soars 32%, to pay dividend

State-owned Indian Bank reported a 32% jump in net profit to ₹2,956 crore for the March quarter of 2024-25, helped by a decline in bad loans and a rise in core income.

### 3. Kotak Bank Q4 net slips 14%, to pay ₹2.5 dividend

Kotak Mahindra Bank reported a 14% year-on-year drop in Q4 standalone net profit to ₹3,552 crore against ₹ 4,133 crore in the year-earlier period.

### 4. City Union Bank Q4 profit after tax rises 13% to ₹288 cr.

Private sector lender City Union Bank profit after tax (PAT) for the fourth quarter ended March 31 rose 13% year-on-year to ₹288 crore. Net interest income (NII) rose 10% to ₹601 crore.

### 5. Rise of sporting culture will boost India's soft power: PM

Modi inaugurates **7th Khelo India Youth Games**, says the government has always given top priority to sports in its policies; he underlines the efforts to bring the Olympics to the country in 2036

**FIVE TO REMEMBER · 4 & 5 MAY 2025**

1. Launched by the **Hon'ble Chief Minister of Gujarat** on **8th July 2023** at **Kheda**, Gujarat, this scheme provides workers with a safety net and financial support in times of need. India Post Payments Bank (IPPB) Celebrates Labo...
2. **Bank credit to NBFCs** grew only **5.7% YoY** to ₹16.36 trillion as of March 21, 2025 (vs **15.3% growth** in the same period last year). Bank Lending to NBFCs and MFIs Remains Subdued
3. As per NFHS-5 (2019–21), India's full immunisation coverage is **76.1%** — meaning **1 in 4 children still miss essential vaccines** Global Vaccine Coverage Decline Raises Alarms a...
4. **MSMEs' share in total bank credit** rose from **15.8% to 20%** in 10 years PMMY: Fueling India's Micro Enterprise Growth a...
5. **Private bank boards** must comprise at least 50% independent directors with specialized domain expertise. Governance Crisis in Indian Banking

**Now test yourself:** [c4scourses.in/daily-quiz/daily-quiz-4-5-may-2025/](https://c4scourses.in/daily-quiz/daily-quiz-4-5-may-2025/)

DAY 5 OF 24

**6 May 2025**

Tuesday · 21 items · 4 topics

National Affairs 3 · Banking and Finance 11 · Agriculture 1 · Facts To Remember 6

**Daily Current Affairs Quiz**  
**6 May, 2025****National Affairs****1. Escalating Geopolitical Tensions Pose Risks for Pakistan's Economy, Moody's Analysis****Context**

**Moody's Ratings** warns that escalating tensions between **India and Pakistan** will severely impact **Pakistan's economy** and hinder its access to external financing. In contrast, **India's economic outlook** remains relatively stable, despite the geopolitical risks.

**Impact on Pakistan's Economic Outlook****Economic Struggles and Financial Vulnerability**

- **Pakistan's foreign exchange reserves** have fallen to **\$15.25 billion**, insufficient to meet **external debt payments** in the coming years.
- **Pakistan's IMF bailout** of **\$7 billion** secured in **September 2024** is under strain due to ongoing economic challenges.
- **Escalating tensions** are expected to **weigh on Pakistan's growth**, delay its fiscal consolidation, and hinder progress toward **macroeconomic stability**.

**Geopolitical Risks for Pakistan**

- **Sustained escalation** in tensions with India could **impair Pakistan's economic stability** and **deter international investments**.
- **Pakistan's growth prospects** may be further compromised as the country grapples with the economic repercussions of military tensions.

**India's Economic Outlook Amid Geopolitical Risks****Limited Impact from Tensions**

- **India's economic growth** remains stable, with **moderating growth rates** amid **strong public investment** and **healthy private consumption**.
- **Tensions with Pakistan** are unlikely to disrupt India's economic activity significantly, although **higher defense spending** could affect India's fiscal strength and slow **fiscal consolidation**.

**Defense and Fiscal Strength**

- The geopolitical situation may lead to higher **defense expenditures** in India, impacting its fiscal policies and **budget deficit management**.

**Geopolitical Developments Post-Attacks**

- **India suspended the Indus Waters Treaty** of **1960** following a **terror attack** in **Pahalgam** in April 2025.
- **Pakistan** responded by suspending the **1972 Simla peace treaty**.
- **Moody's** predicts periodic **flare-ups** between India and Pakistan but expects them to **avoid broad-**

**based military conflict.**

## **Growth Projections and Future Outlook**

### **India's Economic Growth**

- **Moody's** projects India's **GDP growth** in the range of **5.5% to 6.5%** for **2025**.
- India is likely to **maintain stability**, benefiting from **strong domestic consumption** and **public investment**.

### **Pakistan's Fiscal Struggles**

- **Pakistan's fiscal consolidation** may be set back by ongoing **geopolitical tensions**, further limiting its growth and **macroeconomic stability**.

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## **2. Indigenous Rights and Conservation**

### **Exclusionary Conservation: The Global and Indian Context**

- Conservation policies are increasingly **excluding Indigenous Peoples and Local Communities (IPLCs)**, treating them as encroachers rather than custodians.
- The **fortress conservation model**, rooted in colonial frameworks, displaces communities by enforcing state-controlled protected areas.
- Globally, **10–20 million people** have been displaced; India has seen **at least 6 lakh people** affected by similar approaches.

### **IPLCs: Biodiversity Custodians**

- Communities such as the **Masai, Ogiek, Batwa, Ashaninka**, and **India's Adivasis** have sustainably managed biodiversity-rich landscapes for generations.
- Research shows **IPLC-managed lands** often outperform state-managed protected areas in terms of conservation outcomes.
- **Tenure rights and traditional governance systems** strengthen conservation efforts when legally recognised.

### **International Legal Frameworks: CBD and KMGBF**

- The **Convention on Biological Diversity (CBD)**, signed by 196 countries including India, aims to conserve biodiversity and ensure equitable sharing of benefits.
- In **2022**, the **Kunming-Montreal Global Biodiversity Framework (KMGBF)** was adopted with 23 global targets, including the **'30 by 30' goal**.
- A permanent **IPLC subsidiary body** was created during **CBD COP-16 (2025)**, making the CBD the first UN convention with such a platform.

### **India's Legal and Constitutional Landscape**

- India enacted the **Biological Diversity Act (BDA) 2002** in line with CBD, but its approach remains **top-down and bureaucratic**.
- The **Wildlife Protection Act (1972)** and **Project Tiger (1973)** adopted the exclusionary protected-area model.
- In contrast, **The Forest Rights Act (FRA) 2006** offers a **decentralised, democratic model** by empowering **gram sabhas** to manage community forest resources.
- The **PESA Act (1996)** and **Articles 244 and 244A** of the Constitution also support tribal autonomy and resource governance.



### FRA: A Legal Tool for Inclusive Conservation

- FRA recognises **13 categories of rights**, especially:
  - **Right to access biodiversity and traditional knowledge**
  - **Right to conserve and manage community forest resources**
- FRA acknowledges **historical injustice** to forest dwellers and seeks to reverse displacement.

### India's 2025 Biodiversity Strategy

- India updated its **National Biodiversity Strategy and Action Plan (NBSAP)** with 23 targets for 2030.
- Though it supports **bottom-up governance**, it still **leans heavily on State forest departments**, neglecting the full potential of gram sabha-led management.
- **Biodiversity Management Committees (BMCs)** under the BDA are still not fully functional, limiting community participation.

### Moving Beyond Protected Areas: OECMs

- **Other Effective Area-Based Conservation Measures (OECMs)** offer a way to include IPLCs in conservation beyond formal protected areas.
- India plans to notify **OECM guidelines**, which must:
  - Not duplicate protected areas
  - Involve **community-led or IPLC governance**
  - Sustain **ecosystem and cultural values**
- Experts warn OECMs could become tools for **resource exploitation** unless rights are secured under FRA.

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## 3. Finance Minister to Attend ADB Annual Meeting in Milan

### Context

Union Finance Minister Nirmala Sitharaman is leading the Indian delegation to the **58th Annual Meeting of the ADB Board of Governors** in **Milan, Italy**.

### About ADB (Asian Development Bank):

- **Headquarters:** Mandaluyong, Metro Manila, Philippines
- **Founded:** 1966
- **President:** Masato Kandaassa
- **Mission:** Supports inclusive, resilient, and sustainable growth across **Asia and the Pacific**

### About Ministry of Finance:

- **Cabinet Minister:** Smt. Nirmala Sitharaman
- **Ministers of State:** Shri Pankaj Chaudhary, Dr. Bhagwat Kishanrao Karad

## Banking and Finance

### 1. What is Digital Rupee (₹)?

- The **Digital Rupee (₹)** is India's **Central Bank Digital Currency (CBDC)**, issued by the **Reserve Bank of India (RBI)**.
- It is a **legal tender** in digital form, mirroring the value of physical ₹ and backed by the RBI.
- ₹ offers **cash-like features** such as instant settlement, offline usability (in pilot), and secure storage in digital wallets.

## Key Features of Digital Rupee

- **Storage:** Stored in a **digital wallet** on mobile phones, similar to a physical wallet.
- **Availability:** Usable 24x7, even outside banking hours.
- **No Interest:** Like cash, **no interest is paid** on e₹ balances.
- **Free to Use:** **No charges or fees** for usage or wallet maintenance.
- **Denominations:** Available in the **same denominations** as physical ₹, with built-in functionality to manage change.

## e₹ Wallet

- Offered by **15 pilot banks** and select non-banks.
- Available on **Android and iOS** platforms.
- Can be used for **person-to-person (P2P)** and **person-to-merchant (P2M)** transactions via **CBDC or UPI QR codes**.
- **Safe and secure**, with wallet recovery possible even if the device is lost.

## How to Use

- Download the respective **bank's e₹ app**.
- Link to **savings account** (KYC simplified).
- Use for payments, transfers, and offline transactions (in select cases).

## Participating Banks (Retail CBDC)

Some of the major banks include:

- **SBI** – eRupee by SBI
  - **ICICI Bank, HDFC Bank, YES Bank, Axis Bank**
  - **Union Bank, Bank of Baroda, PNB, Indian Bank**, etc.
- (All apps available on **Google Play Store** and **Apple App Store**.)

## Difference Between e₹ and UPI

| Feature        | e₹                           | UPI                          |
|----------------|------------------------------|------------------------------|
| Nature         | Digital form of ₹ (currency) | Payment interface            |
| Settlement     | Direct between wallets       | Routed through bank accounts |
| Store of Value | Yes                          | No                           |

## Advanced Features

- **Offline Payments:** Enables transactions in low/no internet areas (under testing).
- **Programmability:** Funds can be restricted for specific uses (e.g., subsidies, allowances).

## Wholesale CBDC (e₹-W)

- Meant for **interbank settlements** and **large-value transactions**.
- Currently used for:
  - **G-Sec market settlements**
  - **Inter-bank call money transactions**
- Offers **programmability, smart contracts**, and reduces **settlement risk and cost**.

## Participants in e₹-W

- Includes **14 institutions** (banks and non-banks) participating in the **wholesale CBDC pilot**.

The **Digital Rupee (e₹)** represents a significant step in India's financial digitalization, aimed at enhancing

**payment efficiency, financial inclusion, and monetary innovation.** With pilots in place for both **retail and wholesale use**, RBI is testing its scalability, security, and usability across diverse segments.

## 2. SC Orders Liquidation of Bhushan Power & Steel

### Context

The **Supreme Court of India** declared the **2021 resolution plan for Bhushan Power and Steel Ltd (BPSL)** illegal. The court cited **serious lapses by Resolution Professional (RP) Mahender Kumar Khandelwal**, including failure to:

- Submit **Form H** (compliance certificate under CIRP norms)
- Verify eligibility of the successful bidder, **JSW Steel**, under **Section 29A** of the **Insolvency and Bankruptcy Code (IBC)**
- Disclose a **joint venture between JSW Steel and an entity linked to BPSL's former promoters**

### Legal Basis for Liquidation

- **Section 25** of IBC: Obliges RPs to ensure due diligence and verify applicant eligibility.
- **Section 29A**: Disqualifies resolution applicants connected to the corporate debtor's former promoters or other ineligible parties.
- The **CoC** was not given verified assurance on JSW's eligibility post-initial discussions.

### Material Lapses Identified

- **Non-disclosure of critical facts** by JSW and the RP misled both the **Committee of Creditors (CoC)** and the **National Company Law Tribunal (NCLT)**.
- The SC termed the omissions **"not procedural but material"**, directly undermining the legality of the plan.

### Implications for IBC Framework

- The ruling underscores **greater accountability for resolution professionals**.
- Legal experts say the verdict will:
  - **Raise the bar for due diligence** in insolvency cases
  - Encourage **process transparency and compliance**
  - Empower IBBI to initiate **disciplinary action against erring professionals**

### Background

- BPSL was admitted to insolvency in 2017 after **defaulting on ₹47,200 crore of debt**.
- JSW Steel's plan had been approved in 2021, but the current order invalidates that resolution path.

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## 3. RBI Winds Down Short Dollar Positions While Managing Liquidity Through OMOs

### Context

The **Reserve Bank of India (RBI)** has begun unwinding its **short dollar forward positions** after a seven-month pause, while **infusing rupee liquidity** through **open market operations (OMOs)** to neutralize the liquidity drain. This strategic move coincides with a weakening dollar and stable rupee, allowing the central bank to simultaneously **build foreign exchange reserves** and **maintain surplus banking liquidity**.

### Key Developments

#### Short Dollar Forward Position Decline

- **Net short dollar forward book (up to 1 year):**

↓ to **\$64.2 billion** in March 2025 from \$88.75 billion in February.

- **Including long-term swaps:**

↓ to **\$84.3 billion** from \$88.75 billion.

- Positions are largely in **short-term tenors**, indicating natural maturity rather than rollovers.

### Sterilization via OMOs

- RBI is **infusing rupee liquidity through OMOs** to **offset the drain** caused by maturing short dollar positions.
- Despite **surplus liquidity**, the RBI has conducted **OMO purchases worth ₹2.5 trillion** in 2025 so far.
- Strategy aligns with RBI's **accommodative stance** to ensure banking system liquidity remains ample.

### Foreign Exchange Reserve Management

#### RBI Builds Reserves Amid Dollar Weakness

- RBI is **buying dollars in the spot market** instead of rolling forward positions.
- This helps **manage short positions** and **replenish forex reserves**.
- **Total forex reserves** stood at **\$688 billion** as of April 25, down from the **\$705 billion peak** in September 2024.

### Rupee Performance and Market Trends

#### Rupee Strengthens Against the Dollar

- **Rupee appreciated by 4.38%** since its all-time low of **₹87.95/\$** on **Feb 10, 2025**.
- **Current exchange rate:** ₹84.26/\$ (May 5), appreciating 29 paise from the previous session.
- **YTD appreciation:**
- **1.61% in calendar year 2025**
- **1.44% in financial year 2025–26**

#### Favorable External Factors

- **Falling crude oil prices** and **weakening dollar index** support rupee appreciation.
- Strengthening of **Asian emerging market currencies** adds to positive sentiment.

The RBI's current strategy reflects **a dynamic and proactive approach** to managing foreign exchange exposure and banking system liquidity. By **allowing short positions to mature**, purchasing spot dollars, and **sterilizing liquidity through OMOs**, the central bank is reinforcing its accommodative stance while **bolstering forex reserves** amid a stable external environment.

BS

## 4. SBI Research Forecasts Up to 125 bps Rate Cuts by RBI

### Context

SBI Research predicts that the **Reserve Bank of India (RBI)** may cut **policy rates by up to 125 basis points** in **FY26**, following a **multi-year low inflation** reading of **3.34% in March**. This forecast is based on expectations of continued benign inflation and the need for accommodative monetary policy.

### Key Forecasts and Rationale

#### Policy Rate Cut Expectations

- **Total projected rate cuts in FY26: 125 bps**
  - **75 bps** in **H1FY26** (June and August policy reviews)
  - **50 bps** in **H2FY26**
- Current repo rate: **6.25%** (after a cumulative 50 bps cut in February and April 2025)

- Possibility of the **repo rate falling below the neutral rate** by March 2026
- Larger **50 bps cuts** are expected to be more effective than smaller **25 bps cuts** spread over time

### Inflation Outlook

- **March CPI inflation: 3.34%**, marking a **multi-year low**
- Domestic inflation is expected to converge toward the RBI's **4% target**, supporting the likelihood of further rate cuts

### Liquidity Management and Open Market Operations (OMOs)

- RBI is expected to conduct **₹1.25 trillion in OMOs in May 2025**
- Goal: Maintain a **system liquidity surplus** of ₹2 trillion, as per the RBI Governor's guidance
- OMOs are intended to offset:
  - **Maturing short-dollar forward positions**
  - **Volatility from FII outflows**
  - **Exchange rate pressures** faced earlier in 2025

### Macroeconomic Implications

- Easing rates could stimulate:
  - **Private investment**
  - **Durable growth**
  - **Credit uptake**, particularly in interest-sensitive sectors
- The RBI's current strategy aims to:
  - **Anchor growth while absorbing external shocks**
  - **Maintain stability in financial markets**

BS

## 5. Stricter SEBI Rules Slow SME to Mainboard Migration in 2024–25

### Sharp Drop in Migrations

- Only 1 **SME** has migrated to the mainboard in 2025 (as of May 5)
- 12 firms migrated in 2024, down from an average of ~50 annually (2020–2022)

### Key Regulatory Changes

- SEBI revised migration norms in its December 2024 board meeting
- New framework notified in March 2025
- NSE introduced stricter eligibility norms in April 2025

### Revised Eligibility Criteria

- Minimum revenue of **₹100 crore** in the previous financial year
- Positive operating profit in at least **2 of the past 3 years**
- Promoters must retain at least 50% of their initial stake post-listing
- Firms must meet enhanced corporate governance standards including no regulatory violations or defaults

### Widened Transition Timelines

- Average migration time now ~5 years in 2024 versus under 2 years in 2019
- Rule now mandates a minimum 3-year gap between SME listing and mainboard migration

## Impact on SMEs

- Many SMEs disqualified despite being high-growth or well-run
- Elevated thresholds and compliance burden cited by legal experts as key obstacles
- Some analysts believe regulatory clarity may encourage better-prepared firms to pursue migration

BS

## 6. RBI Slows Gold Repatriation Amid Rising Share in Forex Reserves

### Minimal Gold Repatriation in H2 FY25

- RBI brought back only **1.53 tonnes** of **gold** from overseas vaults between September 2024 and March 2025
- In contrast, **102.1 tonnes** were repatriated in the first half of FY25
- The slowdown marks a strategic shift in gold repatriation pace

### Current Composition of RBI's Gold Holdings

- Total gold reserves as of March-end 2025: **879.6 metric tonnes**
  - **512 tonnes** held domestically
  - **348.6 tonnes** held with Bank of England and BIS
  - **18.9 tonnes** in the form of gold deposits
- Share of gold in total forex reserves rose to **11.70%** from **9.32%** over the second half of FY25

### Gold as a Hedge and Diversification Tool

- Gold acts as a hedge against **inflation**, **currency volatility**, and **geopolitical risks**
- RBI, like other central banks, has increased gold holdings post-Russia-Ukraine war and Covid disruptions
- Repatriation of gold had picked up after February 2022 to enhance **physical custody and security**

### Breakup of Foreign Currency Assets (as of March-end 2025)

- Total forex assets: **\$567.56 billion**
  - **\$485.53 billion** in securities
  - **\$45.68 billion** with other central banks and BIS
  - **\$36.34 billion** with overseas commercial banks
- RBI is also employing **external asset managers** for a small portion of reserves to diversify investments

TET

## 7. SEBI Probes Mahadev Betting App Firms for FPI Violations and Stock Manipulation

### Context

SEBI has initiated a **formal investigation into firms linked to the Mahadev Betting App case**.

- Allegations include:
  - **Stock price manipulation**
  - **Routing of illegal betting proceeds into Indian stock markets via FPIs**
- Funds were reportedly routed **from overseas**, specifically via **FPIs based in Dubai and Mauritius**.

### Link with Ongoing Enforcement Directorate (ED) Investigation

- The **ED is probing money laundering** by Mahadev Online Book promoters who allegedly:
  - Operated **benami bank accounts** offshore
  - **Laundered betting proceeds** and reinvested them into Indian markets

- ED has frozen assets and cash worth over **₹573 crore**, and seized ₹3.29 crore in cash.
- These proceeds were invested in the **promoters' own companies** through:
  - **Preferential share issues**
  - **Promoter-controlled share sales**
  - **Issuance of share warrants**

### Market Manipulation Allegations

- Evidence suggests a **collusion between company promoters and accused individuals**.
- They allegedly **inflated company valuations** using "tainted money" and **manipulated stock prices** with the help of **agents and intermediaries**.

### Scale of Action Taken So Far

- **Over 170 searches** conducted by ED
- **Assets worth ₹3,002.47 crore attached**
- **13 arrests** made and **74 entities named** in **five prosecution complaints**

### Next Steps and Regulatory Implications

- If SEBI's probe confirms **breach of FPI regulations**, **strict enforcement actions** are expected against:
  - Involved companies
  - Promoters and directors
  - FPI intermediaries aiding the routing of illicit funds

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## 8. ₹600 Crore Discrepancy in IndusInd Bank's Microfinance Accounting Triggers Audit Probe

### Context

**Statutory auditors flagged a ₹600 crore discrepancy** after reviewing IndusInd Bank's microfinance income.

- **Auditors discovered:**
  - **Interest income was grouped together** for multiple loans.
  - **Entries lacked borrower-level detail**, despite varying interest rates.
  - This method contradicts standard accounting practices where **each borrower's account must be individually recorded**.

### Regulatory Scrutiny and RBI Involvement

- The **Reserve Bank of India (RBI)** has reportedly asked the bank to **resolve the irregularities**.
- RBI had previously flagged issues in another matter—**a ₹1,959 crore derivatives misstatement**, leading to top-level exits.

### Leadership Crisis at IndusInd Bank

- The bank is undergoing a **leadership transition**:
- **Deputy CEO Arun Khurana** resigned after a Grant Thornton report on the derivatives issue.
- **CEO Sumant Kathpalia** also stepped down shortly after.
- The misreporting has shaken confidence in the **bank's internal controls and audit oversight**.

### Background on Microfinance Exposure

- Microfinance constitutes **9% of IndusInd Bank's loan book**.
- Portfolio size: **₹32,564 crore as of 31 December 2024**



- Average loan per borrower in Q3 FY25: **₹42,274**
- The bank acquired **Bharat Financial Inclusion Ltd** (formerly SKS Microfinance) in 2019, now a wholly owned subsidiary.

### Audit Concerns and Industry Implications

- Experts from ICAI and banking sectors have raised concerns:
- **Lapses in borrower-level income recognition** should have triggered red flags much earlier.
- **Bunching interest income** contradicts norms where each loan is tracked individually for repayment, NPA classification, and interest accounting.
- There are growing calls for:
- **Stricter auditing standards**
- **Increased oversight by regulators like RBI and ICAI**

*Mint*

## 9. MSEI's Revival Faces Hurdle as SEBI Plans to Cap Derivative Expiries to Two Days

### Background

- **Metropolitan Stock Exchange of India (MSEI)**, formerly MCX-SX, had planned a comeback in the Indian capital markets by launching **derivatives on its flagship SX40 index**.
- The exchange raised **₹238 crore in December 2024** from key fintech investors like **Groww's parent (Billionbrains)**, **Zerodha's Rainmatter**, **Share India Securities**, and **Securocorp Securities**.
- MSEI's strategy hinged on having a **Friday expiry** for its SX40 derivatives to **differentiate from NSE (Thursday) and BSE (Tuesday)**.

### SEBI's Proposed Derivatives Cap

- On **27 March 2025**, SEBI released a consultation paper proposing:
  - All index derivative expiries must be **limited to Tuesdays or Thursdays**.
  - Aim: To ensure **optimal spacing** and **reduce concentration risk**.
- This move **undermines MSEI's revival strategy**, as its **Friday expiry may no longer be permitted**.
- Without a distinct expiry day, **MSEI's derivative offerings lose competitive value**.

### Market Impact and Liquidity Challenge

- As of 5 May:
  - **MSEI's daily trading volume was just 30,950**, compared to **NSE's ₹293.72 crore** and **BSE's ₹58.59 crore** in cash market volumes.
  - **SX40 futures contracts registered zero trading volume**, while **Nifty 50 futures** on NSE recorded **76,211 contracts**.
- Experts warn traders will migrate to **exchanges with higher liquidity and better price discovery**, further marginalizing MSEI.

### Institutional Support & Governance Efforts

- **Latika Kundu, MD & CEO of MSEI**, emphasized:
  - Reviving MSEI supports **capital market competition** vital for India's **goal of becoming a developed nation**.
  - A **duopoly or monopoly** could emerge without **exclusive expiry days** for emerging exchanges.
- MSEI has **begun upgrading its technology and infrastructure** to support seamless derivative trading.

### Operational and Licensing Hurdles

- **Limited broker participation** is stalling volume growth:

- Many brokers **do not yet offer MSEI's contracts** due to licensing or technical issues.
- **Customer engagement**—including placing trades, paying premiums, and settling contracts—remains low.

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## 10. Aditya Birla Capital Digital Launches Digital Gold SIP

### Product Overview:

- **Company:** Aditya Birla Capital Digital Ltd (ABCDL)
- **Product:** Digital Gold Systematic Investment Plan (SIP)
- **App:** Available on **ABCD Mobile App**
- **Investment Options:**
  - ₹50 for weekly SIPs
  - ₹100 for monthly SIPs

### Key Features:

- **Automated & Regular Investments:** Helps users invest consistently and leverage **rupee-cost averaging** and **compounding**.
- **24-Karat Gold-Backed:** Gold is stored in insured, secure vaults managed by **MMTC-PAMP** (JV between Swiss brand PAMP & MMTC, GoI undertaking).
- **Integrated Gifting + SIP Options:** Enables planning, saving, and gifting gold through one platform.
- **No Physical Storage Hassles:** Eliminates risks of loss, theft, and making charges linked with physical gold.

### Additional Offering – Digital Silver:

- Also backed by **24-Karat physical silver**.
- Flexible features: **Buy, hold, redeem anytime**.
- **Silver as a future-ready asset:** Growing demand in **EVs, solar energy, and technology sectors**.

### Key Executive:

- **Pankaj Gadgil**, MD & CEO, **Aditya Birla Housing Finance Ltd**

## 11. RBI Grants Online Payment Aggregator License to Zaakpay (MobiKwik)

### Context

**Zaakpay**, the business payments arm of **MobiKwik**, has received **final RBI approval** to operate as a **licensed Online Payment Aggregator** in India. This approval allows Zaakpay to legally process digital payments for businesses under Indian law.

### Why This Approval Matters

#### Regulatory Significance:

- The **RBI license certifies strong compliance, data security, and operational transparency**.
- Comes amid RBI's crackdown on unlicensed payment aggregators who were barred from onboarding new merchants.

#### Strategic Impact for MobiKwik

- Enables **Zaakpay to scale legally and securely**, targeting more partnerships and expanding digital services.
- Boosts **market credibility and merchant confidence** in MobiKwik's B2B payment ecosystem.

## What Zaakpay Offers

### Payment Services:

- Supports over **100 payment methods**:
  - UPI, credit/debit cards, net banking, wallets, EMI
- Features:
  - **Fast checkout, QR payments, instant daily settlements**

### Key Partnerships:

- **Meta (WhatsApp-based payments)** in healthcare and transport (2024)
- Offers **credit/debit EMI** for greater payment flexibility

## Market Reaction & Share Performance

### Share Movement:

- MobiKwik shares **fell 0.99% to ₹249.95** on May 2, 2025 (previous close: ₹252.60)
- Drop attributed to **broader market correction**, not the license news

### Future Growth Plans for Zaakpay

#### Business Expansion Focus:

- **SaaS, healthcare, logistics, Tier-2/3 cities**
- Invests in **AI-led fraud checks, real-time settlements, and custom checkout solutions**

### Long-Term Outlook:

- Poised to become a **core growth engine** for MobiKwik's enterprise vertical
- Improved services and compliance may **restore investor confidence**

## Agriculture

### 1. Coalition for GM-Free India Opposes Genome-Edited Paddy Varieties

#### Context

**Coalition for GM-free India** demands withdrawal of **two genome-edited rice varieties** announced by the Centre. The group is currently fighting a **Supreme Court case** against **genetically modified (GM) crops**

#### Health and Environmental Concerns

- Coalition warns that genome-edited seeds may **harm human health** and cause **irreversible environmental damage**
- Cites an "enormous body of scientific literature" questioning the **safety of gene editing techniques**

#### Criticism of Government and Research Bodies

- **Venugopal Badaravada**, ICAR governing body member, criticizes focus on "**science for headlines**" over practical farm solutions
- Accuses the Centre of acting "under **corporate lobby pressure**" and bypassing scientific safety norms

#### Regulatory Allegations

- The coalition calls the announcement **illegal**, citing **deregulation of SDN-1 and SDN-2** gene editing techniques without safety tests
- Claims varieties are being promoted using **unscientific claims** of higher yield and drought resistance without valid testing

### Details of Released Varieties

- **Kamala (DRR Dhan 100)** developed by **Indian Institute of Rice Research, Hyderabad**
- **Pusa DST Rice 1** developed by **Indian Agricultural Research Institute, Delhi**

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## Facts To Remember

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### 1. Namo Bharat Stations Integrated with Electric City Buses for Last-Mile Connectivity

To enhance last-mile connectivity and provide smoother travel for Namo Bharat commuters, the National Capital Region Transport Corporation (NCRTC) has collaborated with the Delhi Transport Corporation (DTC) to integrate air-conditioned electric city buses with the Namo Bharat stations.

### 2. India well-positioned to meet global talent demand: EAM Jaishankar

External Affairs Minister Dr S Jaishankar has said that there is a strong global demand for talent and India is well-positioned to meet it.

### 3. Maldives to build \$8.8 billion Financial Freezone in Malé to become Indian Ocean business hub by 2030

The Maldives has announced plans to build an \$8.8 billion Maldives International Financial Centre (MIFC) in Malé, in partnership with Qatari-owned MBS Global Investments.

### 4. India to explore both space & deep sea in 2026 says Union Minister Dr. Jitendra Singh

Minister of State for Space and Atomic Energy Dr. Jitendra Singh said that the Naval Forces and Naval Guards will play a vital role in ensuring the success of the Gaganyaan mission.

### 5. World Asthma Day being observed to raise awareness, promote accessible inhaled treatments

World Asthma Day is being observed today. Organised by the Global Initiative for Asthma, it is globally observed on the first Tuesday of May. The theme for this year is "Make Inhaled Treatments Accessible for ALL". The day aims to raise awareness about asthma and the importance of properly managing this chronic respiratory condition. It also emphasises educating the general public about the disease and its impact on daily life.

### 6. Archery World Cup 2025: Jyothi Surekha Vennam eyes encore; Deepika Kumari in fray

Top-ranked Indian women archers, Jyothi Surekha Vennam and Deepika Kumari, will lead the country's challenge at the Archery World Cup 2025 Stage 2 in Shanghai, China, starting today.

**FIVE TO REMEMBER · 6 MAY 2025**

1. India enacted the **Biological Diversity Act (BDA) 2002** in line with CBD, but its approach remains **top-down and bureaucratic**. Indigenous Rights and Conservation
2. **India suspended the Indus Waters Treaty of 1960** following a **terror attack** in **Pahalgam** in April 2025. Escalating Geopolitical Tensions Pose Risks for...
3. BPSL was admitted to insolvency in 2017 after **defaulting on ₹47,200 crore of debt**. SC Orders Liquidation of Bhushan Power & Steel
4. Despite **surplus liquidity**, the RBI has conducted **OMO purchases worth ₹2.5 trillion** in 2025 so far. RBI Winds Down Short Dollar Positions While Man...
5. Current repo rate: **6.25%** (after a cumulative 50 bps cut in February and April 2025) SBI Research Forecasts Up to 125 bps Rate Cuts ...

**Now test yourself:** [c4scourses.in/daily-quiz/daily-quiz-6-may-2025/](https://c4scourses.in/daily-quiz/daily-quiz-6-may-2025/)

DAY 6 OF 24

**7 May 2025**

Wednesday · 25 items · 5 topics

International Affairs 1 · National Affairs 9 · Banking and Finance 7 · Economy 1 · Facts To Remember 7

**Daily Current Affairs Quiz**  
**7 May, 2025****International Affairs****1. India-UK Sign Historic Free Trade Agreement (FTA)****Context**

**Prime Ministers Narendra Modi and Keir Starmer** jointly announced the successful conclusion of a **landmark India-UK Free Trade Agreement (FTA)**. The deal includes a **Double Contribution Convention**, aimed at boosting bilateral investment and economic cooperation.

**Key Trade Benefits for Both Nations**

- **For India:**
  - **Zero-duty access** for **99% of Indian exports** to the UK.
  - Enhanced competitiveness for sectors including **textiles, toys, leather, gems & jewellery, marine products, and footwear**.
  - Tariffs on whisky and gin will fall from **150% → 75%**, then to **40% in 10 years**.
  - **Auto tariffs** reduced from **100%+ to 10%** under a **quota system**.
  - Sensitive items like **dairy, apples, and cheese** are excluded from concessions to **protect Indian farmers**.
- **For the UK:**
  - Cheaper exports to India in **whisky, gin, automobiles, medical devices, electrical machinery, cosmetics, soft drinks, chocolates, and lamb**.
  - Increased access to India's fast-growing consumer market.

**Landmark Social Security Pact (Double Contribution Convention)**

- Indian professionals working in the UK will get a **3-year exemption** from **social security payments**.
- Expected to benefit over **60,000 IT sector employees**.
- Could lead to **20% savings on employee salaries**, a longstanding Indian demand.

**Key Beneficiary Sectors**

- **Textiles and Apparel**
- **Leather and Footwear**
- **Gems and Jewellery**
- **Pharmaceuticals**
- **Agriculture and Processed Foods**
- **Fast-Moving Consumer Goods (FMCG)**
- **Healthcare and Innovation-driven enterprises**

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## Projected Economic Impact

- **Bilateral trade to rise by £25.5 billion.**
- Positive implications for **job creation, investment inflows, and supply chain integration.**
- Enhanced prospects for Indian industries like **engineering goods, marine exports, and apparel.**

TH

## National Affairs

### 1. Operation Sindoor

#### Context

The Indian government confirmed that '**Operation Sindoor**' was carried out in response to the **terrorist attack in Pahalgam, J&K**, where **26 civilians were killed**. The operation, aimed to **hold accountable those responsible** for the attack.

#### Operation Highlights

- **According to the official statement:**
  - The strikes targeted **terrorist infrastructure** located in **Pakistan and Pakistan-Occupied Kashmir (POK)**.
  - Indian forces maintained a **measured and non-escalatory approach**, avoiding **Pakistani military installations**.
  - The operation showcased **India's strategic restraint** in both **target selection** and **execution methods**.

TOI

### 2. India's HDI Ranking 2025

#### Context

India ranks **130th** out of **193 countries and territories** in the **2025 Human Development Index (HDI)** released by the **United Nations Development Programme (UNDP)**

- **HDI score** improved from **0.676 (2022)** to **0.685 (2023)**.
- India remains in the '**medium human development**' category but is now **closer to the high development threshold ( $\geq 0.700$ )**.

#### Long-Term Gains and Recovery

- India's HDI value has grown by **over 53% since 1990**, outpacing **global and South Asian averages**.
- Key drivers of improvement:
  - **Rising national income per capita**
  - **Increase in mean years of schooling**
  - **Life expectancy at its highest since the HDI began**
- **UNDP India** attributes this progress to **post-pandemic recovery and long-term investments in well-being**.

#### Criteria

The Human Development Index (HDI) uses three main criteria to assess a country's progress in human development: **life expectancy, education, and standard of living**. These criteria are then quantified into a single index value between 0 and 1, with higher values indicating greater development.



**Elaboration:**

- **Life Expectancy:** This criterion assesses a country's average lifespan at birth, reflecting the health and longevity of its population.
- **Education:** The HDI considers two aspects of education:
  - **Mean years of schooling:** The average number of years of schooling completed by the adult population.
  - **Expected years of schooling:** The number of years of schooling that a child of school-entering age can expect to receive.
- **Standard of Living:** This criterion is measured by Gross National Income (GNI) per capita. GNI per capita reflects the average income of a country's citizens and is used to assess their economic well-being.

**Challenges and Inequality Concerns**

- **Inequality remains a major setback**, reducing India's HDI by **30.7%**, one of the **highest losses in South Asia**.
- While inequality in **health and education** has lessened, **income and gender disparities** remain pronounced.
- **Female labour force participation** and **political representation** are still low.
- Recent steps, such as the **constitutional amendment reserving one-third seats for women in legislatures**, offer **hope for inclusive growth**.

**Regional Comparison: India vs. Neighbours**

| Country      | HDI Rank (2025) | HDI Value     |
|--------------|-----------------|---------------|
| China        | 75              | Not specified |
| Sri Lanka    | 78              | Not specified |
| Bhutan       | 127             | Not specified |
| <b>India</b> | <b>130</b>      | <b>0.685</b>  |
| Bangladesh   | 130 (tied)      | Not specified |
| Nepal        | 145             | Not specified |
| Myanmar      | 149             | Not specified |
| Pakistan     | 168             | Not specified |

**Global HDI Leaders (2023)**

| Rank | Country               | HDI Value |
|------|-----------------------|-----------|
| 1    | Iceland               | 0.972     |
| 2    | Norway                | 0.970     |
| 2    | Switzerland           | 0.970     |
| 4    | Denmark               | 0.962     |
| 5    | Germany               | 0.959     |
| 5    | Sweden                | 0.959     |
| 7    | Australia             | 0.958     |
| 8    | Hong Kong (China SAR) | 0.955     |
| 8    | Netherlands           | 0.955     |
| 17   | United States         | 0.938     |

### 3. Satluj Yamuna Link (SYL) Canal Dispute

#### Context

The **Supreme Court** criticized **Punjab's decision to denotify land** acquired for the **Sutlej-Yamuna Link (SYL) canal** project, calling it an act of **"high-handedness"**. The project stems from the **1981 water-sharing agreement** among **Punjab, Haryana, and Rajasthan**, aiming to reallocate **Ravi-Beas river waters** in the **national interest**.

#### Satluj Yamuna Link (SYL) Canal Dispute: Historical Overview and Current Status

##### Overview of the SYL Canal Project

- **Length:** 214 kilometers (133 miles)
- **Purpose:** To connect the **Sutlej** and **Yamuna** rivers for sharing river waters
- **States Involved:** **Punjab** and **Haryana**
- **Legal Status:** Referred to the **Supreme Court of India**

##### Historical Context

- **1955 Agreement:**
  - Involved states: Punjab, PEPSU, Rajasthan, Jammu & Kashmir
  - Division of 19.55 billion m<sup>3</sup> of eastern Indus rivers (Ravi, Beas, Sutlej)
    - Punjab: 7.3 billion m<sup>3</sup>
    - PEPSU: 1.6 billion m<sup>3</sup>
    - Rajasthan: 9.9 billion m<sup>3</sup>
    - Jammu & Kashmir: 0.80 billion m<sup>3</sup>
  - Post-merger (1956), Punjab's total: **8.9 billion m<sup>3</sup>**
- **1960:** **Indus Water Treaty** with Pakistan enabled India's full use of eastern rivers

##### Legal and Tribunal Proceedings

- **1986:** Ravi-Beas Waters Tribunal (Eradi Tribunal) formed
- **1987:** Tribunal upheld prior agreements and revised allocations:
  - Punjab: **6.2 billion m<sup>3</sup>**
  - Haryana: **4.72 billion m<sup>3</sup>**
- Tribunal noted:
  - Haryana's section was completed
  - Punjab's portion remained incomplete
  - Urged speedy completion

##### Supreme Court Clarification and Warning

- The Bench clarified that the **status quo applies only** to land needed for constructing the **main SYL canal**, not Punjab's internal water distribution network.
- **Next hearing scheduled for August 13**, if no resolution is found between the States and the Centre.
- The court **urged both Punjab and Haryana** to work with the Centre to reach an **amicable solution**.

TH

### 4. India Tightens Satellite Internet Rules

#### Context

**Starlink**, owned by **Elon Musk's SpaceX**, is still awaiting operational **clearances in India**. These include a **unified licence (UL)** and a **GMPCS (Global Mobile Personal Communications by Satellite) authorisation**,

both necessary for providing satellite-based internet services.

### New DoT Amendments

- The **Department of Telecommunications (DoT)** issued fresh amendments this week in response to heightened **national security concerns**, especially after the **Pahalgam terror attack** in Kashmir.
- These amendments mirror **existing telecom surveillance mandates** but extend them specifically to **satellite service providers**, including:
  - **User traffic monitoring and interception**
  - **Location-based restrictions (geofencing)**

### Key New Requirements for Satellite Internet Providers

- **Cross-border Usage Restrictions:**
  - Satellite terminals **purchased abroad must be disabled within India**.
  - Indian-purchased terminals must be **disabled outside Indian territory** — a clause likely to impact the **mobility appeal of Starlink**.
- **Local Manufacturing Mandate:**
  - Satellite terminal devices must be **manufactured in India within five years**, aligning with the **Make in India** initiative.
- **Enhanced Geofencing Requirements:**
  - Aimed at **preventing signal spillover** in border regions.
  - Enables **monitoring and lawful interception** to address national security risks.

### Implications

- The new rules reflect India's focus on:
  - **Digital sovereignty**
  - **National security**
  - **Technological self-reliance**
- Starlink and similar players must adapt to a **tighter regulatory and surveillance regime**, even as demand for **rural and remote internet access** grows.

## 5. India to Launch 'Sustainable Transport Mission' Under National Action Plan for Climate Change (NAPCC)

### Context

The Government of India will soon **introduce a new mission for "sustainable transport"** under the **National Action Plan for Climate Change (NAPCC)**. This marks the **first new mission addition in over a decade** and aims to tackle emissions from one of India's most polluting sectors.

### Key Focus Area

- The **road transport sector** will be central to this mission, as it:
  - **Accounts for 12%** of India's energy-related CO<sub>2</sub> emissions.
  - Is the **largest contributor to urban air pollution**.
  - Will likely be the **slowest transport mode to achieve carbon neutrality**.
- Policy interventions will focus on:
  - **Upgraded emission standards** (e.g., introduction of **BS-VII norms**).
  - **Greater adoption of electric vehicles (EVs)** and **alternative fuels**.

### Objective

- The mission is designed to **decarbonise India's transport sector** and align with the country's **net-zero**

**emission goals.**

- It will bring India in line with global efforts by the **European Union, select developed countries, and African nations** pursuing similar sustainability missions.

**Scope and Structure**

- The mission will encompass multiple transport sub-sectors:
  - **Road Transport**
  - **Railways**
  - **Ports**
  - **Shipping**
  - **Civil Aviation**
- The **Ministry of Road Transport and Highways (MoRTH)** will act as the **nodal agency** for developing the policy framework.

**Current Status and Planning**

- MoRTH has been working on the mission for **two years**.
- The document is currently being **updated with latest emissions data for 2030 and beyond**.
- The **apex climate committee** will determine **sectoral carbon reduction contributions**.

TH & BS

**6. ISRO Targets Early 2027 for Crewed Gaganyaan Launch****Why in News?**

- ISRO Chairman **V. Narayanan** announced that the **first Indian crewed space mission** under Gaganyaan is now scheduled for **Q1 2027**.
- The original target was 2022, but the launch has faced multiple postponements.
- The crewed mission will be preceded by:
  - **Three test flights**: Two **uncrewed missions** and one **robotic flight with Vyommitra**.
  - A total of **eight Gaganyaan missions** (crewed and uncrewed) will take place until **2028**.

**Vyommitra and Uncrewed Mission**

- The **first uncrewed mission**, with humanoid robot **Vyommitra**, is expected **later in 2025**.
- Nearly **90% of infrastructure and tests** are complete.
- All **propulsion systems** for the human-rated **GSLV Mk III** launch vehicle are ready.

**Axiom-4****Axiom Mission 4 (Ax4):**

- **Mission Type**: Private spaceflight to the **International Space Station (ISS)**
- **Operators**: Axiom Space in collaboration with **SpaceX and NASA**

**Launch Details:**

- **Launch Site**: **Launch Complex 39A**, Kennedy Space Center, Florida
- **Launch Vehicle**: **SpaceX Falcon 9 Block 5**

**Spacecraft Information:**

- **Spacecraft**: **Crew Dragon C213**
- **Orbital Destination**: **Low Earth Orbit (LEO)**
- **Mission Duration**: Approximately **2 to 3 weeks**

- **Notable Fact:** This will be the **maiden flight** of Crew Dragon C213, which is the **fifth and possibly final** Crew Dragon spacecraft to be built.

#### India & Axiom-4

- Indian astronaut **Shubhanshu Shukla** to fly aboard the **Axiom-4 mission** to the **International Space Station (ISS)**.
- Launch expected in **early June 2025** (Axiom reports May 29).
- India paid **₹550 crore** to Axiom Space for this mission.
- Shukla's mission will include scientific tasks and help **build astronaut experience** critical for Gaganyaan.

#### Strategic Importance

- Gaganyaan marks **India's entry into human spaceflight** and **builds indigenous capabilities**.
- Missions like Axiom-4 provide **global exposure and data** for ISRO's human spaceflight program.
- Vyommित्रा's flight will serve as a **key systems validation milestone**.

TH

## 7. Sacred Buddhist Relics from Piprahwa

### Context

The **Indian Ministry of Culture** has issued a **legal notice** to **Sotheby's Hong Kong** demanding the **immediate halt** of the planned auction of **sacred Buddhist relics** scheduled. **Ivy Wong**, Associate General Counsel at Sotheby's, responded stating that the matter is receiving **full attention** from the auction house.

### Piprahwa

**Piprahwa** is a village near **Siddharthnagar city in Siddharthnagar district** of the Indian state of Uttar Pradesh. Kalanamak rice, a scented and spicy variety of rice is grown in this area. It lies in the heart of the historical Buddha's homeland and is 9 miles from the world heritage site of Lumbini that is believed to be the place of Gautama Buddha's birth.

### Historical and Spiritual Significance

- The relics were excavated in **1898 from Piprahwa Stupa**, believed to be part of **ancient Kapilavastu**, the **birthplace of Lord Buddha**.
- **Items include:**
  - **Bone fragments** attributed to the Buddha
  - **Soapstone and crystal caskets**
  - A **sandstone coffer**
  - **Gold ornaments** and **gemstones** used as offerings
- An inscription in **Brahmi script** identifies the relics as belonging to **the Buddha**, deposited by the **Sakya clan**.

### Legal and Cultural Claims

- The majority of relics were handed over to the **Indian Museum in Kolkata** in 1899 and are designated as **Category 'AA' antiquities** under Indian law, **prohibiting sale or export**.
- A portion of the relics was gifted to the **King of Siam**, while some were **retained by Peppé's descendants**, a selection of which has now appeared in the Sotheby's auction list.

TOI

## 8. Russian-Made SA-24 Igla-S Air Defense Systems

### Overview of SA-24 Igla-S

- The **SA-24 Igla-S** is a third-generation, **Russian-made MANPADS** (Man-Portable Air Defense System).
- Key features:
  - **Infrared-guided** shoulder-fired missile
  - Maximum range: **6 km**; altitude coverage: **up to 3.5 km**
  - Equipped with **advanced seeker** and **proximity fuze**
  - **Resistant to jamming**, highly mobile, and suitable for **rugged terrain**

### Strategic Deployment in Northern India

- Indian Army units in **Jammu & Kashmir** have begun deploying the Igla-S to counter:
  - Low-flying **UAVs**
  - **Helicopters** and surveillance aircraft
  - **Cross-border aerial threats**
- The system's portability makes it ideal for **mountain warfare and rapid response scenarios**

### Strengthening India-Russia Defense Ties

- The Igla-S induction highlights **continued Indo-Russian defense cooperation**, despite:
  - **Western pressure** to limit military imports from Russia
  - Ongoing **geopolitical tensions**
- Russia supplies over **50% of India's military imports**, including tanks, fighter jets, and air defense systems

## 9. India's First AI-Based Data Centre Park to Rise in Nava Raipur, Chhattisgarh

### Project Overview

- **Location:** 14-acre site in **Nava Raipur**, Chhattisgarh's new capital
- **Developer:** **RackBank Datacenters Private Limited**
- **Key Milestone:** Foundation laid by **Chief Minister Vishnu Deo Sai** on Saturday
- **Significance:** India's **first AI-integrated data centre park**, poised to be a cornerstone of the country's digital infrastructure

### Infrastructure and Investment

- Includes **2.7 hectares** under **Special Economic Zone (SEZ)**
- **Phase 1 capacity:** 5 megawatts; **expandable up to 150 megawatts**
- **Estimated total investment:** ₹2,000 crore
- Incorporates **GPU-based high-end computing**, live data streaming, and **global-standard AI processing facilities**

### Technological and Sectoral Impact

- Supports key sectors:
  - **Health tech**
  - **FinTech**
  - **Defence**
  - **Agritech and smart farming**
  - **Data analytics**
- Designed as a **green, energy-efficient** and **environmentally sustainable** facility

## Digital Inclusion and Social Impact

- Will enhance **remote access to digital services** including:
  - **Education and healthcare** in tribal and rural regions
  - **Smart governance** and faster public service delivery
- Supports farmers with:
  - **AI-driven crop management**
  - **Precision weather forecasting**
  - **Improved agricultural yields**

## Broader Vision and Complementary Initiatives

- CM Sai termed it the **“digital backbone for a new era of growth”**
- Part of a broader tech ecosystem in the region:
  - State allotted **10 acres for NIELIT** to promote **technical education and digital literacy**
- Aims to position Chhattisgarh as the **“heartbeat of Digital India”**

*The Indian Express*

## Banking and Finance

### 1. RBI May Extend Call Money Market Hours to 7 PM

#### Context

The Reserve Bank of India (RBI) proposes to **extend call money market trading hours from 5 PM to 7 PM**. The goal is to **enhance interbank liquidity** to meet the demands of **24x7 real-time payment systems**.

#### What is the Call Money Market?

- A **short-term interbank borrowing market** where financial institutions lend to each other without collateral.
- Currently contributes **just 2% of overnight market volumes**, down from **13% in 2014–15**.
- **Definition:** Call money refers to **short-term loans**—usually overnight or up to 14 days—offered in the **inter-bank market**.
- **Types:**
  - **Call Money:** Loans repayable **within one day**.
  - **Notice Money:** Loans with a **maturity period of 2 to 14 days**.

#### Purpose and Participants

- Primarily used by **commercial banks** to meet **temporary liquidity requirements**.
- Helps maintain the **Cash Reserve Ratio (CRR)** mandated by the Reserve Bank of India (RBI).
- Participants include **commercial banks, cooperative banks**, and in some cases, **financial institutions**.

#### Call Rate

- The **interest rate** charged on call money transactions.
- It is **highly volatile**, often changing **daily or hourly**, depending on market liquidity.
- Acts as an **indicator of liquidity** in the banking system.

#### Relationship with Other Money Market Instruments

- Call money rates have an **inverse relationship** with instruments like:
  - **Certificates of Deposit (CDs)**

“Doubt is normal. Quitting is optional.”



- **Commercial Paper (CP)**

- **Higher call rates** make CDs and CPs more attractive for banks seeking short-term funds.

### Importance in Financial Markets

- Provides a **flexible funding option** for banks to manage short-term mismatches.
- Plays a crucial role in **monetary transmission** and liquidity management by the RBI.

### Problem Statement: Liquidity Mismatch

- Banks borrow from RBI's **Liquidity Adjustment Facility (LAF)** but park excess funds in the **Standing Deposit Facility (SDF)** due to mismatches.
- Despite overall **systemic liquidity deficit**, SDF balances remain high — a **paradox** in monetary operations.

### Broader Implications

- Enhancing the call money market could:
  - **Revive uncollateralised interbank lending**
  - Reduce dependence on **RBI liquidity windows (SDF/MSF)**
  - Support **real-time payment settlements after traditional banking hours**

BS

## 3. India's Digital Public Infrastructure

### Digital Foundations: Aadhaar and UPI

- India leads globally in building **digital public infrastructure (DPI)** for governance.
- Platforms like **Aadhaar** and **Unified Payments Interface (UPI)** serve as **horizontal digital rails** enabling a range of services.
- Built on Aadhaar:
  - **eKYC**
  - **eSign**
  - **DigiLocker**
  - These services streamline banking, telecom, tax filing, and document storage.

### PMWANI (Public WiFi Access)

- Conceptualized: 2015–16 by TRAI
- Cabinet approval: December 2020 after PMO intervention
- Still under-implemented despite surging demand for video-based education
- Could **bridge the digital divide** for students in low-income households

### eRUPI: Targeted Digital Vouchers

- Launched: August 2, 2021
- **Ensures benefit-specific fund usage** (e.g., school bicycles, corporate incentives)
- Integrated into UPI; slow uptake limits its transformative potential

### Ayushman Bharat Digital Mission (ABDM)

- Launched: September 2021
- Vision: **Digital health records**, diagnostic reports, affordable care
- Challenges:
  - **Private sector resistance** to data sharing

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- **Implementation inertia**
- Vast potential still **underutilized**

#### Key Issues Behind Delays

- **Bureaucratic inertia**
- **Regulatory hesitation**
- **Institutional resistance to change**
- **Lack of urgency in policy execution**

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## 4. RBI's OMO Bond Purchase Draws Strong Demand

### Context

- The **Reserve Bank of India (RBI)** conducted **open market operations (OMO)** on Tuesday, inviting bond purchases worth **₹50,000 crore**.
- **Total bids received: ₹1.32 lakh crore**, more than **2.6x oversubscription**, indicating **robust market demand**.

### Key Highlights

- **Most bonds were priced at a premium** over market rates, except the **2031-maturing paper**, which traded at a discount.
- Bonds maturing between **3 to 14 years** were included; **ultra-long tenured bonds were excluded**.
- The **7.10% GS 2034 bond** saw **maximum demand**, as investors are **offloading it to accommodate the new 10-year benchmark bond** issued on May 2.

### What Are OMOs?

- OMOs are a tool used by the **Reserve Bank of India (RBI)** to manage liquidity in the economy by buying and selling **government securities (G-Secs)** in the open market.
- These operations help the **RBI achieve its monetary policy objectives such as controlling inflation, promoting economic growth, and stabilizing bond yields**.

### How OMOs Work?

- **Selling G-Secs**
  - When there is **excess liquidity** in the economy, the RBI sells G-Secs to absorb the excess cash, reducing the money supply.
- **Buying G-Secs**
  - When there is a **liquidity shortage**, the RBI buys G-Secs from the market, thereby injecting liquidity and increasing the money supply.

### Why Are OMOs Important?

- **Liquidity Management**
  - OMOs help the RBI control the amount of liquidity in the financial system.
- **Government Borrowing Costs**
  - By keeping bond yields low, OMOs help reduce the **government's borrowing costs**.
- **Inflation Control**
  - OMOs enable the RBI to regulate **inflation** by influencing the money supply in the economy.
- **Smoothing Liquidity Conditions**
  - OMOs help maintain **stable liquidity conditions** throughout the year, facilitating smoother functioning of the financial markets.

"Doubt is normal. Quitting is optional."

Overall, OMOs are crucial for the **RBI to manage the economy's liquidity effectively, ensuring stability in the financial system and helping achieve broader economic goals.**

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## 5. Fino Payments Bank Prepares to Transition into a Small Finance Bank (SFB)

### Context

**Fino Payments Bank** is actively preparing to **upgrade to a Small Finance Bank (SFB)**, having already applied for the licence with the **Reserve Bank of India (RBI)** in **November 2024**.

- The move is aimed at **enhancing earnings potential**, expanding into **lending**, and deepening ties with **merchant partners and account holders**.
- **Payments banks**, unlike SFBs, **cannot lend** and must **park 75% of deposits in government securities**, severely limiting income avenues.

### Small Finance Banks (SFBs) in India: Role, Features, and Impact on Financial Inclusion

#### What Are Small Finance Banks?

- **Small Finance Banks (SFBs)** are RBI-regulated niche banks focused on **financial inclusion**.
- Aim to provide **basic banking services** to the **unbanked and underserved segments**, especially in **rural and semi-urban India**.

#### Background and Evolution

- Introduced in the **2014–15 Union Budget**.
- RBI issued operational guidelines in **November 2014**.
- **First 10 SFB licenses** were granted in **November 2015**, including AU Small Finance Bank, Equitas, and Ujjivan.

#### Objectives of SFBs

- **Promote financial inclusion** by extending banking services to:
  - Small business units
  - Micro and small industries
  - Marginal farmers
  - Informal and unorganised sector workers
- Expand credit access in **Tier-3 to Tier-6 towns** and **rural areas**.

#### Key Features

- **Regulated under** the Banking Regulation Act, 1949 and RBI Act, 1934.
- Offer standard banking services: **Savings/Current Accounts, Fixed Deposits (FDs), Recurring Deposits (RDs)**, and **loans**.
- **Scheduled Bank Status** upon fulfilling RBI criteria.
- **75% of Adjusted Net Bank Credit (ANBC)** must be lent to **priority sectors** (agriculture, MSMEs, etc.).
- **Minimum capital requirement:** ₹200 crore.
- **No subsidiaries** allowed for non-banking financial activities.

#### Operations and Offerings

- **Deposit Mobilization:** Accept deposits from residents and NRIs.
- **Credit Services:** Offer loans for micro-enterprises, affordable housing, vehicle loans, and farm-related credit.
- **Third-Party Distribution** (with RBI nod): Insurance, mutual funds, pension products, forex services.

- **Rural Penetration:** At least **25% of branches** must be in **unbanked rural centres**.

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## 6. Small Finance Banks vs Payments Banks

Both Small Finance Banks and Payments Banks are licensed and regulated by the **Reserve Bank of India (RBI)**. They operate under specific RBI guidelines and are monitored for compliance with financial regulations.

### Purpose

- **Small Finance Banks (SFBs):** Aim to provide full-fledged banking services to **unserved and underserved populations**, especially in rural and semi-urban areas.
- **Payments Banks (PBs):** Designed to offer **low-risk, technology-driven banking solutions** like savings accounts and remittances to **low-income households and migrant workers**.

| Feature/Aspect                       | Small Finance Banks (SFBs)                                                                            | Payments Banks (PBs)                                                                                     |
|--------------------------------------|-------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| <b>Definition</b>                    | Niche banks that serve underserved, unbanked populations with full banking services.                  | A new banking model offering limited banking services <b>without credit risk</b> .                       |
| <b>Objective</b>                     | Provide <b>credit and deposit services</b> to small business units, farmers, and unorganised sectors. | Provide <b>small savings accounts and remittance/payment services</b> to low-income groups and migrants. |
| <b>Introduced By</b>                 | RBI – 2015                                                                                            | RBI – Conceptualised in 2014; operational from 2016.                                                     |
| <b>Capital Requirement</b>           | ₹100 crore minimum paid-up capital                                                                    | ₹100 crore minimum paid-up capital                                                                       |
| <b>Credit Facilities</b>             | Can issue loans and credit facilities to target sectors                                               | <b>Cannot</b> provide loans or issue credit cards                                                        |
| <b>Time Deposits (FDs/RDs)</b>       | Allowed to accept <b>Fixed and Recurring Deposits</b>                                                 | <b>Not allowed</b> to accept time deposits                                                               |
| <b>Operational Restrictions</b>      | <b>No area restrictions</b> on operations                                                             | Cannot set up subsidiaries for non-banking services                                                      |
| <b>Services Offered</b>              | Full banking services including loans, deposits, remittances, debit cards                             | Savings accounts, <b>mobile banking, debit cards</b> , UPI, NEFT, IMPS, etc.                             |
| <b>Priority Sector Lending (PSL)</b> | Must allocate <b>75% of ANBC</b> to PSL                                                               | No PSL requirement                                                                                       |
| <b>First Bank Example</b>            | <b>Capital Small Finance Bank</b> – First SFB launched in <b>2016</b>                                 | <b>Airtel Payments Bank</b> – First PB licensed by RBI in <b>2016</b>                                    |
| <b>FDI Policy</b>                    | Foreign shareholding as per <b>FDI norms for private sector banks</b>                                 | Same FDI rules apply                                                                                     |
| <b>No. of Banks (as of Dec 2021)</b> | <b>11 Small Finance Banks</b>                                                                         | <b>6 Payments Banks</b>                                                                                  |

### List of 11 Small Finance Banks (SFBs):

- AU Small Finance Bank
- Capital SFB
- Fincare SFB
- Equitas SFB
- ESAF SFB
- Suryoday SFB

- Ujjivan SFB
- Utkarsh SFB
- North East SFB
- Jana SFB
- Shivalik SFB

#### List of 6 Payments Banks:

- Airtel Payments Bank
- India Post Payments Bank
- FINO Payments Bank
- Paytm Payments Bank
- Jio Payments Bank
- NSDL Payments Bank

## 7. Goldsikka Unveils AI-Powered Gold-Melting ATM in Hyderabad

### Overview and Innovation

- **Company:** Hyderabad-based **Goldsikka Ltd**
- **Innovation:** India's **first AI-powered Gold-Melting ATM**
- **Functions:**
  - Buy and sell gold
  - Deposit and melt gold jewellery
  - Test purity and value of deposited gold
  - Transfer gold's value directly to customer's bank account
  - Augmented Reality (AR) feature for **virtual jewellery try-ons**

### Key Features

- **Fully automated process** — zero human interference
- **Gold melting and purity testing** integrated within ATM
- **Real-time value calculation** of pure gold
- **KYC and verification:**
  - Aadhaar and ID proof authentication
  - Photograph of depositor taken by ATM
- **Security feature:** Machine auto-reports to police if gold is linked to **criminal activity**

### Transaction Timeline and Mechanism

- Entire process (deposit to fund transfer) takes approx. **30 minutes**
- Customer receives **real-time valuation** and can approve or reject it
- On approval, **money is transferred directly** to customer's bank account

### Expansion and Market Presence

- **Current Deployment:**
  - 14 operational Gold ATMs across India
  - 3 installed in international markets
- **Expansion Plan:**
  - **100 Gold-Melting ATMs** to be installed in India
  - Another **100 overseas**, within a year

- Awaiting **regulatory approval** before full-scale launch of melting-enabled machines

### Impact and Consumer Benefits

- **Revolutionises gold transactions** by merging AI, automation, and fintech
- Encourages **transparency** and **trust** in gold trading
- Provides a **secure, real-time, and self-service option** for gold monetisation
- AR feature adds a **retail and e-commerce layer** to physical gold ATMs

BL

## 8. India Lists First Mortgage-Backed Pass-Through Certificates (PTCs) on NSE

### Context

On **5th May 2025**, **Shri M. Nagaraaju**, Secretary, Department of Financial Services, Ministry of Finance, listed **India's first Mortgage-Backed PTCs** on the **National Stock Exchange (NSE)**. This marks a significant step in integrating India's **housing finance** and **debt capital markets**.

### What is a Pass-Through Certificate (PTC)?

- A **Pass-Through Certificate (PTC)** is a **securitized debt instrument** where investors receive **cash flows (principal and interest)** from a pool of underlying loans.
- Common in asset-backed securitization, PTCs improve liquidity and risk transfer.

### Key Highlights of the Listed PTC Issue

- **Structured by:** RMBS Development Company Limited
- **Total Issue Size:** ₹1,000 crore
- **No. of Certificates:** 1,00,000 PTCs
- **Face Value per PTC:** ₹1,00,000
- **Backing:** Housing loans originated by **LIC Housing Finance Limited**
- **Coupon Rate:** **7.26% per annum**
- **Maturity:** Approximately **20 years**

### Ratings, Format, and Trading

- **Credit Ratings:** Rated **AAA(SO)** by **CRISIL** and **CARE Ratings**
- **Format:** Issued in **demat form**
- **Tradability:** Listed and **tradable on NSE**, enabling **secondary market** transactions
- **Coupon Discovery:** Done via **Electronic Book Provider (EBP)** platform of NSE

### Significance for Financial Markets

- Shri Nagaraaju emphasized that **Residential Mortgage-Backed Securities (RMBS)** can:
  - **Catalyze housing finance growth**
  - Strengthen **capital market participation** in real estate finance
  - Promote long-term **investment-grade debt instruments**

## Economy

### 1. India's GDP Forecast for 2025 Cut to 6.3% by Moody's

#### Moody's Revised India Forecast (2025)

- **India's GDP growth forecast for 2025** has been **lowered to 6.3%** from **6.6%** by **Moody's Ratings**.

- Key reasons cited:
  - **Policy uncertainty**
  - **Global trade tensions**, particularly between the **US and China**
  - **Geopolitical risks**, including **India-Pakistan tensions**

#### Other Global Agencies Lower India's Growth Outlook

- **IMF** revised **India's FY26 forecast to 6.2%** (earlier: 6.5%)
- **World Bank** lowered **India's growth estimate to 6.3%** (earlier: 6.7%)
- **Moody's** forecasts **India's 2026 growth at 6.5%**

#### Trade Tensions and Tariff Impact

- On **April 2**, the **US imposed reciprocal tariffs**, including a **26% duty on Indian imports**
- A **90-day pause (till July 9)** has been granted, but a **10% baseline tariff** is already active
- **Ongoing India-US trade talks**:
  - US Treasury Secretary **Scott Bessent** stated the countries are "**very close**" to a trade deal
  - Negotiations have reportedly been **relatively smooth**

#### Global Growth Forecasts by Moody's

| Country | 2025 Growth Forecast | Earlier Forecast |
|---------|----------------------|------------------|
| India   | 6.3%                 | 6.6%             |
| China   | 3.8%                 | 4.5%             |
| US      | 1.0%                 | 2.0%             |

#### Broader Economic Implications

- Global trade and investment flows in **G-20 nations** are expected to **slow down**
- **India's growth outlook**, while still among the highest globally, remains **sensitive to external shocks and trade frictions**
- A successful **India-US trade agreement** could **mitigate some risks**, restoring investor confidence and aiding exports

TET

## Facts To Remember

### 1. Nationwide Civil Defence Drill Initiated Amid Heightened Security Concerns

Triggered by the **April 22 terror attack in Pahalgam** that killed **26 civilians**, the drill aims to **assess emergency response capabilities** across the country. A **nationwide civil defence preparedness drill** is scheduled to begin on **Wednesday**, mandated by the **Union Home Ministry**.

### 2. IMF projects India to become fourth largest economy in '25

The International Monetary Fund (IMF)'s April Outlook held that India would surpass Japan to become the fourth largest economy.

### 3. 'Union Bank probing lapses in book procurement'

Union Bank of India has informed the stock exchanges that it is probing certain lapses in procurement of books by the bank for the purpose of gifting and supplying to its various branches.

"Doubt is normal. Quitting is optional."



#### 4. Merz wins second vote to become German Chancellor

Friedrich Merz succeeded in his bid to become the next German Chancellor during a second vote in parliament, hours after he suffered a historic defeat in the first round. The conservative leader had been expected to smoothly win the vote to become Germany's 10th Chancellor since the Second World War.

#### 5. China's Zhao scripts history at the Crucible Theatre

Zhao Xintong became the first Chinese player to win the World snooker championship as the qualifier completed his stunning march to the title with an 18-12 victory against Mark Williams in the final.

#### 6. Sebi Gives Approval to Five IPOs

**Laxmi India Finance, Jajoo Rashmi Refractories, Ajay Poly, Regal Resources and Veritas Finance** — have received the Securities and Exchange Board of India's approval to proceed with their **initial public offerings (IPOs)**.

#### 7. Farmers protest U.K. trade deal saying it's a threat to agriculture and MSMEs

Farmers' organisations have protested against the signing of the Free Trade Agreement between India and the United Kingdom, pointing out that the treaty was signed despite opposition from farmers, fish workers and cattle farmers.

##### FIVE TO REMEMBER · 7 MAY 2025

1. ISRO Chairman **V. Narayanan** announced that the **first Indian crewed space mission** under Gaganyaan is now scheduled for **Q1 2027**. [ISRO Targets Early 2027 for Crewed Gaganyaan La...](#)
2. **First 10 SFB licenses** were granted in **November 2015**, including AU Small Finance Bank, Equitas, and Ujjivan. [Fino Payments Bank Prepares to Transition into ...](#)
3. India's HDI value has grown by **over 53% since 1990**, outpacing **global and South Asian averages**. [India's HDI Ranking 2025](#)
4. **1960**: Indus Water Treaty with Pakistan enabled India's full use of eastern rivers [Satluj Yamuna Link \(SYL\) Canal Dispute](#)
5. Currently contributes **just 2% of overnight market volumes**, down from **13% in 2014-15**. [RBI May Extend Call Money Market Hours to 7 PM](#)

**Now test yourself:** [c4scourses.in/daily-quiz/daily-quiz-7-may-2025/](https://c4scourses.in/daily-quiz/daily-quiz-7-may-2025/)

DAY 7 OF 24

**8 May 2025**

Thursday · 23 items · 5 topics

International Affairs 3 · National Affairs 8 · Banking and Finance 10 · Agriculture 1 · Facts To Remember 1

**Daily Current Affairs Quiz**  
**8 May, 2025****International Affairs****1. India-UK FTA****Context**

The recently finalised **India-UK Free Trade Agreement (FTA)** could become a **template for India's ongoing FTA negotiations** with major partners like the EU and the US. The deal signals a **major policy shift** as India agrees to **slash automobile import tariffs** from 100% to 10%, albeit with **quotas to limit volume**.

[Read more>>](#)**2. IMO's Draft Net-Zero Framework****Context**

The **International Maritime Organization (IMO)** has approved a draft **Net-Zero Framework** aimed at reducing greenhouse gas (GHG) emissions from the shipping sector, with a goal of achieving **net-zero emissions by 2050**.

**Key Features of the Framework**

- **Legal Basis:**
  - New Chapter 5 of **MARPOL Annex VI** (Prevention of Air Pollution from Ships).
- **Global Fuel Standard (GFI):**
  - Requires ships to reduce GHG fuel intensity per energy unit used, based on a **well-to-wake** model.
- **Carbon Pricing:**
  - Ships exceeding GFI limits must purchase remedial units, while low-GHG ships can earn surplus credits.
- **IMO Net-Zero Fund:**
  - Redistributes carbon revenues to:
    - Reward zero-emission ships.
    - Fund **R&D, capacity building, and climate resilience** in **Small Island Developing States (SIDS)** and **Least Developed Countries (LDCs)**.
- **Coverage:**
  - Targets ships over **5,000 GT** (gross tonnage), which are responsible for **85%** of maritime CO<sub>2</sub> emissions.

**Significance of the Framework**

- **First Global Sector-Wide Regulation:**
  - Unifies global emissions caps and carbon pricing across international waters.

"Confidence comes from revision, not from hope."

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- **Drives Low-Carbon Innovation:**
  - Encourages adoption of **green fuels**, **onboard CCS**, and **hybrid technologies**.
- **Climate Alignment:**
  - Supports the **Paris Agreement** goals and the **2023 IMO Strategy**.
- **Equity Focused:**
  - Provides support to vulnerable nations through **climate financing** and **technology transfer**.
- **Energy Transition Catalyst:**
  - Encourages investment in alternative fuels such as **ammonia**, **methanol**, and **hydrogen**.

### 3. The Lancet Report on Sexual Violence Against Children

#### Context

A global meta-analysis published in **The Lancet** (1990–2023) led by the **Institute for Health Metrics and Evaluation (IHME)**, University of Washington, provides the first age-standardized estimates of **child sexual abuse** globally using consistent metrics.

#### Key Findings

- **India:**
  - **30.8%** of girls and **13%** of boys experienced sexual abuse before the age of 18.
  - This marks the **highest prevalence for girls in South Asia**.
- **Global Average (2023):**
  - **18.9%** of females and **14.8%** of males worldwide have experienced childhood sexual abuse.
- **Timing of Abuse:**
  - **70%** of victims were first abused before they turned 18.

#### POCSO Act

The **Protection of Children from Sexual Offences (POCSO) Act** came into effect on **14th November 2012**. It was enacted in response to India's ratification of the **UN Convention on the Rights of the Child** in 1992. The aim of the Act is to address sexual exploitation and abuse of children, which were either not specifically defined or inadequately penalized in existing laws.

#### Key Features of the POCSO Act

- **Definition of a Child:**
  - The Act defines a **child** as any person below the age of **18 years**.
- **Punishments:**
  - The Act prescribes punishments based on the **gravity of the offence**. It was amended in **2019** to include stricter penalties, including the **death penalty** for committing sexual crimes on children, aiming to deter perpetrators.
- **POCSO Rules, 2020:**
  - The Government of India notified the **POCSO Rules, 2020**, to provide a detailed framework for the implementation of the Act.
- **Gender-Neutral Nature:**
  - The Act recognizes that **both girls and boys** can be victims of sexual abuse, ensuring that such abuse is penalized regardless of the victim's gender.
- **Ease in Reporting Cases:**
  - The Act encourages greater awareness and ease of reporting cases of child sexual exploitation, both by individuals and institutions.
- **Explicit Definition of Terms:**

- The Act explicitly defines **sexual assault**, with **increased minimum punishments**, offering clarity compared to the more abstract term "outraging modesty" in the **Indian Penal Code**.
- **Storage of child pornography** has been defined as a new offence under the Act.

## National Affairs

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### 1. Human Development Index (HDI) Report 2025

#### Title of Report

*A Matter of Choice: People and Possibilities in the Age of Artificial Intelligence* (UNDP)

#### Why in News?

India has been ranked **130th out of 193 countries** in the **United Nations Human Development Report (HDR) 2025**, titled "**A Matter of Choice: People and Possibilities in the Age of AI**" by **United Nations Development Programme (UNDP)**. The report highlights steady progress in human development indicators for India but flags persistent **inequality and gender gaps** as critical areas of concern.

#### Key Highlights of Human Development Report 2025

##### Global Insights:

- **HDI Stagnation:** Global human development progress has slowed to the weakest pace since 1990 (excluding the pandemic years).
- **Global Rankings:**
  - **Top:** Iceland (HDI: 0.972)
  - **Bottom:** South Sudan (HDI: 0.388)
- **Inequality Rising:** The gap between high and low-HDI countries continues to widen, stalling convergence.
- **AI and Human Development:**
  - 1 in 5 people globally use AI tools.
  - 60% believe AI will create opportunities; ~50% fear job displacement.
  - Call for **inclusive AI policies** that prioritize equity and mitigate automation-related job losses.

##### India's Performance

- **HDI Score:** Improved from **0.676 (2022)** to **0.685 (2023)**
- **Ranking:** Rose from **133rd to 130th**
- **Category:** Medium Human Development (close to "high" threshold of 0.700)
- **Regional Standings:**
  - Above: China (78), Sri Lanka (89), Bhutan (125)
  - Equal: Bangladesh (130)
  - Below: Nepal (145), Myanmar (150), Pakistan (168)
- **Gender and Inequality Adjustments:**
  - **Inequality-Adjusted HDI (IHDI):** Drops to **0.475**, showing a 30.66% decline
  - **Gender Development Index (GDI):** 0.874 (Male: 0.722, Female: 0.631)
  - **Gender Inequality Index (GII):** India ranks **102nd**, score: **0.403**
- **India Among Regional and BRICS Peers:**
  - **BRICS Rankings:** Brazil (89), Russia (59), China (75), South Africa (110), India (130)
  - **South Asia Region:** Sri Lanka leads, India ahead of Nepal, Myanmar, and Pakistan

## Progress in Key Areas

- **Health:**
  - Life expectancy rose from 58.6 years (1990) to **72 years (2023)**
  - Driven by programs like *Ayushman Bharat*, *NHM*, *Janani Suraksha Yojana*, and *Poshan Abhiyaan*
- **Education:**
  - **Expected years of schooling:** Increased to **13 years** (from 8.2 in 1990)
  - Supported by *RTE Act*, *NEP 2020*, *Samagra Shiksha Abhiyan*
- **Income:**
  - **GNI per capita (PPP):** Rose from **\$2,167 (1990)** to **\$9,046 (2023)**
  - **135 million Indians** exited multidimensional poverty (2015–2021)
- **AI Skills Leadership:**
  - Highest global self-reported AI skill penetration
  - 20% of Indian AI researchers now remain in India (vs. 0% in 2019)

## Regional Comparison: India vs. Neighbours

| Country      | HDI Rank (2025) | HDI Value    |
|--------------|-----------------|--------------|
| China        | 75              |              |
| Sri Lanka    | 78              |              |
| Bhutan       | 127             |              |
| <b>India</b> | <b>130</b>      | <b>0.685</b> |
| Bangladesh   | 130 (tied)      |              |
| Nepal        | 145             |              |
| Myanmar      | 149             |              |
| Pakistan     | 168             |              |

## Global HDI Leaders (2023)

| Rank | Country               | HDI Value |
|------|-----------------------|-----------|
| 1    | Iceland               | 0.972     |
| 2    | Norway                | 0.970     |
| 2    | Switzerland           | 0.970     |
| 4    | Denmark               | 0.962     |
| 5    | Germany               | 0.959     |
| 5    | Sweden                | 0.959     |
| 7    | Australia             | 0.958     |
| 8    | Hong Kong (China SAR) | 0.955     |
| 8    | Netherlands           | 0.955     |
| 17   | United States         | 0.938     |

## How Can Artificial Intelligence Contribute to Human Development?

- **Boosting Economic Productivity:**
  - AI is expected to contribute ₹33.8 lakh crore to India's GDP by 2030 (Google estimate)
  - Enhances innovation across manufacturing, agriculture, and services
- **Transforming Healthcare:**

- AI in diagnostics (radiology, oncology), telemedicine, and remote monitoring
- Personalized treatment, VR-based medical training, and improved access in rural areas
- **Improving Education Outcomes:**
  - Adaptive learning platforms, AI tutors, and chatbot-based support
  - Real-time monitoring to identify learning gaps
- **Enabling Smart Governance:**
  - Public service delivery tools like **MuleHunter.AI** (RBI fraud detection)
  - Projects like **Bhashini** enhance multilingual accessibility
- **Promoting Inclusion:**
  - AI can detect delivery gaps and aid marginalized groups if guided by ethical, human-centered design

## Challenges

- **Inequality Impact:**
  - Inequality-adjusted HDI loss: **30.7%**, among the highest in the region
- **Gender Inequality:**
  - Female labor force participation: **41.7%**
  - Political representation and decision-making remain low
  - Promise shown by the **106th Constitutional Amendment** for one-third legislative reservation

## Policy Recommendations: How Can India Address Human Development Challenges?

- **Promote Gender Equality:**
  - Ensure effective implementation of legislative reservation
  - Expand access to *PM Mudra Yojana*, *Stand-Up India*, and digital skilling platforms
  - Support women via flexible work, childcare (crèches), and STEM programs like *Vigyan Jyoti*
  - Enforce laws against child marriage and workplace harassment
  - Strengthen *Nirbhaya Fund* and *One Stop Centres*
- **Address Income Inequality:**
  - Scale inclusive programs: *MGNREGA*, *PMEGP*, *Jan Dhan Yojana*
  - Focus on land reforms, quality healthcare, and accessible education
  - Promote **SDG 10** for reduced inequalities
  - Leverage **CSR** for equitable development projects
- **Improve Health and Education:**
  - Prioritize **universal healthcare access** and **nutrition (Poshan Abhiyaan)**
  - Reform teacher training and curricula under *NEP 2020*
  - Expand use of **EdTech** and AI-based learning tools
- **Leverage AI for Inclusion and Innovation:**
  - Ensure ethical, inclusive AI governance
  - Expand AI-based solutions in farming, health, and education
  - Promote green jobs, manufacturing, and skilling in emerging sectors
  - Enhance **financial/digital inclusion** via *UPI*, *Jan Dhan*, and digital literacy drives

India's HDI improvement in 2025 reflects tangible progress in health, education, and income. However, sustained attention to **inequality, gender gaps, and inclusive AI adoption** will be critical to unlocking high human development status and achieving Sustainable Development Goals (SDGs) by 2030.

## UPSC Civil Services Examination Previous Year Question (PYQ)

### Prelims

**Q. The Multi-dimensional Poverty Index developed by Oxford Poverty and Human Development Initiative with UNDP support covers which of the following? (2012)**

1. Deprivation of education, health, assets and services at household level
2. Purchasing power parity at national level
3. Extent of budget deficit and GDP growth rate at national level

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

- (a) 1 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

**Ans: (a)**

### Mains

**Q.** Despite consistent experience of high growth, India still goes with the lowest indicators of human development. Examine the issues that make balanced and inclusive development elusive. **(2016)**

## 2. Cabinet Approves ₹60,000 Cr. Scheme for Industrial Training Institute (ITI) Upgradation Scheme

### Context

The **Union Cabinet** has approved a new **₹60,000 crore Industrial Training Institute (ITI) upgradation scheme** aimed at improving skilling infrastructure across the country. The initiative will focus on **1,000 government ITIs**, using a **hub-and-spoke model** in partnership with industry players.

### Scheme Duration and Budget Allocation

- Announced in the **Union Budget 2024–25**, the scheme will run for **five years**.
- **Funding structure:**
  - **₹30,000 crore** from the Central Government
  - **₹20,000 crore** from State Governments
  - **₹10,000 crore** from Industry
- **Co-financing:** 50% of the central share will be jointly funded by the **Asian Development Bank (ADB)** and the **World Bank**.

### Objectives

- Past financial support was inadequate for full ITI upgrades, especially in infrastructure and emerging trade requirements.
- This scheme introduces a **need-based investment model**, allowing flexible fund allocation tailored to each institution's requirements.

### National Centres of Excellence for Skilling

- Five new **National Centres of Excellence** will be set up in existing **National Skill Training Institutes (NSTIs)** at:
  - **Bhubaneswar**
  - **Chennai**
  - **Hyderabad**
  - **Kanpur**



- **Ludhiana**

- These will enhance **trainer development** and advance vocational training standards.

BS

### 3. State Performance Ranking Report by Care Edge Ratings

#### Context

The 2025 **State Performance Ranking Report** by **Care Edge Ratings** (a Care Ratings subsidiary) has received wide media attention. Although prepared by a private entity, it gained semi-official stature through a **foreword by the CEO of NITI Aayog**.

- **The report evaluates states based on seven pillars:** *economic, fiscal, financial, infrastructure, social, governance, and environment.*

#### Methodology

- Utilizes **50 indicators**, weighted and normalized based on expert judgment.
- **States are grouped into:**
  - **Group A:** Large states
  - **Group B:** Northeastern, hilly, and smaller states
- **Each pillar has a designated weight:**
  - *Economic (25%), Fiscal (20%), Financial & Infrastructure (15% each), Social & Governance (10% each), Environment (5%)*

#### 2025 Rankings

- **Top Performers:**
  - **Group A:** Maharashtra, Gujarat, Karnataka
  - **Group B:** Goa, Sikkim, Himachal Pradesh
- **Lowest Performers:**
  - **Group A:** Madhya Pradesh, Jharkhand, Bihar
  - **Group B:** Arunachal Pradesh, Manipur, Nagaland

#### Limitations of Utility

- Unlike credit ratings, these rankings **do not affect borrowing costs** since state bonds are sovereign-backed.
- While intended to promote **competitive federalism**, there's **no binding incentive or accountability** mechanism to encourage actual policy reforms by state governments.

#### Policy Recommendations

- **Redesign indicators** to reflect *real outcomes* (e.g., actual service quality in education/health).
- **Incorporate institutional strength** and **governance quality** into the framework.
- Ensure **transparency in assigning weights** and consider broader stakeholder consultations.

BS

### 4. Revised SHAKTI Policy for Coal Linkages

#### Context

The Cabinet Committee on Economic Affairs (CCEA) has accorded its approval for the **Revised SHAKTI (Scheme for Harnessing and Allocating Koyala Transparently in India) Policy** for Coal Allocation to Power Sector.

## Key Features of the Revised SHAKTI Policy

- **Window-I:**
  - **Coal at Notified Price**
  - Continuation of existing coal linkage mechanisms for **Central Sector Thermal Power Projects** and **State-linked IPPs**
  - Coal earmarked for **State Generating Companies (Gencos)** can also be utilized by **IPPs** through **Tariff-Based Competitive Bidding (TBCB)** or for **new expansion units** with Power Purchase Agreements (PPAs)
- **Window-II:**
  - **Coal at Premium Price**
  - Available to **domestic and imported coal-based power producers**
  - Flexible tenure from **12 months to 25 years**
  - **No PPA required** for power generation from coal secured under this window, allowing plants flexibility in selling electricity
- **Objective of the Revised SHAKTI Policy**
  - Grant fresh coal linkages to **thermal power plants (TPPs)** in the **Central Sector, State Sector**, and **Independent Power Producers (IPPs)**
  - Streamline the **coal allocation process, offering flexibility in coal procurement** and meeting dynamic power sector needs

## Implications

- **Employment Generation**
- **Flexibility for Fuel Supply Agreement (FSA) Holders**
- **Optimal Use of Power Plants**

## SHAKTI (Scheme for Harnessing and Allocating Koyala Transparently in India) Policy

The Government of India replaced the old **Letter of Assurance (LoA) – Fuel Supply Agreement (FSA)** regime with the **SHAKTI (Scheme for Harnessing and Allocating Koyala Transparently in India)** policy, notified by the **Ministry of Coal on 22 May 2017**. This aims to ensure transparent allocation of domestic coal to the power sector.

## Key Features

### Transition from LoA-FSA

- Continued coal supply for ~68,000 MW capacity at 75% of ACQ.
- ~19,000 MW delayed capacity allowed linkage if commissioned by 31.03.2022.
- Medium-term PPAs via Discom bids made eligible for linkage.

### Linkage Mechanisms

- **B(i):** Linkages at notified prices to State/Central Gencos/JVs on MoP recommendation.
- **B(ii):** IPPs with long-term PPAs (but no linkage) can bid coal via tariff discount auction.
- **B(iii):** IPPs without PPAs eligible for auction-based linkages.
- **B(iv):** Pre-declared linkages earmarked for fresh PPAs.
- **B(v):** Grouped State power needs can be aggregated for tariff-based procurement.
- **B(vi):** SPVs for UMPPs eligible for full linkage via competitive bidding.
- **B(vii):** Transparent linkage for imported coal-based IPPs with cost pass-through.

PIB

## 5. INS Kiltan Arrives in Singapore for IMDEX Asia 2025

### Context

**INS Kiltan**, part of the Indian Navy, has arrived in **Singapore** to participate in **IMDEX Asia 2025** at the **Changi Exhibition Centre**. The visit is a key element of India's ongoing **operational deployment**, reinforcing the growing **maritime cooperation** between India and Singapore.

### INS Kiltan (P30)

- **Overview**
  - **INS Kiltan (P30)** is an **anti-submarine warfare (ASW) corvette** of the **Indian Navy**, developed under **Project 28**.
  - It is the **third of four Kamorta-class corvettes**, designed for stealth and specialized ASW operations.
- **Construction and Commissioning**
  - Built by **Garden Reach Shipbuilders & Engineers (GRSE)** in **Kolkata**.
  - **Launched:** 26 March 2013
  - **Commissioned:** 16 October 2017

### IMDEX Asia

**IMDEX Asia** is recognized as **Asia's leading naval and maritime defence exhibition**, showcasing the **world's naval elite** and **cutting-edge maritime innovations**. Since its launch in **1997**, the event has become a key platform for **debuting new vessels, systems, and technologies** across the global maritime industry.

PIB

## 6. SVAMITVA (Survey of Villages and Mapping with Improvised Technology in Village Areas) Scheme

### Context

India is poised to play a crucial role at the **2025 World Bank Land Conference**, set to take place from **May 5th to 8th at the World Bank Headquarters in Washington, D.C.** A high-level Indian delegation, led by Shri Vivek Bharadwaj, Secretary, Ministry of Panchayati Raj (MoPR), will present India's transformative **SVAMITVA Scheme**, alongside the Gram Manchitra platform.

### SVAMITVA (Survey of Villages and Mapping with Improvised Technology in Village Areas) Scheme

**SVAMITVA (Survey of Villages and Mapping with Improvised Technology in Village Areas)** scheme is a collaborative effort of the **Ministry of Panchayati Raj, State Panchayati Raj Departments, State Revenue Departments and Survey of India**.

- The Scheme was launched on **April 24th of the year 2020**. It is meant to register a **Record of Rights for rural property owners in the Abadi areas (inhabited regions) using innovative drone and GIS technology**.
  - It follows the **Whole-of-Government approach** with various departments and stakeholders for improving financial inclusion.
  - **SVAMITVA Through property ownership validation**, it ensures **better credit access and socio-economic stability**.
- **Goal**
  - Integrate a rural land property validation system
- **Features**
  - This scheme involves **mapping parcels of lands, through a utilization of the power of drones technology along with the use of Continuously Operating Reference Station or CORS**.
  - The mapping will be done all over the country on a phase by phase basis, over a time period of four

years, i.e. between 2020–2024.

### Status

- **India has surveyed 68,000 square kilometers** of rural land under SVAMITVA, unlocking assets worth **\$1.16 trillion**.

## 7. Indo-Pacific Logistics Network (IPLN)

### Context

**IPLN (Indo-Pacific Logistics Network)** is a multilateral initiative aimed at developing a shared logistics framework to enable efficient and coordinated civilian disaster response across the **Indo-Pacific region**. It facilitates faster deployment of humanitarian aid through enhanced logistical infrastructure and interoperability between participating countries.

### Key Features

- **Objective:** To improve **disaster response coordination** and enhance the **efficiency** of humanitarian aid deployment in the Indo-Pacific region.
- **Shared Logistics Infrastructure:** IPLN works on creating **interoperability** between the logistics systems of participating countries, making aid delivery more rapid and organized.

### Participating Countries

- **India**
- **United States**
- **Japan**
- **Australia**

### Launch and Initiatives

- **Simulated via Tabletop Exercise (TTX):** The initiative was first simulated through a **Tabletop Exercise (TTX)** hosted at the **Asia-Pacific Centre for Security Studies** in **Honolulu, Hawaii**.
- **Complementary Initiatives:** IPLN is aligned with broader regional efforts like the **Indo-Pacific Partnership for Maritime Domain Awareness (IPMDA)** and the **Quad Pandemic Preparedness Workshop**, supporting collaborative efforts in maritime security and disaster management.

## Banking and Finance

### 1. Exim Bank Withdraws ₹2,500 Crore 10-Year Bond Issue

#### Context

**Exim Bank** withdrew its planned **₹2,500 crore 10-year bond issuance** after investors demanded **higher-than-expected yields**, according to multiple market sources.

#### Bonds in Corporate Financing

**Bonds** serve as a form of loan between an investor and a corporation. When a company issues bonds, it borrows a specific amount of money from investors, agreeing to pay back the principal amount along with periodic interest payments until the bond matures. Once the bond matures, the company repays the principal, concluding the bond agreement.

#### Bonds vs. Other Methods of Raising Capital

##### Bonds vs. Bank Loans

- **Interest Rates:** Companies typically pay lower interest rates on bonds compared to bank loans, which is advantageous for firms aiming to minimize their borrowing costs.

- **Operational Freedom:** Unlike bank loans, which often come with restrictive conditions (such as prohibiting further debt issuance or acquisitions), bonds offer greater operational freedom without such strings attached.

### Key Features of Bonds

- **Types of Bonds:**
  - **Collateralized Bonds:** These bonds are backed by a company's assets (e.g., real estate or equipment). If the company defaults, the bondholders can claim these assets.
  - **Unsecured Bonds:** These are not backed by any assets, and therefore carry higher risk and typically higher interest rates.
  - **Convertible Bonds:** These bonds can be converted into a specified number of shares, allowing bondholders to benefit from rising stock prices.
  - **Callable Bonds:** These bonds can be redeemed by the issuing company before the maturity date, especially if interest rates decrease, allowing the company to refinance at a lower rate.
- **Interest Rates:** A bond's interest rate is influenced by factors like the company's credit quality and the duration of the bond. Healthier companies or those issuing shorter-term bonds typically offer lower interest rates.

### Why Companies Issue Callable Bonds

- **Interest Rate Flexibility:** Callable bonds allow companies to redeem and reissue debt at a lower interest rate if market rates drop. This lowers the cost of capital for the company, similar to refinancing a mortgage at a lower rate.

### Corporate Bonds vs. Government Bonds

- **Issuer:** Corporate bonds are issued by companies to fund business activities, while government bonds are issued by governments to finance public expenditures.
- **Risk and Return:** Corporate bonds are generally riskier than government bonds, as corporations are more likely to default. However, this increased risk often results in higher returns for corporate bondholders.

## 2. Bank Bonds

### Context

**Bank bonds** are a type of **debt security issued by banks and financial institutions to raise funds, manage risk, and offer investment opportunities to individuals and institutions**. They offer structured returns and are considered relatively safe financial instruments.

### What Are Bank Bonds?

- **Definition:** Debt securities issued by banks to raise capital.
- **Purpose:**
  - To strengthen weak balance sheets.
  - To fund expansions or regulatory capital requirements.
  - To hedge market risks (e.g., interest rate or currency exposure).

### Typical Features of Bank Bonds

- **Issuer:** Banks, some insurance companies, and other financial entities.
- **Maturity:** Issued for a specific term.
- **Interest:** Fixed-rate or floating-rate interest payments.
- **Security:** Often backed by loans, mortgages, or other bank assets.
- **Types:**

- **Treasury securities (T-bills).**
- **Agency securities (AIGs).**
- **Mortgage-backed securities (MBSs).**
- **Asset-backed commercial paper (ABCP).**

### Bank Bonds vs. Other Instruments

- **Higher Yields:** Compared to central bank-issued government bonds.
- **Market Accessibility:** Can be traded in the open market, often without permits or licenses.
- **Institutional Buyers:** Pension funds, insurance firms, and other banks frequently invest.

### For Consumers

- **Utility:**
  - Used for saving, debt repayment, or emergency funds.
  - No need for a pre-existing bank account to purchase.
- **Purchase Requirements:**
  - Valid identity and payment method (credit/debit).
  - Sometimes requires documentation if no prior credit history exists.
- **Ease of Access:**
  - Same-day account setup often available.
  - Online purchases possible through most banks.

### Investment Value and Benefits

- **Safer Than Stocks:** Less volatile due to backing by bank assets.
- **Stable Returns:** Less impacted by inflation or market fluctuation.
- **Quality Assurance:** Issued by regulated institutions, providing reliability.
- **Indirect Equity Link:**
  - Banks use bond proceeds to invest in growth (e.g., branches, tech upgrades).
  - As banks grow, their financial stability boosts the bond's perceived value.

### Key Difference: Bank Bonds vs. Stocks

| Feature           | Bank Bonds          | Stocks                                     |
|-------------------|---------------------|--------------------------------------------|
| Ownership         | No ownership rights | Ownership stake in a company               |
| Risk              | Lower, fixed return | Higher, variable return                    |
| Return            | Interest payments   | Dividends + potential capital gains        |
| Maturity          | Fixed-term          | No maturity; held as long as desired       |
| Control/Influence | No voting rights    | Shareholders may vote on corporate matters |

**Bank bonds** offer a secure, income-generating option for both conservative investors and institutions. They provide banks with critical funding while giving investors a predictable and relatively low-risk return— making them an essential part of the modern financial ecosystem.

## 3. Electricity Derivatives

### Context

The **National Stock Exchange (NSE)** has received **in-principle approval** from the **Securities and Exchange Board of India (SEBI)** to launch **electricity derivatives**. The announcement was made during the NSE's **fourth-quarter earnings analyst call**.

## Key Features of Electricity Markets and Derivatives

This chapter outlines the **unique characteristics of electricity**, the **structure of electricity markets**, and introduces **market-specific derivatives**, focusing on features that directly affect **pricing and trading**.

### Key Properties of Electricity Affecting Markets

- **Non-Storability**
  - Electricity **cannot be stored** economically at scale.
  - This makes **real-time balancing** of supply and demand crucial.
  - Strongly influences market volatility and price formation.
- **Transport Constraints**
  - Electricity is **location-specific** due to transmission limitations.
  - There is no truly **global or regional electricity market**.
  - Markets are fragmented: each **country (or even sub-region)** has its own localized market.

### Electricity Market Microstructure

- **Fragmentation**
  - Unlike gas or oil markets, electricity markets **lack international homogeneity**.
  - Every country has a **distinct market design**, regulatory framework, and pricing mechanism.
- **Common Structural Features**
  - Despite fragmentation, most electricity markets share:
    - A **day-ahead market** (based on forecasts)
    - **Intraday and real-time balancing markets**
    - Use of **merit-order dispatch** and marginal pricing

### Electricity Derivatives

- **Purpose and Use**
  - Used for **hedging price risk** due to high volatility.
  - Commonly used by:
    - **Utilities** (both generators and retailers)
    - **Large consumers** (e.g., manufacturers)
- **Types of Derivatives**
  - **Futures and forwards**: Lock in prices for future delivery
  - **Options**: Offer flexibility with the right but not the obligation to trade
  - **Contracts for difference (CfDs)**: Common in regulated markets for stabilizing revenue
  - **Spread contracts**: Hedge price differentials between locations or time periods
- **Market Participants**
  - Varying strategies depending on:
    - Size of the utility (large vs. small)
    - Nature of business (generation vs. retail)
    - Risk tolerance and access to capital markets

### How Derivatives Exchanges Work

- **Market Mechanism**: Continuous auction where prices are set via supply-demand bids.
- **Benefits**:
  - Price transparency.
  - Predictability for producers and consumers.



- **Participants:** Mostly large corporations, banks, and trading firms.
- **Barriers to Entry:**
  - High capital requirements.
  - Daily financial reporting and transaction capabilities.

### Trading Electricity vs. Financial Markets

Understanding the **electricity wholesale market** requires recognizing how electricity trading differs from traditional financial asset trading.

### Key Differences Between Electricity and Financial Market Trading

- **Instant Production and Consumption**
  - Electricity must be **produced and consumed in real-time**.
  - Unlike commodities (e.g., oil) or financial assets (e.g., stocks, bonds), electricity **cannot be stored** efficiently at the wholesale level.
- **Real-Time Market Balance**
  - Continuous balancing of **supply and demand** is essential to maintain grid stability.
  - Market design is based on **immediate delivery**, not future settlements.
- **Market Design**
  - Electricity markets operate on a **day-ahead or intraday basis**, requiring precision forecasting.
  - Pricing reflects **real-time constraints** such as demand spikes, generation failures, or weather variability.

BS

## 4. RBI Introduces New Framework for Regulation Formulation and Public Consultation

### Context

The **Reserve Bank of India (RBI)** has introduced a **new framework** aimed at **standardizing the process of regulation-making** to ensure greater transparency, accountability, and stakeholder participation. The framework will involve publishing **draft regulations** on the **RBI's website along with a statement of particulars, inviting public comments before finalizing any new regulations**.

### Key Highlights of the Framework

#### Scope of Regulations

- **Applies to all regulatory instruments issued by the RBI:**
  - Directions
  - Guidelines
  - Notifications
  - Orders
  - Policies
  - Specifications and Standards

#### Draft Publication Requirements

- RBI must **publish draft regulations** on its official website: [www.rbi.org.in](http://www.rbi.org.in)
- A **Statement of Particulars** must accompany the draft, including:
  - **Objectives** of the regulation
  - **Impact analysis**, to the extent feasible
  - Reference to **international standards** and **global best practices**

## Objective

To create a **consistent, participatory, and evidence-based regulatory process**, improving the **quality and legitimacy** of RBI's regulatory instruments.

BS

## 5. Weighted Average Lending Rate (WALR)

### Context

The **overall spread between the weighted average lending rate (WALR) and weighted average domestic term deposit rate** fell to **2.71% in March 2025**, a **10-year low**, down 5 bps month-on-month (M-o-M). Spread on **fresh loans** fell sharply by **22 bps to 2.7%** during the same period.

### Weighted Average Lending Rate (WALR)

The **Weighted Average Lending Rate (WALR)** is a key financial metric that reflects the average interest rate at which a bank lends to its borrowers, adjusted for the size of each loan.

### Key Features of WALR

#### Definition and Purpose

- Represents the **average interest rate** on all outstanding loans.
- Weighed by **loan size**, making it more accurate than a simple average.
- **Larger loans** influence the WALR more than smaller ones.

#### Calculation

- Involves aggregating all loans by size and interest rate.
- **Formula:** 
$$\text{WALR} = \frac{\sum \text{Loan Amount} * \text{Interest Rate}}{\sum \text{Loan Amount}}$$

#### Characteristics

- **Dynamic metric:** Changes as loans are added, repaid, or modified.
- Reflects **loan portfolio composition** and prevailing **interest rate trends**.
- Includes **all types of loans** – retail, corporate, etc.

#### Applications

- **Used to:**
  - **Compare** lending rates across banks.
  - **Assess competitiveness** in the lending market.
  - **Gauge transmission** of monetary policy by central banks.
  - **Monitor sector-specific trends** (e.g., retail or SME lending).

#### Regulatory Relevance

- Used by **regulators** to assess:
  - Effectiveness of policy rate changes.
  - Credit market dynamics.
  - Cost of borrowing across the economy.

#### Implications

- A **lower WALR** indicates:
  - Cheaper credit availability
  - Higher competition among banks
- Changes in WALR directly impact:

- **Borrowing costs** for consumers and businesses
- **Bank profitability**

### The weighted average domestic term deposit rate (WADTDR)

The weighted average domestic term deposit rate (WADTDR) is a metric that reflects the average interest rate paid on term deposits by commercial banks, adjusted for the size of the deposits. It essentially provides a weighted average of the interest rates on different deposit maturities and amounts, considering the relative importance of each deposit in the bank's overall deposit portfolio.

BS

## 6. RBI Surplus Transfer

### Context

The Reserve Bank of India (RBI) is likely to transfer a **record ₹3 lakh crore surplus** to the central government for FY25. This is **50% higher than FY24's ₹2.1 lakh crore transfer** and well above the **budget estimate of ₹2.3 lakh crore**.

### What is RBI Surplus?

- **Surplus** = RBI's income – expenditure
- RBI generates surplus primarily from:
  - **Interest on Rupee Securities (RS)**
  - **Earnings from Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF)**
  - **Interest on loans to central/state governments and banks**
  - **Interest from Foreign Currency Assets (FCA)**

### Key Expenditure Items of RBI

- **Risk Provisions:**
  - **Contingency Fund (CF):** For absorbing market and operational risks.
  - **Asset Development Fund (ADF):** For internal capital expenditure and investments in subsidiaries.
- **Other Expenditures:**
  - Printing of currency
  - Commission to banks, dealers
  - Employee costs

### Provisions & Legal Basis

- **Section 47, RBI Act, 1934:** RBI must transfer surplus to the Central Government after risk provisions.
- **Section 48:** RBI is exempt from income and super tax.
- Committees that guided surplus transfers:
  - V Subrahmanyam (1997)
  - Usha Thorat (2004)
  - Y.H. Malegam (2013)
  - **Bimal Jalan Committee (2018)** → Finalized the **Revised Economic Capital Framework (ECF)**

### Economic Capital Framework (ECF) – Key Metrics

- **Realized Equity (CF):**
  - Range: **5.5–6.5%** of RBI's balance sheet.
  - RBI Board decided to maintain it at **5.5%**.
- **Economic Capital (includes CGRA):**

- Range: **20.8–25.4%** of balance sheet.
- Excess above upper limit is transferrable.
- **CGRA** = Unrealized valuation gains from forex, gold, interest rate movements.

### Why Was the Surplus So High?

- Higher earnings from **foreign exchange reserves**
- Lower provisioning requirement under revised risk thresholds
- Strong returns on domestic and global investments

### Historical RBI Surplus Payouts (₹ Cr)

| Fiscal Year | Surplus Transferred |
|-------------|---------------------|
| FY16        | 65,876              |
| FY17        | 30,659              |
| FY18        | 50,000              |
| FY19        | 1,75,987            |
| FY20        | 57,128              |
| FY21        | 99,122              |
| FY22        | 30,307              |
| FY23        | 87,416              |
| <b>FY24</b> | <b>2,10,874</b>     |

### Benefits to the Government

- **Reduce Fiscal Deficit:** Supports achieving FY25 target of 5.1%.
- **Enhances Non-Tax Revenue:** Provides fiscal space for welfare and growth expenditures.
- **Lower Government Borrowing:**
  - May cut FY25 borrowing by ₹1 trillion.
  - Reduces pressure on bond markets and yields.
- **Keeps Interest Rates Low:**
  - Lower G-Sec yields → lower corporate borrowing costs → boosts investment.

TET

## 7. RBI's Co-lending Framework

### Context

The **Reserve Bank of India (RBI)** has proposed a new co-lending model requiring **simultaneous loan disbursement** by both **banks and non-bank financial companies (NBFCs)**. The existing model, which allows NBFCs to **originate and assign loans to banks**, may be phased out. The **Finance Industry Development Council (FIDC)** is preparing to represent NBFC concerns formally to the RBI.

### RBI to Expand Co-Lending Framework Beyond NBFCs and PSL

The Reserve Bank of India (RBI) is set to roll out a **new, more inclusive co-lending framework**, expanding the scope beyond existing arrangements between **banks and NBFCs** and **beyond Priority Sector Lending (PSL)**.

### Current Co-Lending Framework (Status Quo)

- **Applicable Parties:** Banks and **Non-Banking Financial Companies (NBFCs)** only
- **Scope:** Restricted to **Priority Sector Lending (PSL)** categories

- **Risk Sharing:** Typically, NBFCs initiate and service the loan, while banks share the risk and funding
- **Objective:** Leverage NBFC reach with bank liquidity to serve underserved segments

### Why Change is Needed

- **Increased Complexity:** Co-lending models have diversified, sometimes involving fintechs and multilayered structures
- **Elevated Interest Rates:** Some arrangements led to higher borrower costs, drawing regulatory concern
- **Inconsistent Risk Sharing:** Varying practices created **regulatory grey areas**
- **Consumer Protection Risks:** Need for better **transparency, grievance redressal, and fair lending practices**

### Related Developments

- **RBI sees lower inflation in FY26:** Forecast cut to **4%**
- **Repo Rate Cut:** 25 bps reduction; stance now '**accommodative**'
- **NPCI Empowered on UPI Limits:** Can revise P2M transaction limits after consultation with banks
- **Securitisation of Stressed Assets:** RBI plans to enable **market-based resolution**

### Implications of Expanded Co-Lending Framework

- **For Borrowers:** Potential for wider access to affordable credit with improved transparency
- **For Banks & NBFCs:** Clearer rules may reduce compliance uncertainty and risk exposure
- **For Fintechs:** Opportunity to be part of regulated co-lending partnerships
- **For Economy:** Supports financial inclusion and MSME growth with diversified credit models

### The RBI's Co-lending Framework

The RBI's Co-lending Framework allows two financial institutions, **like a bank and a non-banking financial company (NBFC), to jointly fund a loan portfolio in a pre-agreed proportion, with both sharing revenue and risk. This framework aims to improve credit flow to underserved sectors by combining the low-cost funding of banks with the reach of NBFCs and other financial entities.**

#### Key Aspects:

- **Joint Funding:** Co-lending involves two or more financial institutions jointly disbursing loans to borrowers.
- **Pre-agreed Proportion:** The lending partners agree on the proportion of the loan each will fund.
- **Risk and Revenue Sharing:** Both partners share the risks and rewards associated with the loan portfolio.
- **Sourcing and Management:** Co-lending arrangements can include provisions for one partner to handle loan sourcing, credit appraisal, and management, while the other provides funding.
- **Expansion Beyond Priority Sector:** The RBI has expanded the framework to include all regulated entities and loan types, not just priority sector lending.
- **Escrow Accounts:** Escrow accounts are used to ensure transparency and compliance with regulations in co-lending partnerships.

### Benefits of the Co-lending Framework

- **Improved Credit Access:** It allows financial institutions to reach a wider range of borrowers, including those in underserved areas.
- **Risk Diversification:** Sharing risks and rewards allows institutions to manage their lending portfolios more effectively.
- **Credit Cost Optimization:** The blending of low-cost bank funding with higher-cost NBFC funding can

lead to more competitive lending rates.

- **Enhanced Credit Delivery:** NBFCs' and other lenders' strong distribution networks help reach borrowers that might be difficult for banks to access.

#### RBI's Role:

- **Regulatory Framework:** The RBI provides the regulatory framework for co-lending, ensuring transparency, compliance, and consumer protection.
- **Expanding Access:** The RBI's recent expansion of the framework aims to make it more accessible to all regulated entities and loan types, further promoting credit flow to underserved sectors.
- **Customer Grievance Redressal:** The RBI's guidelines emphasize the importance of customer grievance redressal mechanisms within the co-lending framework.

TET

## 8. SEBI Tightens Disclosure Norms for REITs and InvITs

### Overview of SEBI's New Disclosure Norms

- On May 8, SEBI issued **revised disclosure guidelines** for **Real Estate Investment Trusts (REITs)** and **Infrastructure Investment Trusts (InvITs)**.
- The changes aim to **enhance transparency**, improve **investor protection**, and align disclosures with global best practices.
- Issued via two circulars, the revised norms are based on the recommendations of a **Working Group under HySAC** (Hybrid Securities and Advisory Committee).

### Key Changes in Offer Document Disclosures

- **Audited Financial Statements:** REITs and InvITs must disclose:
  - Audited financials for the **past 3 financial years**
  - **Stub period financials**, if the latest audited figures are older than 6 months
- **Entity Age Clause:** In follow-on offers, if the REIT/InvIT has not existed for 3 years:
  - Financials must be provided for the **actual period of existence** + stub period
- **Initial Offers:** Must include **audited combined financials** in the offer document or placement memorandum
- **Additional Audited Disclosures:**
  - **Project-wise operating cash flows**
  - **Contingent liabilities and commitments**
  - All to be audited by **peer-reviewed auditors** approved under REIT/InvIT regulations

TET

## 9. SEBI Introduces Regulations for Securitised Debt Instruments (SDIs)

### Context

The **Securities and Exchange Board of India (SEBI)** has introduced a new set of **regulations for securitised debt instruments (SDIs)**, focusing on enhancing transparency, risk management, and investor confidence. The regulations, announced through a **gazette notification**, mandate key changes in the issuance, transfer, and management of SDIs.

### What are SDIs?

- **Securitised Debt Instruments (SDIs)** are created by pooling various debt assets (e.g., loans, mortgages, receivables).
- These pooled assets are sold as **securities** to investors, enabling originators (like banks) to convert

**illiquid assets** into **tradable instruments**.

- Investors earn returns based on the **performance of the underlying debt pool**, with **risk diversification** across multiple assets.

### Key Highlights of SEBI's New Rules on Securitisation

#### Minimum Investment Threshold (Ticket Size)

- **Primary Issuance:**
  - ₹1 crore minimum investment size for all investors in SDIs.
- **Subsequent Transfers:**
  - ₹1 crore for originators not regulated by the RBI.
  - For SDIs backed by listed securities: Minimum ticket size equals the **highest face value** among underlying securities.

#### Issue Process and Form

- **Public Offer Duration:**
  - Minimum: **3 days**
  - Maximum: **10 days**
- **Dematerialised Form (Demat):**
  - All SDIs must be issued and transferred in demat form only.

#### Originator Eligibility & Track Record

- **Operating History:**
  - Minimum of **3 years of operational track record** required for originators.

#### Risk Retention and Holding Period

- **Minimum Risk Retention:**
  - 10% of securitised pool
  - 5% if underlying receivables mature within **24 months**
- **Minimum Holding Period (MHP):**
  - **3 months** for loans with tenure  $\leq 2$  years
  - **6 months** for loans with tenure  $> 2$  years

#### Asset Eligibility & Definitions

- **Permissible Underlying Assets:**
  - Listed debt securities
  - Accepted trade receivables
  - Rental incomes
  - Equipment leases
- **Prohibited Assets:**
  - **Re-securitisation** (i.e., securitising existing securitised assets)
  - **Synthetic securitisation** (derivative-based exposure)

## 10. Sa-Dhan and Bank of India Collaborate to Boost Financial Inclusion for Small, Micro, and Women-Led Businesses

### Memorandum of Understanding (MoU) Signed

- **Sa-Dhan**, a self-regulatory organization for **microfinance institutions (MFIs)**, has entered into a **Memorandum of Understanding (MoU)** with the **Bank of India (BoI)** to enhance financial access for



**small, micro, and women-led enterprises** in India.

- The collaboration aims to address key barriers to financial inclusion and foster sustainable economic growth.

#### Focus on National Financial Inclusion and SDGs

- The partnership is aligned with India's **National Financial Inclusion goals** and the **Sustainable Development Goals (SDGs)**, particularly in areas such as:
  - **Poverty alleviation**
  - **Gender equality**
  - **Economic empowerment** of underserved communities.

#### Key Areas of Collaboration

The MoU outlines the following key areas of collaboration:

- **Enterprise finance** for **self-help groups (SHGs)** and non-SHG members.
- **Climate-resilient technologies** and **green financing**, enabling businesses to adapt to climate change.
- **WASH (Water, Sanitation, and Hygiene) financing** to improve infrastructure and living conditions.
- **Co-lending** to **Microfinance Institutions (MFIs)** to provide credit to underserved businesses.
- **Financial literacy and awareness** programs, including guidance on government schemes to improve access to financial services.

## Agriculture

### 1. Luminis Partners with Forvis Mazars to Scale Microbiome Solutions in India

#### Context

**Luminis**, a leader in microbiome intelligence and precision **agri-tech**, has entered a **strategic alliance** with **Forvis Mazars in India**, a global advisory, audit and tax firm. **Nalanda Capital Partners** facilitated the deal, providing strategic advisory and capital-raising support

#### Partnership Objectives

- **Deepen impact** in **aquaculture** through Luminis' Omni Biome AI platform and genomics capabilities
- **Expand into soil microbiome** for agriculture, addressing soil degradation, yield variability, disease pressures and climate resilience
- **Eliminate antibiotics** in food production by harnessing next-gen bioproducts and microbiome-based solutions

#### Expected Impact on India's Agri-Food Systems

- **Enhanced soil health** and **carbon resilience** through targeted microbial applications
- **Stabilised crop yields** and **reduced disease incidence** via data-driven biocontrol solutions
- **Sustainable aquaculture growth** by optimising microbial communities in water and feed

#### Microbiome

The microbiome refers to **the community of microorganisms, including bacteria, fungi, viruses, and archaea, that live in a specific environment, such as the human body or the soil**. It encompasses not only the microbes themselves but also their genomes and the interactions they have with their surroundings.

## Composition

- The microbiome includes a wide variety of **microbes, including bacteria, archaea, fungi, protists, viruses, and other microorganisms.**
- It's a dynamic and interactive community, **with microbes constantly changing and interacting with each other and their environment.**

BL

## Facts To Remember

### 1. The Hindu Made of Chennai wins laurels at WAN-IFRA World Media Awards 2025

*The Hindu* has been honoured with the "World Winner" award under the "Best in Digital Advertising Product or Initiative" category at the WAN-IFRA World Media Awards, 2025, recently held in Krakow, Poland.

#### FIVE TO REMEMBER · 8 MAY 2025

1. The Act prescribes punishments based on the **gravity of the offence**. It was amended in **2019** to include stricter penalties, including the **death penalty** for committing sexual crimes on children, aiming to deter perpetrators. *The Lancet Report on Sexual Violence Against Ch...*
2. Announced in the **Union Budget 2024–25**, the scheme will run for **five years**. *Cabinet Approves ₹60,000 Cr. Scheme for Industr...*
3. The Scheme was launched on **April 24th of the year 2020**. It is meant to register a **Record of Rights for rural property owners in the Abadi areas (inhabited regions) using innovative drone and GIS technology**. *SVAMITVA (Survey of Villages and Mapping with I...*
4. **HDI Stagnation:** Global human development progress has slowed to the weakest pace since 1990 (excluding the pandemic years). *Human Development Index (HDI) Report 2025*
5. **Objective:** Leverage NBFC reach with bank liquidity to serve underserved segments *RBI's Co-lending Framework*

**Now test yourself:** [c4scourses.in/daily-quiz/daily-quiz-8-may-2025/](https://c4scourses.in/daily-quiz/daily-quiz-8-may-2025/)

DAY 8 OF 24

# 9 & 10 May 2025

20 items · 4 topics

National Affairs 5 · Banking and Finance 9 · Agriculture 3 · Facts To Remember 3

## Daily Current Affairs Quiz 9 & 10 May, 2025

### National Affairs

#### 1. India's Maternal Mortality Ratio

##### Context

The Maternal Mortality Ratio (MMR) in India declined to **93 per lakh live births in 2019–21** from **97 in 2018–20, and 103 in 2017–2019**, according to the latest data released by the Office of the **Registrar General and Census Commissioner of India**.

##### National MMR Trend (India):

- **MMR in 2019–21: 93 maternal deaths per 100,000 live births**
- **Improvement Over Time:**
  - 2018–20: 97
  - 2017–19: 103
- **Source:** Office of the Registrar-General and Census Commissioner of India via **Sample Registration System (SRS)**

##### State-wise MMR (High Burden States):

- **Madhya Pradesh:** 175
- **Assam:** 167
- **Uttar Pradesh:** 151
- **Odisha:** 135
- **Chhattisgarh:** 132
- **West Bengal:** 109
- **Haryana:** 106

##### Age Groups with Highest MMR:

- **Highest:** Women aged **20–29**
- **Second Highest:** Women aged **30–34**

##### Definition and Importance of MMR

- **MMR:** Number of maternal deaths per **100,000 live births** in a given time period
- **Maternal Death (WHO):** Death of a woman while pregnant or within **42 days** of termination of pregnancy, from causes related to the pregnancy or its management

##### Global Context (WHO Data, 2023)

- **Global MMR Goal (SDG):** Reduce MMR to **<70 per 100,000 live births**
- **Daily Maternal Deaths:** **Over 700 women** died every day from preventable pregnancy-related causes

"Your only competition is yesterday's version of you."

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- **Frequency:** One maternal death every 2 minutes
- **Progress Since 2000:** Global MMR dropped by ~40%
- **Geographic Burden:** 90% of maternal deaths occurred in low- and lower-middle-income countries

### National Health Mission (NHM) and Maternal Health in India

The **National Health Mission (NHM)** plays a vital role in India's efforts to reduce maternal mortality and improve maternal health outcomes. Under the comprehensive **RMNCAH+N strategy** (Reproductive, Maternal, Newborn, Child, Adolescent Health, and Nutrition), the NHM integrates various schemes and initiatives targeting maternal well-being.

### Key NHM Schemes for Maternal Health

#### 1. Janani Suraksha Yojana (JSY)

- **Launched:** 2005
- **Objective:** Promote institutional delivery among pregnant women from SC/ST/BPL households.
- **Focus:** Reduce maternal and neonatal mortality through financial incentives.

#### 2. Pradhan Mantri Matru Vandana Yojana (PMMVY)

- **Eligibility:** Women pregnant with the first child on or after 01.01.2017.
- **Incentive:** ₹5,000 for the first live birth (PMMVY 1.0); additional incentive for second child if a girl (PMMVY 2.0 under Mission Shakti from April 2022).
- **Objective:** Encourage nutrition and positive behaviour toward the girl child.

#### 3. Janani Shishu Suraksha Karyakaram (JSSK)

- **Launched:** 2011
- **Benefits:** Free delivery (incl. C-section), diagnostics, medicines, transport, and diet for mothers and sick infants in public health institutions.

#### 4. Surakshit Matritva Aashwasan (SUMAN)

- **Launched:** 2019
- **Goal:** Provide respectful, zero-cost, quality maternal and newborn healthcare with zero denial of service.

#### 5. Pradhan Mantri Surakshit Matritva Abhiyan (PMSMA)

- **Launched:** 2016
- **Service Day:** 9th of every month
- **Objective:** Provide quality ANC (Antenatal Care) to all pregnant women, especially High-Risk Pregnancies (HRP).
- **e-PMSMA:** Ensures HRP tracking and incentivizes follow-up visits.

#### 6. LaQshya Programme

- **Launched:** 2017
- **Focus:** Improve quality of care in labour rooms and maternity OTs to ensure respectful maternity care during childbirth.

### Supporting Initiatives and Systems

- **Capacity Building:** Training MBBS doctors in LSAS (Anesthesia) and EmOC (Obstetric Care including C-section) for rural outreach.
- **Maternal Death Surveillance Review (MDSR):** Identifies causes of maternal deaths and recommends corrective measures.
- **Village Health, Sanitation and Nutrition Day (VHSND):** Outreach for maternal care and nutrition

services.

- **IEC/BCC Activities:** Awareness on antenatal registration, nutrition, and safe deliveries.
- **Mother-Child Protection (MCP) Card & Safe Motherhood Booklet:** Tools for awareness on maternal nutrition, danger signs, and healthcare services.
- **RCH Portal:** Web-enabled tracking of pregnant women and newborns for continuous service provision.
- **Anaemia Mukht Bharat (AMB):** Targets anaemia in pregnant women and adolescents through testing, treatment, and communication strategies.

TH & PIB

## 2. India's Climate Finance Taxonomy

### Context

To direct investment towards clean-energy projects and infrastructure better adapted to weather threats from climate change, the Finance Ministry has made public a draft document, '**Framework of India's Climate Finance Taxonomy**'.

### Objective of the Draft Taxonomy

- Serve as a **tool to classify economic activities** consistent with India's climate goals and its **Net Zero 2070 target**
- Channel investment toward **clean energy, climate-resilient infrastructure, and low-emission technologies**
- Prevent **greenwashing** by clearly defining what qualifies as "climate-supportive" or "transition" activities
- Align with India's development vision of '**Viksit Bharat**' (Developed India)

### Key Features

- Encourages **long-term, affordable, and reliable energy access**
- Provides a **clear framework** for investors to identify legitimate green and transition projects
- Promotes **transparency, credibility, and standardisation** in climate finance classification

### Categories of Climate-Aligned Activities

- **Climate Supportive Activities:**
  - Directly reduce **greenhouse gas emissions**
  - Lower **emissions intensity** (emissions per unit of GDP)
  - Include **adaptation measures** and **R&D** to mitigate climate risks
- **Climate Transition Activities:**
  - Enable emissions intensity reduction where **absolute emissions cuts are difficult**
  - Include sectors like **steel, cement, and iron** (hard-to-abate sectors)

### Global Context:

- Developed nations committed to **\$300 billion annually by 2035** as the *New Collective Quantified Goal* at **COP29 (Baku)**
- Actual **developing world requirement: \$1.35 trillion annually**
- Persistent **disagreements** due to **lack of a standard definition** of "climate finance"
- India's taxonomy aims to fill this **definition gap** and **build consensus**

TH

### 3. Cost Framework to Regulate Predatory Pricing in 2025

#### Objective of the New Notification

- Rein in **predatory pricing** by clearly defining what constitutes the "**cost**" of a product or service
- Enable fair competition by **protecting smaller players** from being priced out by dominant firms
- Provide regulatory clarity for businesses and courts in pricing-related investigations

#### Definition of Predatory Pricing (as per Competition Act, 2002)

- Selling a product/service **below its cost** with the intent to:
  - **Eliminate competitors**
  - **Reduce market competition**

#### Key Cost Definition Introduced

- **Cost = Average Variable Cost (AVC)**
  - **AVC** =  $\text{Total Variable Cost} / \text{Total Output}$
  - **Total Variable Cost** =  $\text{Total Cost} - \text{Fixed Cost} - \text{Fixed Overheads}$
- This definition **applies universally across sectors**, not limited to specific industries

#### Importance for the Digital Economy:

- Recognizes **fluid pricing strategies** in tech-based sectors
- Offers **regulatory flexibility** for evolving business models in **digital and gig economies**
- Helps the CCI better **detect and penalize anti-competitive pricing** while promoting innovation

### 4. South Asia Press Freedom Report 2024–25

#### Context

The **23rd Annual South Asia Press Freedom Report**, titled "*Frontline Democracy: Media and Political Churn*", offers a sobering view of the deteriorating state of press freedom across South Asia, with **India facing systemic threats to journalistic independence**.

#### Key Findings on Press Freedom in India

**Publisher:** Asia Press Freedom Group

**Coverage:** India, Pakistan, Afghanistan, Sri Lanka, Bangladesh, Nepal, Bhutan, Maldives

#### Key Regional Findings

- **250+ press freedom violations** recorded across South Asia.
- **69 journalists** jailed or detained; **20 journalists** killed on duty.
- **India ranked 151st**, highlighting a significant decline in global press freedom.
- **Bhutan** dropped to its lowest-ever rank at 152.
- **Pakistan** experienced its **most violent year for journalists in two decades**.

#### India: Worsening Press Freedom Amid Legal and Digital Suppression

##### 1. Legal & Institutional Harassment

- Frequent misuse of:
  - **Unlawful Activities (Prevention) Act (UAPA)**
  - **Prevention of Money Laundering Act (PMLA)**
  - **Sedition and Defamation laws**
- Examples include **Income Tax and ED raids** on independent media outlets.

## 2. Disinformation and IT Cells

- Political party-run **IT cells** amplify:
  - **Fake news**
  - **Hate speech**
  - **Propaganda**
- **Global Risks Report 2024** identifies “manipulated information” as the **top short-term global threat**.

## 3. Digital Media Censorship

- **Choking of independent platforms** via:
  - Denial of **government ads**
  - Arbitrary **internet shutdowns**
  - Tight control over **digital narratives**

## Emerging Threats: AI and Precarious Labour Conditions

### 1. AI-Driven Challenges

- **AI-generated content** threatens news credibility and undermines human reporting.
- **Algorithmic curation** favors sensationalism over verified information.

### 2. Gig Economy & Job Insecurity

- Freelancers and gig workers face:
  - **Low wages**
  - **Contract-based work**
  - **No job protection or benefits**

## Gender Disparities in Media

- **Under-representation** of women in leadership roles across newsrooms.
- **Widespread gender-based harassment**, limiting safe participation of women in journalism.

## Way Ahead

To reverse the growing threats to media freedom and ensure a robust democratic discourse, the following strategic reforms are recommended:

### Media Law Reforms

- **Pass the Media Transparency Bill 2024** to:
  - Prevent media monopolies and cross-ownership.
  - Ensure fair and non-partisan distribution of **government advertising**.
  - Mandate disclosure of media funding sources and ownership patterns.

### Independent Regulatory Framework

- **Establish a Media Ombudsman** empowered to:
  - Review censorship complaints and surveillance-related violations.
  - Uphold editorial independence and fair reporting standards.
  - Ensure **grievance redressal** for unethical media practices.

### Protection of Journalists' Rights

- Introduce **labour protections** for freelance, gig, and contract-based journalists.
- Institutionalize:
  - **Legal aid** for journalists facing SLAPP suits or arbitrary detentions.
  - **Safety mechanisms** including press badges, helplines, and rapid-response units.



## Strengthen Fact-Checking Infrastructure

- **Public and private investment** in:
  - Independent **fact-checking organizations** and media literacy campaigns.
  - Election-period fact verification to curb **IT cell-led disinformation**.
  - Real-time myth-busting tools to address viral fake news.

## Promote Digital Pluralism

- Support **independent media startups**, local journalism initiatives, and **community radio**.
- Offer **tax and grant incentives** for platforms that provide:
  - Diverse political and social viewpoints.
  - Transparent algorithms and ad policies.
  - Journalist-led innovation and audience trust initiatives.

## 5. India vs UK Carbon Border Tax

### Context

India has strongly opposed the United Kingdom's plan to introduce a **Carbon Border Adjustment Mechanism (CBAM)** from **January 1, 2027**, warning of reciprocal action if Indian exports are taxed under this system.

### What is CBAM?

- **Definition:** A carbon tax imposed on imported goods to reflect their embedded carbon emissions.
- **Purpose:** Prevents **carbon leakage** by aligning import costs with domestic carbon pricing policies.
- **UK's Plan:** CBAM rollout in 2027, affecting **steel, aluminium, cement**, and other energy-intensive sectors.

### India's Objections

- **Violation of CBDR Principle:**
  - CBAM **breaches the "Common But Differentiated Responsibilities"** doctrine under the **UNFCCC and Paris Agreement**, which allows developing countries longer timelines for decarbonization.
- **Unfair to Developing Countries:**
  - India argues that CBAM punishes nations with higher carbon intensity due to **economic and developmental needs**, despite having lower per capita emissions.
- **Risk of Double Taxation:**
  - Indian exporters may face **both domestic environmental taxes and UK's carbon tax**, hitting price competitiveness.
- **Adverse MSME Impact:**
  - Labour-intensive sectors like **textiles, leather, ceramics**, and **engineering goods** risk losing global market share due to compliance burdens.
  - India's plea for **MSME exemptions** under the UK CBAM has been ignored.

### Strategic and Trade Implications for India

- **Effective Trade Barriers Despite FTAs:**
  - Even with tariff concessions under Free Trade Agreements, **non-tariff carbon barriers** could nullify trade gains.
- **Pressure to Upgrade Sustainability Compliance:**
  - Indian exporters may need to implement:
    - Carbon tracking and disclosure

- ESG norms adherence
- Green certification and auditing
- **Threat to Sovereignty in Trade Policy:**
  - Fears of future CBAM expansion to **labour, IPR, and environmental clauses**, limiting India's policy space and negotiating power.

## Banking and Finance

### 1. IndusInd Bank's Crisis: RBI and Financial Stability

#### Context

CRISIL Ratings has put **IndusInd Bank's** long-term debt instruments on 'watch with negative implications', citing the private-sector lender's review of its **microfinance (MFI) business and the resignation of two top executives**.

#### RBI and Financial Stability

**Context** Over the years, the **Reserve Bank of India (RBI)** has stepped in at critical moments to calm markets and reassure the public about the stability of India's banking system. The latest instance involves **IndusInd Bank**, where RBI's timely intervention helped prevent depositor panic.

#### Recent Example: IndusInd Bank Accounting Error

- **Incident:** A capital loss of ₹1,500–2,000 crore (approx. 2.35% of capital) due to an accounting error.
- **Market Reaction:** IndusInd Bank shares plunged **over 27% in a day**.
- **RBI Response:**
  - Issued a **Saturday statement** confirming the bank's financial health.
  - Urged depositors to ignore speculative reports and **remain calm**.
  - Directed the bank's board to **complete corrective actions by Q4FY25**.

#### Key Financial Metrics (as of March 9):

- **Capital Adequacy Ratio:** 16.46%
- **Provision Coverage Ratio:** 70.2%
- **Liquidity Coverage Ratio (LCR):** 113% (above required 100%)

#### RBI's Historical Assurance Actions

- **ICICI Bank (April 2003):**  
RBI reassured the public after rumors on ICICI's liquidity surfaced.
- **YES Bank Moratorium (March 2020):**  
RBI protected depositors' interests during the moratorium and resolution process.
- **COVID-19 Market Volatility (2020):**  
Then-Governor Shaktikanta Das clarified that stock volatility **does not reflect** the safety of bank deposits.

#### RBI's Lender of Last Resort (LOLR) Function

- **Mandate:** Provide liquidity to solvent banks facing **temporary crises** to preserve system-wide confidence.
- **Framework:** Based on **Walter Bagehot's principles** (from *Lombard Street*):
  - **Lend freely**, against **good collateral**, at a **penalty rate**.
  - Prevents localized issues from turning into **systemic failures**.

### Significance of RBI's Stability Role

- **Maintains depositor confidence** during market stress.
- **Prevents bank runs** triggered by rumors or misinformation.
- **Signals regulatory vigilance** and robust supervisory mechanisms.
- **Supports economic resilience** during volatility or governance lapses.

## 2. RBI Removes Investment Limits for FPIs in Corporate Debt Market

### Context

The **Reserve Bank of India (RBI)** has **withdrawn two major restrictions** on **foreign portfolio investors (FPIs)**:

- **Short-term investment limit**
- **Concentration limit**

### What Has Changed?

#### New Regulatory Directions:

- **Short-Term Investment Limit Removed:**
  - FPIs can now invest any proportion of their funds in corporate debt securities, regardless of residual maturity.
- **Concentration Limit Removed:**
  - FPIs and their related entities are no longer bound by the earlier single-investor exposure limits in the corporate debt market.

### Previous Restrictions (Now Withdrawn)

- **30% Cap Rule:**
  - FPIs were not allowed to invest more than **30%** of their total corporate debt investments in securities with residual maturity of **up to one year**.
- **Concentration Limits:**
  - **Long-Term FPIs:** Limited to **15%** of the prevailing corporate debt investment limit.
  - **Other FPIs:** Capped at **10%** of the same limit.

### RBI's Objective and Market Impact

#### Objective of the Move

- Intended to provide **greater ease of investment** to FPIs.
- Aims to **facilitate foreign inflows** into India's corporate debt market.
- Supports the RBI's broader goal of **deepening the domestic corporate bond market**.

#### Broader Implications

- Enhances **flexibility for global investors**
- May improve **liquidity and participation** in India's corporate bond market
- Could contribute to **long-term capital formation** in the debt segment

*BS & BL*

## 3. Startup Founders Seek Sebi Relaxation on Esops Amid Dilution Ahead of IPOs

### Context

Several **pre-IPO startups** have requested the **Securities and Exchange Board of India (Sebi)** to allow **issuance of employee stock options (Esops)** to founders whose equity holdings have diluted

substantially due to multiple funding rounds.

- **Sebi's current regulations** prohibit Esop grants to **promoters** post-listing.
- However, many founders are classified as **promoters** during IPO preparation, making them ineligible for Esops under existing rules.

### What Is an Employee Stock Ownership Plan (ESOP)?

An **Employee Stock Ownership Plan (ESOP)** is a **qualified retirement benefit plan** that gives employees **ownership interest** in the company via **company stock**. It is commonly used for **succession planning** in closely held firms and as a **corporate finance tool** to align employee incentives with shareholder interests.

### Key Features of ESOP

- **Ownership Incentive:** Grants employees shares, fostering a sense of ownership and loyalty.
- **Trust-Based Structure:** ESOPs are set up as trust funds to hold and manage shares.
- **Flexible Funding:** Can be funded by newly issued shares, company cash, or borrowed funds.
- **Retirement Benefit:** Functions as part of an employee's retirement package with vesting schedules.
- **Non-Discriminatory:** ESOPs must be offered equitably, with a fiduciary trustee overseeing the plan.

### How Does an ESOP Work?

1. **Company Establishes Trust:** A legal entity is created to manage employee ownership.
2. **Shares Are Allocated:** Either through direct contributions, purchases, or leveraged loans.
3. **Vesting Period Applies:** Employees earn rights to shares over time.
4. **Payout Upon Exit:** When employees retire or leave, the company buys back the shares at fair market value.

### Advantages of ESOPs

#### For Employees:

- **Wealth Creation:** Gain from stock price appreciation.
- **Enhanced Motivation:** Direct link between performance and rewards.
- **Retirement Security:** ESOP acts as a long-term savings tool.

#### For Employers:

- **Improved Productivity:** Ownership culture boosts morale and performance.
- **Succession Planning:** Smooth transfer of ownership in private firms.
- **Tax Efficiency:** Offers various corporate and shareholder tax benefits.

## 4. RBI Surplus Transfer to Government

### Context

The Reserve Bank of India (RBI) is expected to transfer a surplus between **₹ 2.2 trillion and ₹ 3.1 trillion to the government for the financial year 2024-25 (FY25)**, against record **₹ 2.1 trillion in FY24**, a Business Standard snap poll of six participants said.

### How the RBI Determines the Allocation of Dividends

The **Reserve Bank of India (RBI)** determines its annual dividend transfer to the Government of India based on the **Economic Capital Framework (ECF)**. This framework balances fiscal support to the government with the **need to maintain adequate financial buffers for monetary and financial stability**.

### Key Determinants of Dividend Allocation

## Economic Capital Framework (ECF)

- Based on recommendations by the **Bimal Jalan Committee (2018)**.
- RBI must maintain a **Contingent Risk Buffer (CRB)** of **5.5%–6.5%** of its balance sheet.
- CRB covers risks such as:
  - Market volatility
  - Credit defaults
  - Operational and financial system disruptions

## Dividend Calculation Process

- **Surplus = Total income – Total expenditure – CRB provisioning**
- Only the remaining surplus, after provisioning, is transferred to the **Government of India** under **Section 47 of the RBI Act, 1934**.

## Sources of RBI's Income

| Primary Revenue Streams                      |
|----------------------------------------------|
| Interest from Government Securities          |
| Open Market Operations (OMOs)                |
| Foreign Exchange Operations                  |
| Liquidity Adjustment Facility (LAF) earnings |
| Interest on loans and advances to banks      |

## Recent Trends

- As of March 2024:
  - **Forex reserves**: USD 646 billion (with USD 409 billion in top-rated sovereign assets)
  - **Lower dollar sales** in FY24 (USD 153 bn) than FY23 (USD 213 bn), yet income remained strong
  - **LAF operations** significantly boosted earnings

## Expenditure Components

| RBI's Key Expenses                                    |
|-------------------------------------------------------|
| Operational costs                                     |
| Interest on deposits/borrowings                       |
| Cost of currency issuance                             |
| Provisioning for contingencies and revaluation losses |

## Bimal Jalan Committee: Key Recommendations

- **Segregation of Capital:**
  - *Realised Equity (CRB)*: Funded via retained earnings for loss absorption.
  - *Revaluation Reserves*: Covers mark-to-market gains/losses in forex, gold, and securities.
- **Dividend Rule:**
  - Transfer surplus to the government only after meeting the CRB requirement.
  - ECF to be **reviewed every five years**.
- Ensures **financial resilience** while providing **fiscal support**.

## Historical Context

- **Malegam Committee (2013)** recommended higher reserve transfers.
- Historically, RBI dividend transfers have averaged **~0.5% of GDP**, though subject to annual variations.

## 5. Pass-Through Certificates (PTCs)

### Context

India achieved a financial milestone with the **listing of its first mortgage-backed Pass-Through Certificates (PTCs)** on the **National Stock Exchange (NSE)**. Structured by **RMBS Development Company Ltd.** and backed by **LIC Housing Finance's home loans**, this ₹1,000 crore issue marks a pivotal step in **deepening India's housing finance and securitization market**.

- The initiative aligns with the **Ministry of Finance's** aim to **broaden financial inclusion and secondary market liquidity** in housing finance.

### What Are Pass-Through Certificates (PTCs)?

#### Definition

- **Pass-Through Certificates** are **fixed-income securities** representing an **undivided interest in a pool of underlying loans**, typically mortgages.

#### How They Work

- A **financial institution pools housing loans** and sells them to a **Special Purpose Vehicle (SPV)**.
- The SPV issues **PTCs to investors**, passing through the **monthly repayments** (both interest and principal) made by borrowers.
- Investors earn **regular income** from the **mortgage pool**, making PTCs a key instrument in **asset-backed securities (ABS)**.

#### Features of Mortgage-Backed PTCs

- Backed by **residential mortgage loans**.
- Investors receive **scheduled repayments** from the pool.
- Issued to **diversify risk and enhance liquidity** in the mortgage market.

### Significance of India's First Mortgage-Backed PTC Listing

#### Policy and Market Impact

- Recognized and celebrated by the **Department of Financial Services (DFS)**, Ministry of Finance.
- Facilitates **integration of debt markets** with **housing finance**.
- Encourages **broader investor participation** in the housing loan securitization process.

#### Broader Benefits

- **Boosts confidence** in India's securitization ecosystem.
- **Improves liquidity** in the housing finance sector.
- Sets a precedent for **future mortgage securitization issuances** on stock exchanges.

## 6. Kotak Solitaire Credit Card

### Context

Kotak Mahindra Bank has launched the **Kotak Solitaire Credit Card**, a **travel-focused, invite-only metal card** designed for premium users. As Indian travelers increasingly seek exclusive perks and seamless experiences, this card aims to deliver **superior travel benefits** tailored to luxury and convenience.

### Key Features of Kotak Solitaire Credit Card

#### Airmile Earnings

- **10 airmiles per ₹100** spent on **flight and hotel bookings via Kotak Unbox** platform.
- **3 airmiles per ₹100** on all other eligible spends.

- **Cap of 1,00,000 airmiles** per statement cycle via Unbox; post this, only 3 airmiles per ₹100 will be earned.
- **Exclusion categories** (no airmiles):  
Fuel, rent, wallet loading, utilities, telecom, insurance, education, Government, and international spending.
- **Airmile validity**: 3 years.

## 7. Credit Guarantee Scheme for Startups (CGSS): Expanded to Boost Startup Debt Funding

### Overview of CGSS

- **Launched**: October 2022 under the **Startup India Action Plan**
- **Nodal Body**: **National Credit Guarantee Trustee Company (NCGTC)**
- **Ministry**: Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry
- **Purpose**: To provide **collateral-free credit** for DPIIT-recognized startups by reducing credit risk for lenders

### Objectives and Strategic Importance

- **Facilitates early-stage debt funding** without requiring collateral
- Supports **R&D, innovation, and domestic manufacturing**
- Aligns with **Viksit Bharat** and **Atmanirbhar Bharat** missions
- Encourages lending to **technology-driven and capital-intensive sectors**

### Key Features of the Expanded CGSS

- **Guarantee Limit Enhanced**: From ₹10 crore to **₹20 crore per borrower**
- **Guarantee Coverage**:
  - **85%** for default on loans **up to ₹10 crore**
  - **75%** for default on loans **above ₹10 crore**
- **Annual Guarantee Fee (AGF)**:
  - **Reduced to 1%** (from 2%) for startups in **27 Champion Sectors**
- **Eligible Financial Instruments**:
  - Term loans, working capital, venture/subordinated debt, debentures, etc.

### Eligibility Criteria

- Must be a **DPIIT-recognised startup**
- Should not be classified as **NPA** or **in default**
- Eligibility vetted and certified by lending institutions

### Eligible Lenders

- **Scheduled Commercial Banks**
- **NBFCs** with:
  - Minimum **BBB credit rating**
  - Net worth of ₹100 crore or more
- **SEBI-registered AIFs**

### Operational Reforms

- **Automatic guarantee issuance** via NCGTC portal
- **Umbrella Guarantee Structure**:



- Covers pooled investments
- Cap: **5% of investment amount** or ₹20 crore (whichever is lower), based on actual loss

## 8. RBI Designates FIMMDA as First SRO Under New Financial Market Guidelines

### Context

The **Reserve Bank of India (RBI)** has officially designated the **Fixed Income Money Market and Derivatives Association of India (FIMMDA)** as the **first Self-Regulatory Organisation (SRO)** under its newly launched SRO framework for the financial markets, aimed at enhancing transparency, governance, and standardization.

### Key Highlights

#### New RBI SRO Framework (August 2024)

- Introduced to govern entities recognized as SROs in financial markets.
- Outlines:
  - **Objectives & responsibilities**
  - **Eligibility norms**
  - **Governance and membership standards**
  - **Application & recognition procedures**

#### FIMMDA's Role as SRO

- First entity to receive SRO status under the new framework.
- Will function within RBI's guidelines to:
  - Promote **standardized market practices**
  - Strengthen **transparency and ethical conduct**
  - Encourage **market stability** through self-governance

#### What Is a Self-Regulatory Organisation (SRO)?

- An **SRO** is a **non-governmental organization** authorized to:
  - Frame and enforce industry-specific **rules and standards**
  - Regulate conduct within its domain
  - Ensure investor protection, professionalism, and ethical practices
- In finance, **SROs reduce regulatory burden** on statutory bodies by overseeing specific market segments.

#### About FIMMDA

- **Established:** 1998
- **Membership:** Includes scheduled commercial banks, primary dealers, insurance companies, public financial institutions
- **Functions:**
  - **Valuation** of government securities and corporate bonds
  - **Benchmark administrator** for Indian rupee interest rates
  - Administers **FIMMDA-NSE Overnight MIBOR**
  - Acts as the **calculation agent** for daily pricing and rate setting

#### Significance of the Move

- Strengthens **market self-discipline and governance**.
- Reduces dependency on direct regulatory intervention.

- Promotes **best practices**, enhances **market integrity**, and supports **deepening of debt markets**.

## 9. Jan Suraksha Schemes Complete 10 Years of Financial Protection for India's Poor

### Context:

Launched on **9th May 2015**, the three Jan Suraksha Schemes—**PMJJBY, PMSBY, and APY**—were introduced as social security schemes for **life insurance, accident insurance, and pension coverage** targeting the **economically weaker sections** of society. As of 2025, they have completed **a decade of providing low-cost financial risk coverage** to crores of Indians.

### Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

- **Objective:** Life insurance cover against death from any cause
- **Eligibility:** Age 18–50 years with a bank/post office account
- **Coverage:** ₹2 lakh on death (any cause)
- **Annual Premium:** ₹436
- **Coverage Duration:** 1 year (1st June–31st May), renewable annually
- **Implementing Agencies:** LIC and other approved life insurers via banks/post offices

### Pradhan Mantri Suraksha Bima Yojana (PMSBY)

- **Objective:** Accident insurance for death or disability
- **Eligibility:** Age 18–70 years with a bank/post office account
- **Coverage:**
  - ₹2 lakh for accidental death or total disability
  - ₹1 lakh for partial disability
- **Annual Premium:** ₹20
- **Coverage Duration:** 1 year (1st June–31st May), renewable annually
- **Implementing Agencies:** General insurers via banks/post offices

### Atal Pension Yojana (APY)

- **Objective:** Guaranteed pension scheme for unorganised sector workers
- **Eligibility:** Age 18–40 years, non-income taxpayers
- **Pension Range:** ₹1,000 to ₹5,000/month post 60 years of age (based on contribution)
- **Contribution Frequency:** Monthly, quarterly, or half-yearly
- **Implementing Agency:** PFRDA under National Pension System (NPS)
- **Premature Death Clause:** Spouse can continue scheme till subscriber turns 60

### Impact Over 10 Years

- **Financial Inclusion:** Enabled crores of low-income Indians to access affordable risk protection
- **Women Participation:** High enrolment among women beneficiaries
- **Ease of Access:** Linked to bank/post office accounts for seamless auto-debit of premiums
- **National Outreach:** Implemented via public-private insurance partnerships and government-backed pension fund

## Agriculture

### 1. Viksit Krishi Sankalp Abhiyan

### Launch & Duration

- Announced by Union Agriculture Minister **Shivraj Singh Chouhan**
- **15-day campaign** from **May 29 to June 12, 2025**
- Target: Reach **10–15 million farmers** across **700 districts** in India

### Objectives

- Promote **modern agricultural technology**
- Encourage adoption of **new high-yielding seed varieties**
- Strengthen **agriculture extension services** to boost crop productivity

### Campaign Structure

- Named **“Viksit Krishi Sankalp Abhiyan”**
- **2,000 outreach teams** to conduct **3 meetings daily** at the district level
- Daily outreach target: **11.2 million farmers**
- **3,100 trained agriculture scientists** to act as **master trainers**
- Distribution of **farmer feedback forms** for inputs and lessons learned
- Campaign will be **nationally monitored** via a **dedicated cell**

### Coordination with States

- **Union Agriculture Minister Shivraj Singh Chouhan** has urged state agriculture ministers to spearhead the campaign.
- **Coordination with state chief ministers** to ensure effective local outreach and farmer participation.

### Seed Legislation Reforms

- Proposed amendments to the **Seeds Act, 1966** to:
  - Prevent sale of **spurious seeds**.
  - Ensure access to **quality and certified seeds**.
  - Promote **seed traceability** across the supply chain for transparency and accountability.

### Soil Health & Productivity

- Addressing India's **below-average crop productivity** by:
  - Promoting **modern farming techniques**.
  - Leveraging **soil health cards** for balanced fertilizer use and sustainable soil management.

### Key Focus Areas

- Promotion of **direct-seeded rice (DSR)** using **scientific methods**
  - Direct Seeded Rice (DSR) is **a method of rice cultivation where seeds are sown directly into the main field, rather than transplanting seedlings from a nursery**. It can be done through wet DSR (sowing into puddled soil) or dry DSR (sowing into a non-puddled seedbed).
- Emphasis on **climate-resilient crop varieties**, especially in paddy-growing belts.

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## 2. India's Genome-Edited Rice Varieties

### Key Development

- India recently released **two genome-edited rice varieties**:
  - **DRR Dhan 100 (Kamala)**
  - **Pusa DST Rice 1**

- Both developed using **Site Directed Nuclease 1 (SDN1)** genome-editing technology.
- Derived from popular parent varieties **Samba Mahsuri (BPT 5204)** and **Cottondora Sannalu (MTU1010)**.

### Agronomic & Environmental Advantages

- **Up to 30% yield increase** compared to conventional varieties.
- **15–20 days shorter maturity** period, allowing:
  - Faster crop rotation
  - Efficient land usage
- **Improved nitrogen-use efficiency** and **reduced water requirement**, especially beneficial for:
  - **Punjab and Haryana** (regions facing severe groundwater depletion)

### Climate Resilience and Regional Impact

- Tolerant to:
  - **Drought**
  - **Salinity**
  - **Degraded soils**
- Can benefit traditionally underperforming rice regions:
  - **Eastern Uttar Pradesh**
  - **Coastal West Bengal**
  - **Odisha**
  - **Maharashtra**
- May **ease ecological pressure** on high-yield but environmentally stressed zones.

### Scientific and Regulatory Benefits

- **No foreign DNA** introduced (unlike traditional GMOs), thus:
  - Lower regulatory hurdles
  - Higher public acceptance
  - Faster policy clearance
- Not classified as genetically modified organisms under SDN1 protocol.

### Broader GM Crop Perspective

- India approved **GM mustard (DMH11)** in 2022 — a key regulatory shift.
- **Supreme Court has asked** for a national policy on GM crops for:
  - Research
  - Cultivation
  - Trade and commerce
- GM technology, with safeguards, can boost **yields, resilience, and input efficiency**.

### Way Forward: Boosting Biotech Investment

- Current **agri R&D allocation**: ₹10,466 crore
- Needs **significant increase** over the next 2–3 years.
- National strategy must integrate:
  - **Biotechnology deployment**
  - **Climate resilience**
  - **Nutritional security**

BS

## Facts To Remember

### 1. Robert Prevost, first American Pope, will take the name Leo XIV

Robert Prevost, a missionary who spent his career ministering in Peru and took over the Vatican's powerful office of bishops, was elected the first pope from the United States in the 2,000-year history of the Catholic Church.

### 2. Mission Sankalp

**Launched by:** Joint command of Chhattisgarh Police, Telangana Police, CRPF, CoBRA

**Area of Operation:** Karregutta Hills (Bijapur, Chhattisgarh) to Mulugu District (Telangana)

**Objective:** Neutralise core Maoist leadership and dismantle fortified guerrilla infrastructure

### 3. HAROP – India's Loitering Kamikaze Drone

#### Overview

- **Type:** Loitering munition / suicide drone
- **Origin:** Developed by **Israel Aerospace Industries (IAI)**
- **Used by:** Indian Armed Forces (especially the Air Force and Army)

#### Key Features

- **Dual Capability:** Combines features of a **UAV (Unmanned Aerial Vehicle)** and a **precision-guided missile**
- **Loitering Functionality:** Capable of **hovering over a target area** for extended periods while scanning for enemy assets
- **Autonomous Target Acquisition:** Can independently **detect, track, and lock onto high-value targets** without requiring precise pre-fed coordinates
- **Terminal Attack Mode:** On identifying a target, it **dives into it with an explosive warhead**, eliminating the need for external command at the final stage

#### FIVE TO REMEMBER · 9 & 10 MAY 2025

1. **Incentive:** ₹5,000 for the first live birth (PMMVY 1.0); additional incentive for second child if a girl (PMMVY 2.0 under Mission Shakti from April 2022). India's Maternal Mortality Ratio
2. **ICICI Bank (April 2003):** RBI reassured the public after rumors on ICICI's liquidity surfaced. IndusInd Bank's Crisis: RBI and Financial Stabi...
3. **Malegam Committee (2013)** recommended higher reserve transfers. RBI Surplus Transfer to Government
4. **UK's Plan:** CBAM rollout in 2027, affecting **steel, aluminium, cement**, and other energy-intensive sectors. India vs UK Carbon Border Tax
5. **Launched:** October 2022 under the **Startup India Action Plan** Credit Guarantee Scheme for Startups (CGSS): Ex...

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DAY 9 OF 24

**11 & 12 May 2025**

14 items · 4 topics

National Affairs 2 · Banking and Finance 7 · Agriculture 1 · Facts To Remember 4

**Daily Current Affairs Quiz****11&12 May, 2025****National Affairs****1. Kadbanwadi Grassland Crisis****Overview of Kadbanwadi Grassland**

- Located in Indapur tehsil, Pune district, Maharashtra, spread over 2,000 hectares.
- Home to Bengal foxes, striped hyenas, Brahminy kites, and the **endangered Indian grey wolf**, a keystone species.
- Strong history of **coexistence between shepherd communities and wolves**.

**Plight of the Indian Grey Wolf**

- **Population decline:** From 70 wolves in 2016 to just 6 in the latest count (Dec 2024–Jan 2025).
- **Threats:**
  - **Feral dogs:** Hunt in packs, attack isolated wolves, and scavenge city waste.
  - **CDV (Canine Distemper Virus):** Highly contagious disease from dogs, recently killed two wolves.
  - **Genetic dilution:** Evidence of hybrid wolf-dogs found, disrupting pack behavior and breeding.
  - **Habitat pressure:** Encroachment, reduced shepherding, and inadequate waste management.

**Legal and Conservation Challenges**

- **Maharashtra Forest Rules, 2014** allow removal or euthanization of dogs in reserve forests.
- Forest officials, however, hesitate to act due to backlash from animal rights groups.
- Vaccination efforts are being considered but are logistically challenging.

TH

**2. Kerala's 'Vruthi' Campaign****What is Vruthi?**

- *Vruthi* means **cleanliness of the body and mind**.
- Launched on **October 2, 2024**, it marks **Kerala's shift from traditional sanitation approaches to a deeply participatory, culturally rooted waste management movement**.

**Why Was the Campaign Needed?**

- **Shift in consumption patterns** post-liberalisation led to unmanageable, non-biodegradable waste.
- Kerala's **urbanisation and reduced agricultural base** (GDP share <10%) worsened the crisis.
- Traditional methods of backyard disposal became unviable; waste began spreading in neighbourhoods.
- Public health concerns like **dog bites, Zoonotic diseases**, and sanitation worker casualties raised alarms.

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### How Is Vruthi Different from Swachh Bharat Mission?

- **SBM 1.0 and 2.0** are **top-down**, infrastructure-heavy, and supply-driven.
- **Vruthi and Malinya Muktham Nava Keralam** are **bottom-up**, people-centric, and focused on **behavioural change**.
- Emphasises **technology neutrality**, allowing for context-specific waste solutions (e.g., *Black Soldier Fly* composting, *Windrow Composting*).

TH

## Banking and Finance

### 1. SEBI's New Derivatives Risk Framework

#### Context

SEBI aims to **tighten risk management** and **curb excessive speculation** in the equity derivatives market through an updated set of rules. Reforms follow industry feedback on its February 2025 consultation paper.

#### Major Reforms Finalized

##### Revised **Open Interest (OI)** Calculation

**Open Interest (OI)** refers to the total number of outstanding futures or options contracts that have not been settled. It represents the number of active contracts in the market at a given time.

- **New method: Future Equivalent (Delta-based) OI framework**
- Offers a more accurate reflection of **market activity** and **trader positioning** based on derivatives' price sensitivity to the underlying assets.

##### Updated Index Options Limits

- **Gross position limit for index options** raised to **₹10,000 crore**.
- **Net limit** capped at **₹1,500 crore**.
- Earlier proposed gross limit of ₹1,500 crore scrapped due to **pushback from HFTs and market makers**.

##### Market-Wide Position Limit (MWPL) Recast

**Market Wide Position Limit (MWPL)** is the maximum number of open F&O contracts permitted for a particular underlying stock. This limit is set by the exchange. Hence, it is the maximum permitted OI for a particular underlying stock. It is expressed as a number of shares.

- MWPL now set as the **lower of**:
  - 15% of **free-float market cap**, or
  - 65x the **average daily delivery value**.
- New limits align **derivatives exposure** with **underlying cash market liquidity**.

##### Exposure Caps

- **FPIs and Mutual Funds**: Limited to **30% of MWPL per stock**.
- **Individual traders**: Restricted to **10% of MWPL per stock**.
- Aim: Reduce manipulation and frequency of **F&O ban periods**.

##### Intraday Surveillance Enhancements

- No intraday position limits will be imposed.
- However, **random intraday checks (4 per day)** will be mandated to detect speculative misuse.
- Exchanges to create **Standard Operating Procedures (SOPs)** for trader surveillance.

"Do not fear the mistake. Fear repeating it."



## Weekly Expiry Restrictions

- **F&O expiries** limited to **two days per week**.
- New expiries will require **prior SEBI approval**.
- Impacts players like **Metropolitan Stock Exchange**, which planned weekly Friday expiries.

## Trader Profitability Survey

- Fresh SEBI survey to assess **F&O trader outcomes** expected by **mid-June**.
- Past data (FY22–FY24): **93% of individual traders lost money** in derivatives trading.

BS

## 2. Revolutionizing India's Insurance Sector

### Context

India's financial sector is positioning itself as a hub for global investment, with a focus on attracting foreign banks and **FDI in insurance**. Announced in the February Budget, this policy aims to boost **capital inflow** and **trust** in the sector by simplifying regulations.

### Projected Growth of the Insurance Market

- India is on track to become the **6th largest insurance market** by **2032**, growing at a **7.3% CAGR** from 2024 to 2028, the highest among G20 nations.
- Since 2000, **FDI in insurance** has crossed ₹82,847 crore, signaling sustained confidence and growth.

### IRDAI's Transformation and Leadership

- Under **Debasish Panda's leadership**, the **Insurance Regulatory and Development Authority of India (IRDAI)** evolved from a compliance-focused body to a **mission-driven institution**.
- **Regulatory Reforms**: 78 regulations were consolidated into 26, and 370 circulars were merged into 12, creating an agile and efficient regulatory framework.
- **Three-Year Sunset Clause**: Regulations are now periodically reassessed for relevance, ensuring that outdated rules are revised or discarded.

### Bima Trinity: A Comprehensive Strategy for Insurance Inclusion

- **Bima Sugam**: A **digital marketplace** designed to democratize insurance access with **low-cost**, **paperless**, and **cashless** options, transforming customer experience and underwriting.
- **Bima Vistaar**: A **bundled, affordable insurance product** covering life, personal accident, property, and daily income during surgeries, offering wide coverage at a low cost.
- **Bima Vahak**: A **women-led grassroots distribution force** that empowers local agents to drive **insurance awareness** and **trust** in underserved communities.

### Focus on Inclusivity and Accessibility

- India's vision of "**Insurance for All by 2047**" shifts the focus from premium collection to ensuring **basic risk protection** for every citizen, including farmers, gig workers, and street vendors.
- The emphasis is on making insurance **affordable** and **inclusive**, extending coverage to underserved populations.

### Risk-Based Capital and Financial Reporting Reforms

- **Risk-based capital norms** and compliance with **International Financial Reporting Standards (IFRS)** are underway, enhancing the **resilience** and **accountability** of insurers.
- The transition to **risk-based supervision** aims to improve the **capital adequacy**, **transparency**, and **risk sensitivity** of insurance companies.

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TH

### 3. NRI Financial Compliance Guide 2025

#### Context

If an NPS subscriber **renounces Indian citizenship** without obtaining an **OCI card**, they must **notify the NPS Trust**. The **NPS account will be mandatorily closed** in such cases.

#### Banking Compliance for New NRIs

An NRO (Non-Resident Ordinary) account is a bank account for **Non-Resident Indians (NRIs) to manage income earned or deposits made in India**. It's held in Indian Rupees and allows NRIs to deposit, withdraw, and manage their Indian income while earning interest.

- **Resident bank accounts** must be **converted to NRO accounts**.
- **NRE accounts** should be opened for **investing foreign income in India**.
  - **NRO account**: Used for income sourced in India (e.g., rent); **interest is taxable**.
  - **NRE account**: Used for foreign income; **interest is tax-free** and **repatriable**.

#### Mutual Fund (MF) Guidelines for NRIs

- Change MF status to **Non-Resident Individual (NRI)**.
- **Link existing folios** to NRO accounts.
- Use **NRE account** for new investments from foreign income.
- Submit **enhanced KYC documents** to SEBI-registered KYC Registration Agency (KRA), including:
  - Identity proof
  - Visa/residency permit/OCI card
  - Overseas address proof
  - FATCA (for US NRIs) / CRS declarations (for UK, Canada, etc.)
- Note: Some fund houses **do not allow FATCA/CRS jurisdictions**.
- **MF Taxation**: Same as residents, but **TDS applies at redemption**.
  - **Double Taxation Avoidance Agreement (DTAA)** can reduce tax burden.

#### Demat Account and Trading Rules

- Resident demat account must be **converted to NRI demat account**.
- Required documents: NRI KYC form, PAN, passport, visa, and overseas address.
- Open **NRO non-PIS trading and demat account**.
  - Existing holdings are transferred to this account.
- **Repatriation limits**:
  - NRO account: Up to **\$1 million/year**.
  - NRE account: **No cap**.
- **Permitted trading**:
  - F&O via custodian in NRO non-PIS account.
  - **No intraday equity trading, commodity, currency, or SGB trading**.
  - Some brokers allow **BTST trades** in NRO non-PIS accounts.

#### PPF, EPF & Insurance Compliance

- **PPF**: Can be continued till maturity, but **not extendable** beyond 15 years.
- **EPF interest becomes taxable**; NRIs must choose to **continue or withdraw**.
- Inform **life/health insurers** of NRI status; coverage may vary by country.

## Residential Status & Income Tax Rules

- **Resident for tax purposes** if:
  - Present in India **≥182 days in FY**, or
  - **≥60 days in FY + ≥365 days in previous 4 FYs**.
- **Non-residents** pay tax **only on income sourced in India**.
- File ITR if:
  - Indian income **exceeds basic exemption**, or
  - You have **LTCG, TDS refund, or carry-forward losses**.

## Leverage DTAA to Minimize Tax

- DTAA helps **avoid double taxation** on income (capital gains, interest, dividends).
- To claim benefits:
  - Submit **Tax Residency Certificate (TRC)**.
  - **Form 10F**.
  - **Self-declaration** of no permanent establishment in India.

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## 4. Morningstar DBRS Upgrades India's Sovereign Credit Rating to 'BBB'

### Context

**Long-Term Foreign and Local Currency – Issuer Ratings** upgraded to '**BBB**' from '**BBB (low)**', with a **Stable trend**. **Short-Term Foreign and Local Currency Issuer Ratings** upgraded to '**R-2 (high)**' from '**R-2 (middle)**', also with a **Stable trend**.

### Key Highlights:

- **India's Long-Term Foreign and Local Currency – Issuer Ratings:**
  - From **BBB (low)** to **BBB** with a **Stable outlook**
- **India's Short-Term Foreign and Local Currency – Issuer Ratings:**
  - From **R-2 (middle)** to **R-2 (high)** with a **Stable outlook**

### Main Drivers for the Upgrade

- **Robust Structural Reforms:**
  - Large-scale investments in **infrastructure**
  - Aggressive **digitalisation initiatives**
  - Focus on **fiscal consolidation** with declining debt and deficit metrics
- **Strong Economic Performance:**
  - **Average real GDP growth of 8.2%** between **FY22 and FY25**
  - Sustained **macroeconomic stability:**
    - Controlled inflation
    - Range-bound exchange rate
    - Stable external accounts
- **Resilient Financial Sector:**
  - Banks with **high capital adequacy ratios**
  - **Non-performing assets (NPAs) at 13-year low**, reflecting improved asset quality

### Outlook and Future Prospects

- **Stable Trend** maintained for both long-term and short-term ratings.

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- **Potential for further upgrades** if:
  - Structural reforms continue, particularly those **enhancing investment and productivity**
  - There is a **decline in public debt-to-GDP ratio**
  - India maintains **macroeconomic discipline** and enhances institutional effectiveness

### Rating Methodology

- Morningstar DBRS uses **'high', 'middle', and 'low' suffixes** (e.g., 'BBB (low)', 'R-2 (high)'), which are **equivalent to the +/- symbols** used by **Fitch and S&P**.

*BS & PIB*

## 5. RBI Relaxes FPI Investment Norms in Corporate Debt Securities

### Context

The **Reserve Bank of India (RBI)** has **eased investment norms for Foreign Portfolio Investors (FPIs)** under the **general route**, specifically for **corporate debt securities**. This move is aimed at **enhancing FPI participation in India's debt market and improving market liquidity**.

### Key Highlights of the Relaxation

- **Withdrawal of Short-Term Investment Limit**
  - FPIs are **no longer required** to adhere to the cap on short-term investments in corporate debt.
- **Removal of Concentration Limit**
  - The **concentration limit**, which restricted how much a single FPI could invest in a particular corporate issuer, has been **withdrawn**.
- **Applies to General Route**

The relaxation applies to investments made under the **general route** for both:

  - **Government securities**
  - **Corporate debt instruments**
- **Effective Immediately**
  - The revised norms are **already in effect**, giving FPIs **immediate operational flexibility**.

### Impact & Objective

- **Boosts Foreign Participation:** Eases regulatory burden, encouraging more FPI inflows into India's corporate debt segment
- **Enhances Market Liquidity:** Higher foreign participation can lead to **increased trading volumes and stability**
- **Aligns with Reform Agenda:** Complements broader efforts to deepen India's capital markets and attract global investors

## 6. SEBI Imposes Cooling-Off Period for Directors of Market Infrastructure Institutions (MIIs)

### Context

The **Securities and Exchange Board of India (SEBI)** has amended key regulations to introduce a **mandatory cooling-off period for directors** transitioning between **competing Market Infrastructure Institutions (MIIs)**, enhancing governance and safeguarding market integrity.

### Key Highlights

- **Amended Regulations**
  - **SECC Regulations, 2018**
  - **Depositories and Participants Regulations, 2018**

- **Applicability**
  - Affects **non-independent directors** and **public interest directors** of MIs
  - MIs include: **Stock exchanges, Clearing corporations, and Depositories**
- **Cooling-Off Period Norms**
  - **Non-independent directors**: Must serve a **cooling-off period** before joining the board of a **competing MI**
  - **Public interest directors**: Can be appointed to a competing MI for a **3-year term only after SEBI's prior approval**
  - Cooling-off rule **applies only** when directors **move to a competing institution**

### Purpose and Implications

- **Strengthens Governance**: Prevents conflicts of interest and ensures a clean separation between competing entities
- **Protects Market Integrity**: Limits undue influence and ensures impartiality in the operations of market-critical institutions
- **Improves Regulatory Oversight**: Reinforces SEBI's framework for ethical leadership and institutional neutrality across MIs

### Market Infrastructure Institutions (MIs)

Market Infrastructure Institutions (MIs) are **the backbone of a robust and well-regulated financial market**. These institutions include stock exchanges and depositories that facilitate seamless trading, clearing, and settlement of securities, ensuring transparency, investor protection, and financial stability.

## 7. Index Options

### Context

Retail participation in index options remains high **despite curbs introduced in October 2023 and proposals in February 2024**. A SEBI study revealed that **individual investors lost ₹1.89 trillion in FY22–24**, mostly on options expiry days, while **high-frequency traders (HFTs) profited**. India has the **highest index options trading volumes globally**, especially compared to the size of its cash equity market.

### What Are Index Options?

An index option is **an asset which enables its holder to trade (buy or sell) the value of an underlying index**, for example, the Nifty 50, at a predetermined price. In the dynamic landscape of financial markets, index options have carved a special place as a versatile financial instrument.

### Definition:

- Index options are financial derivatives where the underlying asset is a stock market index (like Nifty 50 or BSE Sensex), not individual stocks.
- These contracts give the buyer the right (but not obligation) to buy or sell the index value at a specific strike price by the expiration date.

### Purpose:

- Investors use index options to trade broader market trends, hedge portfolios, or gain leveraged exposure to index movements.

### Types of Index Options:

- **Call Option**: Right to buy the index at a specified price.
- **Put Option**: Right to sell the index at a specified price.

**Key Components:**

- **Strike Price**
- **Underlying Index Value**
- **Expiration Date**

**How It Works:**

- Only the premium is paid by the buyer (maximum possible loss).
- Profit/loss is determined by the difference between strike price and index level at expiry.
- Index options in India are traded after futures are launched and are standardized with lot sizes and expiry dates.

**Benefits of Index Options:**

- **Profit in Both Directions:** Positions can be taken for rising or falling markets.
- **Hedging Tool:** Protects portfolios from adverse market movements.
- **Leverage:** Small premium controls larger exposure.

**Previous Measures Taken**

- **Lot size of index options** was increased from 25 to 75 in October 2023.
- **Only one weekly index option expiry per exchange** was allowed to limit speculative losses.
- February 2024 proposals included:
  - **Gross exposure cap of ₹1,500 crore** monitored intraday.
  - Revamped **open interest (OI) calculation** methodology using *delta-based OI* to reflect true market risk.

**Major Regulatory Revisions Proposed in 2025**

- **Intraday exposure cap dropped;** SEBI now proposes:
  - **Gross limit: ₹10,000 crore**
  - **Net limit: ₹1,500 crore (end-of-day compliance)**
- These changes follow **market opposition** to strict intraday surveillance, which was feared to reduce liquidity and increase impact cost.
- **Position monitoring through the day** for index options may be dropped entirely.

Mint

## Agriculture

### 1. First-Ever Rice Pangenome

#### Context

Global Scientists Build First-Ever Rice Pangenome to Boost Climate Resilience and Yields.

**What is the Rice Pangenome?**

- A **pangenome** includes both the **core and unique genes** across multiple varieties of a species.
- Scientists have assembled the **first rice pangenome** by integrating genomic data from **144 wild and cultivated rice varieties** across Asia.
- This effort mirrors the **Human Genome Project** in scope and significance—capturing genetic diversity crucial for crop improvement.

## Why the Pangenome Matters

- Traditional reference genomes cover only a **single variety** (*O. sativa* ssp. *japonica*). The pangenome adds **3.87 billion new base pairs** and **over 69,000 genes**, including:
  - **28,907 core genes**
  - **13,728 wild-rice-specific genes**
- Wild-rice-specific genes are especially important for **drought resistance, disease tolerance, and climate resilience**.

## Key Findings and Scientific Advances

- **High-fidelity (HiFi) PacBio sequencing** was used for high-accuracy genome mapping.
- Population genetics reinforced that:
  - All Asian cultivated rice evolved from **wild Or-Illa**, a variant of *Oryza rufipogon* (ancestor of *japonica*).
  - Indica rice developed through **hybridization between ancient japonica and Or-I populations**.
- About **20% of the genes** identified are **unique to wild rice**, offering untapped resources for breeding programs.

## Climate and Agricultural Significance

- **Rice is the staple crop** for nearly two-thirds of the global population.
- India produced a **record 220 million tonnes in 2024–25**, but faces risks:
  - **Temperature rise of 0.7°C since 1901**
  - **2024 was the hottest year on record** with 0.9°C above-average minimum temperatures
  - Studies warn of **reduced yields and increased arsenic uptake** under rising temperatures
- **Genome-edited rice varieties**, Samba Mahsuri and MTU 1010, developed by ICAR for **drought resistance and yield boost**, are awaiting field release.

## Applications and Future Potential

- The pangenome serves as a powerful tool for:
  - **Precision breeding of high-performance rice**
  - **Transferring climate-resilient genes from wild to cultivated varieties**
  - **Enhancing phenotypic plasticity and regeneration capacity**
- Enables rapid development of **disease-tolerant and climate-resilient rice cultivars**, critical for food security under global warming.

## Regulatory Framework of Genetically Modified (GM) Crops in India

India adopts a **multi-tiered regulatory approach** to ensure the **safety, efficacy, and compliance** of genetically modified (GM) crops before their approval and use.

### Food Safety and Standards Act, 2006

- **Prohibits the import, manufacture, use, or sale** of GM food products **without approval** from the **Food Safety and Standards Authority of India (FSSAI)**.
- Ensures **consumer health safety** through strict pre-market assessment protocols.

### Review Committee on Genetic Manipulation (RCGM)

- Operates under the **Department of Biotechnology (DBT)**.
- Oversees **research and development (R&D)** activities related to GMOs.
- Monitors laboratory and field research to ensure **biosafety compliance** during early stages.



### State Biotechnology Coordination Committee (SBCC)

- Constituted at the **state level**.
- Monitors the **implementation of biosafety guidelines** in research institutions and industries handling GMOs.
- Functions as a **nodal agency** for state-level biosafety coordination.

### District Level Committee (DLC)

- Functions under SBCC and GEAC.
- **Inspects and investigates** local GM activities.
- Reports **compliance or violations** of regulatory guidelines at the grassroots level.

### Genetic Engineering Appraisal Committee (GEAC)

- Final authority under the **Ministry of Environment, Forest and Climate Change (MoEFCC)**.
- Grants **environmental clearance** for GM crop trials and commercial release.
- Ensures **ecological and environmental safety** under the **Environment (Protection) Act, 1986**.

### GM Crop Approval Process

- **Case-by-case** scientific evaluation involving:
  - Health and environmental risk assessments
  - Field trial monitoring
  - Stakeholder consultation
- Approval only after compliance with **biosafety guidelines** framed under the **Environment (Protection) Act, 1986**.

BS

## Facts To Remember

### 1. World's longest banana infructescence found in the forests of Andamans

An infructescence of about 4.2 metres has been recorded in a species of wild banana from Andaman and Nicobar islands, making it the longest infructescence recorded in bananas across the world. The details of the discovery were published in an international peer reviewed science journal *Botany Letters* earlier this year.

### 2. Salunkhe, Deepika win recurve bronze

Parth Salunkhe and Deepika Kumari performed creditably well to clinch the recurve men's and women's individual bronze medals respectively on the concluding day of the Archery World Cup Stage-2 in Shanghai.

### 3. Miss World 2025 kicks off with a cultural extravaganza in Hyderabad

The 72nd edition of the Miss World pageant officially began on a dazzling note at the Gachibowli Indoor Stadium, with a vibrant showcase of Telangana's cultural heritage.

### 4. DARPG Hosts Rashtriya Karmayogi Jan Seva Training Programme to Empower Civil Servants

The **Department of Administrative Reforms & Public Grievances (DARPG)** conducted a **dynamic training session under the "Rashtriya Karmayogi Jan Seva Program"** on **May 10, 2025**, in **New Delhi**. Organized in collaboration with the **Capacity Building Commission**, the programme aimed to **enhance**

**competencies of public officials** from **Assistant Section Officers to Under Secretaries.**

**FIVE TO REMEMBER · 11 & 12 MAY 2025**

1. Launched on **October 2, 2024**, it marks **Kerala's shift from traditional sanitation approaches to a deeply participatory, culturally rooted waste management movement.** Kerala's 'Vruthi' Campaign
2. **Gross position limit for index options** raised to **₹10,000 crore.** SEBI's New Derivatives Risk Framework
3. India is on track to become the **6th largest insurance market** by **2032**, growing at a **7.3% CAGR** from 2024 to 2028, the highest among G20 nations. Revolutionizing India's Insurance Sector
4. **Lot size of index options** was increased from 25 to 75 in October 2023. Index Options
5. Ensures **ecological and environmental safety** under the **Environment (Protection) Act, 1986.** First-Ever Rice Pangenome

**Now test yourself:** [c4scourses.in/daily-quiz/daily-quiz-11-12-may-2025/](https://c4scourses.in/daily-quiz/daily-quiz-11-12-may-2025/)

DAY 10 OF 24

**13 May 2025**

Tuesday · 14 items · 4 topics

International Affairs 1 · National Affairs 5 · Banking and Finance 7 · Agriculture 1

**Daily Current Affairs Quiz**  
**13 May, 2025****International Affairs****1. U.S.-China Agree to 90-Day Tariff Truce****Key Highlights:**

- **Major Tariff Rollback Announced:**
  - U.S. and Chinese officials confirmed a deal to **roll back most recent tariffs**.
  - Both sides agreed to a **90-day truce** to allow further trade negotiations.
- **Tariff Reduction Details:**
  - U.S. to reduce its tariff on Chinese goods from **145% to 30%** (a 115 percentage point cut).
  - China to reduce its tariff on U.S. goods from **125% to 10%** (matching 115 percentage point cut).
  - China's Commerce Ministry stated that **91% of tariffs will be cancelled**, with another **24% suspended for 90 days**.

**Current Tariff Structure:**

- **US Tariff on Chinese Imports:** 30%
  - Includes a 10% base tariff + 20% extra due to fentanyl-related concerns
- **China's Tariff on US Imports:** 10% (base tariff only)

**Key Policy Shifts:**

- China **suspended all non-tariff barriers** introduced after April 2, including export restrictions and corporate investigations.

**Reasons Behind the Truce:**

- **Tariff Burden on Consumers:** Raised prices disproportionately, hurting households more than helping producers.
- **Rising Costs:** Major retailers like Walmart faced inventory issues; general cost of living surged.
- **Economic Slowdown:** US GDP contracted in Q1 2025; economists warned of recession.
- **Stagflation Risk:** Tariffs contributed to inflation amid economic stagnation, raising fears of stagflation.

BS

**National Affairs****1. E-Waste Management in India****Context**

India's digital growth is driving massive use of electronic devices, leading to a dramatic rise in **electronic**

"Nobody is born a topper. Someone simply did not stop."

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**waste (e-waste).** As India moves toward its **Viksit Bharat** goal, managing this waste stream through sustainable mechanisms such as **Extended Producer Responsibility (EPR)** and fair **floor pricing for recycling certificates** becomes crucial.

### E-Waste Growth in India

- E-waste generation rose **151.03%** from 2017-18 to 2023-24.
- Volume increased from **7,08,445 metric tonnes** to **17,78,400 metric tonnes**.
- Annual increase of over **1.69 lakh metric tonnes** signals an urgent need for systemic reform.

### What is EPR and Why It Matters?

- **Extended Producer Responsibility (EPR):** Mandates producers, importers, and brand owners to manage their products' end-of-life impacts.
- Encourages:
  - Sustainable design and pricing strategies
  - Lifecycle accountability
  - Reduction in municipal waste burden
  - Promotion of formal recycling systems

### E-Waste (Management) Rules, 2022

- **Extended Producer Responsibility (EPR):**
  - Producers must meet annual recycling targets through registered recyclers. EPR certificates are used to verify compliance.
- **Expanded Coverage:**
  - Includes 106 Electrical and Electronic Equipment (EEE) items from FY 2023-24 (previously 21).
- **Inclusion of Bulk Consumers:**
  - Institutions and offices must dispose of e-waste through authorized recyclers/refurbishers.
- **Role of Recyclers/Refurbishers:**
  - Registered entities manage collection, processing, and reporting of e-waste.

### E-Waste (Management) Second Amendment Rules, 2023

- **Clause 4 Added to Rule 5:**  
Focuses on sustainable refrigerant management in refrigeration and air-conditioning equipment manufacturing.

### E-Waste (Management) Amendment Rules, 2024

- **EPR Certificate Trading:**  
Government may establish platforms to trade EPR certificates under CPCB-approved guidelines.
- **Pricing of EPR Certificates:**  
CPCB to fix EPR certificate prices—maximum at 100% and minimum at 30% of applicable environmental compensation for non-compliance.

### Consequences of Improper E-Waste Disposal

- **Economic losses:**
  - Over **\$10 billion/year** due to water, air, and soil pollution
  - Over **₹80,000 crore/year** in lost critical metals (gold, copper)
  - **\$20 billion/year** in lost tax revenue from informal, unaccounted recycling
- **Social costs:**
  - Health hazards and exploitation of informal recyclers (mainly women and children)
  - Average lifespan of workers in this sector is less than **27 years**

## International Conventions on E-Waste Management

- **Basel Convention (1989):** Controls transboundary movement of hazardous waste; India is a signatory.
- **Bamako Convention (1991):** Bans import of hazardous waste into Africa.
- **Minamata Convention on Mercury (2013):** Regulates mercury use; India ratified it in 2018.
- **Stockholm Convention on POPs (2001):** Restricts persistent organic pollutants; India is a party.

## National Framework for E-Waste Management in India

- **E-Waste (Management) Rules, 2022:** Focus on Extended Producer Responsibility (EPR) and recycling through registered entities.
- **Hazardous and Other Wastes Rules, 2016:** Regulate import, storage, and handling of hazardous waste.
- **National Action Plan for Chemical and Waste Management:** Aligns with Stockholm and Rotterdam Conventions.

## Common E-Waste Disposal Methods

- **Landfilling:** Cheap but causes soil and water contamination.
- **Incineration:** Reduces waste volume, but emits toxic gases.
- **Recycling:** Safely recovers metals, plastics, and reduces environmental risks.

## Key Issues and Challenges in E-Waste Management

- **Informal Sector Dominance:** 50–80% of global e-waste handled informally; causes toxic exposure.
- **Infrastructure Deficit:** Limited authorized collection and recycling facilities.
- **Public Unawareness:** Consumers and institutions often dispose of e-waste improperly.
- **Environmental Hazards:** Toxic leachates and air pollution from improper disposal.

## Strategies to Strengthen E-Waste Management in India

- **Formalize Informal Sector:** Train and integrate informal recyclers.
- **Adopt Technological Innovations:** Use AI/IoT for tracking and efficient recycling.
- **Refurbishing Programs:** Incentivize reuse and repair (as seen in Germany, EU).
- **Public Awareness Campaigns:** Educate citizens about safe disposal.
- **International Collaboration:** Partner with ITU and other global bodies for tech and capacity building.

## Global Best Practices to Learn From

- **EU:** WEEE Directive, EPR compliance, eco-design rules, and “right to repair.”
- **Japan:** EPR under Home Appliance Recycling Law; nationwide recycling fee system.
- **China:** Formalized informal sector via training and incentives under WEEE regulations.

## The Need for a National Recycling Vision

- India's e-waste management must align with its **sustainability goals**
- EPR floor pricing is **central to formalising** the sector and unlocking its full potential
- Urgent action is necessary — **a 73% rise in five years** is a stark warning
- A stable, well-funded system can lead India to **global leadership** in sustainable waste management

## UPSC Civil Services Examination, Previous Year Questions

### Prelims:

**Q. Due to improper/indiscriminate disposal of old and used computers or their parts, which of the following are released into the environment as e-waste? (2013)**

1. Beryllium
2. Cadmium

3. Chromium
4. Heptachlor
5. Mercury
6. Lead
7. Plutonium

Select the correct answer using the codes given below:

- (a) 1, 3, 4, 6 and 7 only  
(b) 1, 2, 3, 5 and 6 only  
(c) 2, 4, 5 and 7 only  
(d) 1, 2, 3, 4, 5, 6 and 7

Ans: (b)

**Mains:**

**Q.** What are the impediments in disposing of the huge quantities of discarded solid waste which are continuously being generated? How do we safely remove the toxic wastes that have been accumulating in our habitable environment? **(2018)**

## 2. WHO's State of the World's Nursing 2025

**Key Global Findings:**

- **Worsening Shortage:** WHO warns of an **intensifying global nursing shortfall**.
- **Regional Burden:** **Africa and the Eastern Mediterranean** are projected to account for **70% of the global nursing shortage by 2030**.

**Status of Nursing in India**

- **Nurse-to-Population Ratio:**
  - ~30 nurses per 10,000 population
  - **Below WHO's recommended 44.5 health workers per 10,000 people**
- **Nursing Education:**
  - Increased graduate output
  - Quality issues, faculty shortages, and inconsistent regulation persist
- **Global Migration Trend:**
  - India is a **top exporter of nurses** to the UK, Gulf, and Australia
  - Outmigration is driven by **low wages, limited career paths, and poor working conditions**
- **Workforce Retention Challenges:**
  - Nurses often leave due to:
    - **Wage delays**
    - **Unsafe work environments**
    - **Lack of mental health support**
    - **Minimal leadership opportunities**

**Key Challenges in India's Nursing Sector**

- **Inadequate Workforce Supply**
  - Falls short of WHO's benchmark
  - Acute shortages in **Primary Health Centres (PHCs)** and **Community Health Centres (CHCs)**, especially in rural areas

- **Urban–Rural Disparity**
  - Workforce heavily concentrated in **urban private hospitals**
  - **Rural and public health systems remain understaffed**
- **Poor Working Conditions**
  - Long hours, delayed payments, unsafe conditions
  - **Mental and physical burnout** among nurses
- **Lack of Leadership Representation**
  - Scarce presence of **Chief Nursing Officers (CNOs)** at state/national level
  - Limits nurse-led input into health policy
- **Low Public Investment**
  - Inadequate infrastructure, limited training capacity
  - **Restricted budget allocations** for nursing sector development
- **Unbalanced International Migration**
  - No standardized returns or compensations for exported talent
  - **Bilateral migration agreements lack equity**

### 3. Mission D3

#### What is Mission D3?

Mission D3 is a **community-led social movement** launched in **November 2024** by **Bhil and Bhilala tribal youths** in **Alirajpur and Jhabua districts of Madhya Pradesh**. The campaign aims to eliminate three major financial and cultural burdens from tribal weddings:

- **Dahej (Dowry)**
- **Daroo (Liquor)**
- **DJ Music**

#### Core Objective

To promote **simple, debt-free, and culturally authentic tribal weddings**, protecting poor families from exploitative customs and post-marriage indebtedness.

#### Key Features of Mission D3

- **Grassroots Initiative**
  - Led by social activist **Nitesh Alawa**
  - Mobilized tribal youth and community elders
  - Backed by **local police, MLAs**, and sarpanches
- **Rapid Community Adoption**
  - Gaining traction across villages in **Jhabua and Alirajpur**
  - Seen as a **youth-driven cultural revival movement**
- **Economic Relief**
  - Families now **save ₹1–5 lakh** by avoiding dowry, liquor
  - Reduces dependency on **moneylenders and high-interest loans**
- **Cultural Revival**
  - DJs replaced with **traditional musical instruments** like *dhol*s and *madals*
  - Emphasis on **tribal heritage and community values**
- **Curbing Migration**
  - By reducing wedding-related debt, the movement helps **prevent seasonal migration** for debt



repayment

### Social Impact

- Improved **financial stability** for tribal households
- Enhanced **community cohesion and pride**
- Strengthened **women's dignity** by rejecting dowry customs

## 4. MY Bharat (Mera Yuva Bharat)

### Context

**Mera Yuva Bharat (MY Bharat)** is an **autonomous institution under the Ministry of Youth Affairs and Sports**, designed to empower young Indians through **technology-driven engagement** and **youth-led development**.

It was officially **launched on October 31, 2023**, to commemorate the birth anniversary of **Sardar Vallabhbhai Patel**.

### Primary Objectives

- Promote **inclusive youth participation** in **nation-building and governance**.
- Develop the **youth as catalysts of change** for **Amrit Kaal** and **Viksit Bharat@2047**.
- Ensure **equal access** to opportunities for **learning, volunteering, and mentorship**.

### Key Features of MY Bharat

- **Volunteer Mobilisation**
  - Engages youth in activities like **public service, disaster relief, and awareness drives**.
- **Digital Youth Profiles**
  - Youth can create profiles showcasing their **skills, interests, and past activities**.
  - Helps them **connect with government initiatives, NGOs, and private sector projects**.
- **Experiential Learning**
  - Provides **on-ground project experience** with **Panchayats, Urban Local Bodies (ULBs)**, and businesses.
- **Mentorship & Peer Networking**
  - Builds a **national mentorship ecosystem** through sector experts and youth icons.
  - Encourages **peer-to-peer learning and collaboration**.
- **Government Scheme Awareness**
  - Mobilizes youth as **'Vikas Ambassadors'** to spread awareness about **flagship government schemes** at the grassroots.

### Significance for Youth and Nation

- Encourages **active civic engagement and leadership**.
- Builds a pipeline of **skilled, aware, and empowered citizens** ready for 2047.
- Bridges the gap between **government programs and youth aspirations**.

## 5. Geotubing

### What is Geotubing?

Geotubing involves the use of **large, cylindrical geotextile tubes** (commonly called *geotubes*) filled with sand, slurry, or dredged material. These are strategically placed **underwater or along shorelines** to act as **submerged barriers**, reducing wave energy and **preventing erosion**.

## Key Features of Geotubes

- **Submerged Breakwater Effect:**
  - Geotubes dissipate incoming wave energy before it reaches the coast, reducing shoreline erosion.
- **Sand Trapping & Deposition:**
  - Acts as a mechanism for **natural beach nourishment** by trapping sand and promoting sediment build-up.
- **Modular Design:**
  - Tubes can be **customized in size and shape** to match diverse terrains and project requirements.

## Materials Used in Geotubing:

- **High-Performance Geotextiles** such as:
  - **Polypropylene (PP)**
  - **Polyester (PET)**
- **Characteristics:**
  - **Permeable** for water drainage
  - Resistant to **UV rays, chemicals, and biological degradation**
  - **High tensile strength** for structural durability

## Advantages of Geotubing

- **Durability:** Long lifespan even in harsh marine environments
- **Cost-Effective:** Cheaper and easier to install than concrete or steel seawalls
- **Eco-Friendly:** Non-toxic and used in **wetland restoration** projects
- **Multi-functional:** Applications go beyond coastal protection to industrial and environmental uses

## Applications of Geotubing:

1. **Coastal Protection**
  - Seawalls, submerged breakwaters, sand dune reinforcements
  - Example: *Poonthura, Kerala* – three-layer geotube barrier installed perpendicular to coast
2. **River & Lake Management**
  - Stabilising eroding riverbanks, sediment control in lakes
3. **Wastewater & Industrial Use**
  - Dewatering of sludge in treatment plants, dredging operations
4. **Infrastructure Projects**
  - Foundation stabilization for roads, railways, ports, reservoirs
5. **Environmental Remediation**
  - Site isolation, leachate containment, and pollution prevention

## Banking and Finance

### 1. Special-Purpose Vehicle (SPV)

#### Context

**Bengaluru Smart Infrastructure Limited (B-SMILE)** is a **special-purpose vehicle (SPV)** set up by the Karnataka government to manage large urban infrastructure projects.

- The **initial government commitment is ₹7,000 crore**.
- Though open to **private investment**, B-SMILE will be **fully state-owned**.

- **90% equity:** Government of Karnataka
- **10% equity:** Bruhat Bengaluru Mahanagara Palike (BBMP)

### What is a Special Purpose Vehicle (SPV)?

- An SPV is a legally separate subsidiary formed by a parent company to isolate financial risk.
- It is also called a **Special Purpose Entity (SPE)** and is **bankruptcy-remote**, meaning it remains unaffected if the parent company collapses.

### Purpose and Uses of SPVs

- **Risk Isolation:** Limits financial exposure from risky ventures.
- **Asset Securitization:** Packages assets (e.g., loans, receivables) for resale to investors.
- **Joint Ventures:** Facilitates specific projects with external partners.
- **Property or Infrastructure Projects:** Used in real estate, renewable energy, and public-private partnerships (PPPs).
- **Venture Capital:** Investors pool money via an SPV for a single startup investment.

### Legal Forms of SPVs

- SPVs can be formed as **LLCs, trusts, corporations, or limited partnerships**.
- May operate independently with their own management and finances.

### Accounting and Financial Risks

- SPVs are **off-balance sheet entities**—their debts and assets may not appear in the parent company's accounts.
- This can obscure the actual financial position of the parent company.
- **Investors should always review SPV financials** to understand hidden risks.

TH

## 2. Bank Mitras

### Context

The **Business Correspondent Resource Council (BCRC)** has submitted a formal appeal to the **Parliamentary Committee on Finance**, urging a review of **Bank Mitras' commission structure** and seeking **infrastructure subsidies** to support rural banking operations. The representation was made during a meeting with **Bhartruhari Mahtab**, Chairperson of the Committee.

### What is the Bank Mitra Program?

The Bank Mitra program is an initiative under the **Pradhan Mantri Jan Dhan Yojana (PMJDY)** launched on August 28, 2014, that aims to extend banking services to **unbanked and underbanked rural areas** through appointed individuals called Bank Mitras, who act as **business correspondents** of banks.

**The Department of Financial Services (DFS) within the Ministry of Finance of India is responsible for the scheme.**

### Objectives of the Bank Mitra Program

- **Last-mile banking access** in remote locations
- **Facilitation of account opening** and KYC procedures
- **Promotion of financial literacy** and awareness of banking products

### Key Benefits

- **Access to basic banking services** (deposits, withdrawals, fund transfers) near customers' homes
- **Employment generation** for local youth

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"Nobody is born a topper. Someone simply did not stop."

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- **Cost-effective financial inclusion** model
- **Encourages saving and digital payments** through AEPS (Aadhaar Enabled Payment System)

### Impact on Financial Inclusion

- **Boost in bank account penetration** in rural and tribal belts
- **Smooth disbursement of welfare schemes** via Direct Benefit Transfer (DBT)
- **Reduction in informal financial practices and frauds** due to formal system presence

## 3. AI-Based Training in PSBs

### Context

Government-run banks in India are increasingly leveraging **artificial intelligence (AI), augmented reality (AR), and virtual reality (VR)** to enhance **customer service quality** and boost **employee soft skills**, especially at the front desk. The move follows surprise inspections by the Department of Financial Services (DFS) that revealed gaps in **professionalism, responsiveness, and behavior** among branch-level staff.

### Key Developments:

- **AI-Powered Employee Training:**
  - PSBs like **Punjab National Bank (PNB)** are using **conversational AI** to conduct 30-minute mock sessions.
  - These sessions assess **communication skills, etiquette, and body language**.
  - Employees receive a **performance matrix and rankings** to identify improvement areas.
- **Immersive Learning via AR/VR:**
  - AR and VR modules are being introduced to simulate real-life banking scenarios.
  - This provides employees with **realistic, immersive training experiences**.
- **Real-Time Customer Feedback:**
  - A **quick response (QR)-based feedback system** has been deployed.
  - Customers rate their experience post-transaction, with data sent to the **head office** for real-time monitoring.
- **Soft Skills Pilot Programs:**
  - Pilots are underway in several districts to train staff in **empathy, active listening, and service etiquette**.
  - Preliminary feedback shows **higher customer satisfaction and employee confidence**.

### Structural Issues

- The push for AI training comes as **deposit growth stagnates** and **customer service inconsistencies** grow in PSBs.
- **Staff shortages** and **heavy administrative workloads** continue to undermine service delivery.
- In rural branches, a **single officer often manages multiple functions** (cash, compliance, etc.), leaving **little time for customer interaction**.

BS

## 4. RBI Surplus Transfer

### Context

India's banking system is expected to see **surplus liquidity rise to ₹5.5–6 lakh crore** in the coming weeks, following a substantial **dividend payout by the Reserve Bank of India (RBI)** to the Central Government. This is likely to exert **downward pressure on short-term interest rates**, influencing bond markets and

monetary policy outlook.

### How the RBI Determines the Allocation of Dividends

The **Reserve Bank of India (RBI)** determines its annual dividend transfer to the Government of India based on the **Economic Capital Framework (ECF)**. This framework balances fiscal support to the government with the **need to maintain adequate financial buffers for monetary and financial stability**.

### Under Which Section RBI Transfers It's Surplus To Central Government?

- **Section 47, RBI Act, 1934:** RBI must transfer surplus to the Central Government after risk provisions.
- **Section 48:** RBI is exempt from income and super tax.
- **Section 49** deals with the publication of the bank rate.
- **Section 50** outlines the provisions regarding the National Housing Credit (Long Term Operations) Fund.

### Key Determinants of Dividend Allocation

#### Economic Capital Framework (ECF)

- Based on recommendations by the **Bimal Jalan Committee (2018)**.
- RBI must maintain a **Contingent Risk Buffer (CRB)** of **5.5%–6.5%** of its balance sheet.
- CRB covers risks such as:
  - Market volatility
  - Credit defaults
  - Operational and financial system disruptions

### Dividend Calculation Process

- **Surplus = Total income – Total expenditure – CRB provisioning**
- Only the remaining surplus, after provisioning, is transferred to the **Government of India** under **Section 47 of the RBI Act, 1934**.

### Sources of RBI's Income

| Primary Revenue Streams                      |
|----------------------------------------------|
| Interest from Government Securities          |
| Open Market Operations (OMOs)                |
| Foreign Exchange Operations                  |
| Liquidity Adjustment Facility (LAF) earnings |
| Interest on loans and advances to banks      |

### Recent Trends

- As of March 2024:
  - **Forex reserves:** USD 646 billion (with USD 409 billion in top-rated sovereign assets)
  - **Lower dollar sales** in FY24 (USD 153 bn) than FY23 (USD 213 bn), yet income remained strong
  - **LAF operations** significantly boosted earnings

### Expenditure Components

| RBI's Key Expenses              |
|---------------------------------|
| Operational costs               |
| Interest on deposits/borrowings |

| RBI's Key Expenses                                    |
|-------------------------------------------------------|
| Cost of currency issuance                             |
| Provisioning for contingencies and revaluation losses |

TOI

## 5. AMEX and HSBC Lead Foreign Banks in Credit Card Growth in FY25

### Context

American Express (AmEx) and HSBC emerged as the **top-performing foreign banks in net credit card additions in FY25**, bucking the broader industry trend of decelerating growth in the credit card segment. The industry added over **8 million credit cards** in total, reflecting a **year-on-year slowdown**.

### American Express (AmEx)

American Express (AmEx) is a **global payments company and financial services corporation known for its credit cards and other financial products**. It offers a wide range of services, including credit cards, charge cards, payment processing, and travel-related benefits to individuals, businesses, and corporations. AmEx is headquartered in **New York** and operates in over **200 countries and territories, serving a global customer base**.

### HSBC

HSBC, formally known as The Hongkong and Shanghai Banking Corporation Limited, is a global financial institution founded in 1865 with the purpose of facilitating trade between Europe and Asia. **As described by HSBC, they aim to open up opportunities for their customers by leveraging their expertise, capabilities, and perspectives**. Today, HSBC serves a global network of customers, including individuals, corporations, and governments, across 58 countries and territories.

## 6. RBI Imposes Penalties on SBI and Jana Small Finance Bank for Regulatory Non-Compliance

### Context

The **Reserve Bank of India (RBI)** has levied monetary penalties on **State Bank of India (SBI)** and **Jana Small Finance Bank** for **violations of regulatory norms**, highlighting the central bank's continued focus on **supervisory enforcement** in the banking sector.

### Penalty on State Bank of India (SBI):

- **Amount:** ₹1.73 crore (₹1,72,80,000)
- **Regulatory Violations:**
  - Breach of **"Loans and Advances – Statutory and Other Restrictions"**
  - Non-compliance with **"Customer Protection – Limiting Liability of Customers in Unauthorised Electronic Banking Transactions"**
  - Violation of **"Opening of Current Accounts by Banks – Need for Discipline"**

### Penalty on Jana Small Finance Bank:

- **Amount:** ₹1 crore
- **Reason:** Contravention of certain provisions under the **Banking Regulation Act, 1949**

### Clarification by RBI

- These penalties are related to **deficiencies in regulatory compliance**.
- The penalties **do not impact the validity of any customer transactions or agreements** with the concerned banks.

## Contextual Update

- In **March 2025**, the RBI had also penalized:
  - **HSBC Bank**: ₹66.60 lakh
  - **IIFL Samasta Finance**: ₹33.10 lakh

## 7. Bhutan Launches World's First National Cryptocurrency Tourism Payment System

### Context

Bhutan has become the **first country globally** to launch a **national-level cryptocurrency payment system for tourism**, in partnership with **Binance Pay**, a subsidiary of Binance Holdings Ltd, and **DK Bank**, Bhutan's first fully digital bank.

### Key Features of the Crypto Tourism Payment System

- **Cashless Travel Experience**
  - Tourists can pay using **100+ cryptocurrencies**, including **Bitcoin (BTC)**, **Binance Coin (BNB)**, and **USD Coin (USDC)**
  - Payments accepted for:
    - Airline tickets
    - Tourist visas & SDF
    - Hotel bookings
    - Monument entry
    - Tour guides
    - Local shopping
- **QR Code-Based Transactions**
  - Utilizes **static and dynamic QR codes** for real-time payments
  - Eliminates need for card terminals or cash
- **Automatic Currency Conversion**
  - Crypto payments are **instantly converted to Bhutanese Ngultrum (BTN)**
  - Handled by **DK Bank**, ensuring stable payouts to merchants
- **Promotes Financial Inclusion**
  - Adopted by **100+ Bhutanese businesses**, including remote and rural vendors
  - Enables participation in the **\$3 trillion global cryptocurrency market**

### About Binance Pay

A crypto payment platform by **Binance Holdings Ltd**, the world's largest cryptocurrency exchange by trading volume, supporting secure, gas-free transfers and payments.

## Agriculture

### 1. Dvara Solutions – Kissandhan Agri Financial Services partnership

#### Strategic Partnership

- **Parties Involved**: Dvara Solutions and Kissandhan Agri Financial Services Pvt Ltd (an NBFC subsidiary of SLCM)
- **Objective**: To digitize and streamline Kissandhan's loan lifecycle using **Perdix**, Dvara's core lending technology platform



### Key Features of the Integration

- Adoption of Perdix's full stack:
  - **Loan Origination System (LOS)**
  - **Loan Management System (LMS)**
  - **Reports and Analytics**
  - **Co-lending Module**
- Perdix supports over ₹15,000 crore in AUM across 20+ institutions

### Expected Benefits for Kissandhan

- **Enhanced operational efficiency** and regulatory compliance
- **Faster and more customized loan disbursement** across various products like:
  - Micro Loan Against Property (Micro LAP)
  - Group Loans
  - Farmer Loans
  - Medium-Term Loans
- **Improved customer experience** and scalability in rural credit delivery

### Impact So Far (as of April 30, 2025)

- ₹3,263.99 crore in disbursed loans
- 7+ lakh farmers reached
- 37,185 women beneficiaries in agri and allied sectors

BL

#### FIVE TO REMEMBER · 13 MAY 2025

1. China's Commerce Ministry stated that **91% of tariffs will be cancelled**, with another **24% suspended for 90 days**. U.S.-China Agree to 90-Day Tariff Truce
2. E-waste generation rose **151.03%** from 2017-18 to 2023-24. E-Waste Management in India
3. **Regional Burden: Africa and the Eastern Mediterranean** are projected to account for **70% of the global nursing shortage by 2030**. WHO's State of the World's Nursing 2025
4. PSBs like **Punjab National Bank (PNB)** are using **conversational AI** to conduct 30-minute mock sessions. AI-Based Training in PSBs
5. **Section 47, RBI Act, 1934**: RBI must transfer surplus to the Central Government after risk provisions. RBI Surplus Transfer

**Now test yourself:** [c4scourses.in/daily-quiz/daily-quiz-13-may-2025/](https://c4scourses.in/daily-quiz/daily-quiz-13-may-2025/)

DAY 11 OF 24

**14 May 2025**

Wednesday · 26 items · 6 topics

International Affairs **1** · National Affairs **5** · Banking and Finance **11** · Economy **2** · Agriculture **2** · Facts To Remember **5****Daily Current Affairs Quiz**  
**14 May, 2025****International Affairs****1. IMF Disburses \$1 Billion to Pakistan Under Extended Fund Facility (EFF)****What is EFF?**

The **Extended Fund Facility** is an **IMF lending program** designed to assist countries facing **long-term balance of payments issues** stemming from **structural economic weaknesses**.

**Key Features of EFF**

- **Administered by:** International Monetary Fund (IMF), a Bretton Woods institution
- **Nature of Loan:** Repayable (not financial aid or grant)
- **Tenure:** Extended (usually 3+ years) with **longer repayment timelines**
- **Objective:** Supports **medium-term structural reforms**, such as:
  - Tax system overhaul
  - Inflation control
  - Fiscal deficit reduction
- **Disbursement:** In **phases (tranches)** based on **IMF policy review** of reform progress

**Eligibility Criteria**

- Persistent **current account deficits** or **external payment imbalances**
- Deep-seated **issues in governance**, public finances, tax administration, or investment climate
- Strong **commitment to IMF-monitored economic reforms**

**EFF Loan Approval Process**

1. **Request:** Borrowing country formally seeks IMF assistance
2. **Staff-Level Agreement:** Negotiation of proposed reform measures and targets
3. **Executive Board Approval:** IMF reviews and clears the reform agenda and macroeconomic framework
4. **Tranche Disbursement:** Funds released in phases, linked to reform milestones

**Context in Pakistan's Case (May 2025):**

- The **IMF Executive Board approved a \$1 billion immediate disbursement**
- The funds support Pakistan's efforts to stabilize the economy amid fiscal imbalances and structural challenges
- Reforms target areas like tax collection, energy pricing, fiscal deficit control, and inflation containment

## National Affairs

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### 1. India's Proposed Repairability Index

#### Context

The Department of Consumer Affairs (DoCA) has received a committee report recommending a **Repairability Index (RI)** for **mobile phones and electronic appliances in India**. This framework seeks to promote **transparency, sustainability, and consumer rights by scoring products** on how easily they can be repaired.

#### What Is the Repairability Index (RI)?

- **Purpose:**

The RI will assign **a score to products** based on ease of repair using criteria such as:

- Availability and cost of spare parts
- Access to software updates
- Availability of repair information
- Overall repair costs

- **Goal:**

- Encourage consumers to make informed choices and incentivize **manufacturers to produce repair-friendly devices**.

TH

### 2. EPIC (Elector Photo Identity Card) Numbers

#### Context

The **Election Commission of India (ECI)** has addressed and resolved the issue of **duplicate EPIC (Elector Photo Identity Card) numbers**, a problem flagged by political leaders including West Bengal CM Mamata Banerjee. All affected voters have now been issued **fresh and unique EPICs**, reinforcing the credibility and integrity of the voter identification process.

#### What is the EPIC Number?

- A **10-digit alphanumeric code** assigned to each registered voter in India
- Used to **prevent impersonation and duplication**
- Acts as a **unique identifier** for each elector

#### Nature of the Duplication Problem

- Allegations arose that **multiple voters shared the same EPIC number**

#### Resolution Process

- **Action Taken:**

- All such voters have been issued **new and unique EPIC numbers**
- Field-level verifications confirmed **no impersonation or fraud**

#### Key Implications

- **Electoral Integrity:** The issue was procedural and **did not affect voting rights or results**
- **Database Clean-Up:** Reflects a **major back-end data audit** across constituencies
- **Political Sensitivity:** Highlights the growing focus on **voter list transparency and accountability**

### 3. DigiYatra

#### Context

**DigiYatra** is India's **national digital traveller identity platform**, offering **biometric-based, paperless boarding** at airports. It is the **world's first federated, voluntary, and privacy-preserving system** for digital passenger identity. As of **May 2025**, it is operational at **13 Indian airports**, with plans to cover **50+ airports by 2026**.

#### Digi Yatra: Seamless Contactless Travel Using Facial Recognition Technology (FRT)

##### Overview:

- **Digi Yatra** is a digital initiative aimed at ensuring **contactless and paperless travel** for passengers using **Facial Recognition Technology (FRT)**.
- It enables passengers to move through airport checkpoints by verifying identity linked with their **boarding pass** using **facial biometrics**.

##### Key Features of DigiYatra

- **Consent-based Biometric Verification:** Facial recognition is used for identity verification at entry, security, and boarding gates.
- **Decentralized and Privacy-First:**
  - Biometric data is stored only on the user's device.
  - No central storage of personal data.
  - Data is purged within 24 hours of travel.
- **Federated Architecture:** Connects **airlines, airports, and passengers** in a unified digital ecosystem.

##### Institutional Framework

- Managed by **DigiYatra Foundation**, a **Section 8 not-for-profit entity** owned by major airport operators:
  - Airports Authority of India
  - GMR, Adani, BIAL, etc.
- Oversight by the **Ministry of Civil Aviation**, ensuring public trust and interoperability.

##### Implementation Timeline

- **Phase 1:**
  - Launched at **Varanasi** and **Bengaluru** Airports in **August 2022**.
- **Further Expansion:**
  - Rolled out at **Pune, Vijayawada, Kolkata, Delhi**, and **Hyderabad** by **March 2023**.
  - AAI to continue phased rollout across more Indian airports.

##### Objectives of Digi Yatra

- Simplify and enhance the **passenger travel experience**.
- Optimize infrastructure use through a **digital framework**.
- Reduce **operational costs** and increase **security standards**.
- Digitize manual processes to improve **efficiency** and **system performance**.
- Enable a secure, verifiable **Digital ID** using Aadhaar or other government-issued identity proofs.

BS

### 4. PM SHRI (Pradhan Mantri Schools for Rising India) Scheme

#### Context

The Kerala government on Tuesday announced it will pursue a legal course, **along with protests on ground, to recover over Rs 1,500 crore allegedly withheld by the Centre**. The funds, linked to centrally sponsored schemes, have reportedly been held back after Kerala refused to sign the **PM SHRI scheme memorandum**.

### PM-SHRI Scheme: Transforming Schools into Models of NEP 2020 Implementation

#### Overview

- **PM SHRI (Pradhan Mantri Schools for Rising India)** is a **centrally sponsored scheme**, launched in **2022**.
- It aims to **develop over 14,500 model schools** across India to demonstrate best practices from the **National Education Policy (NEP) 2020**.
- The scheme focuses on **revamping existing government schools**, not creating new ones.

#### Objective

- To foster an **inclusive, safe, and modern learning environment**.
- Enhance **student well-being**, promote **holistic development**, and ensure **access to quality infrastructure** and resources.

#### Funding Pattern

- **General States/UTs with legislatures**: 60:40 (Centre:State).
- **North Eastern & Himalayan States, UT of J&K**: 90:10.
- **UTs without legislature**: 100% Central Government funding.
- States/UTs must sign an **MoU with the Ministry of Education** to participate.

#### Duration

- The scheme will run from **2022–23 to 2026–27**.
- Post-2027, **maintenance of standards** becomes the responsibility of respective **States/UTs**.

#### Key Features of PM SHRI Schools

- **Holistic Education** focusing on communication, collaboration, creativity, and critical thinking.
- **Modern infrastructure** including:
  - Smart Classrooms
  - Integrated Science Labs
  - ICT-enabled libraries
  - Vocational/Skill Labs & Atal Tinkering Labs
- **Green Practices**: Emphasis on water conservation, waste recycling, and energy-efficient practices.
- **Competency-Based Education** with focus on real-life application through **experiential and inquiry-based learning**.
- Emphasis on **inclusive education** with support for **diverse learning needs**.

#### Eligible Schools

- Government schools under **Centre/State/UT/local bodies**.
- Includes all **Kendriya Vidyalayas (KVs)** and **Jawahar Navodaya Vidyalayas (JNVs)** that meet infrastructure norms and operate from permanent campuses.

#### Selection Process (Challenge Mode)

1. **Stage 1**: State/UT signs **MoU** with Centre.
2. **Stage 2**: Schools shortlisted using **UDISE+ data**.
3. **Stage 3**: Eligible schools compete by meeting pre-defined quality criteria.

- Final selection by an **Expert Committee** chaired by the **Secretary, Department of School Education & Literacy**.

### Monitoring Mechanism

- **School Quality Assessment Framework (SQAF)** will be used to:
  - Monitor performance.
  - Ensure institutional excellence.
  - Conduct periodic evaluations to uphold **educational benchmarks**.

## 5. India Identifies Priority Corridors for Zero-Emission Trucking (ZET)

### What is Zero-Emission Trucking (ZET)?

Zero-Emission Trucking refers to freight transport using **battery electric** or **hydrogen fuel cell trucks** that produce **no tailpipe emissions**, unlike traditional diesel-powered vehicles.

### Key Features of ZET

- Powered by **clean energy**: electricity or green hydrogen
- Equipped with **high-capacity batteries or fuel cells**
- Backed by **charging/refueling infrastructure** and **smart logistics systems**
- Offers **lower maintenance costs** and **longer vehicle lifespan**

### Significance of ZET in India

1. **Environmental Impact:**
  - Trucks contribute to **~40% of fuel consumption and transport-related emissions**
  - ZET adoption will drastically **reduce carbon and particulate pollution**
2. **Health & Air Quality:**
  - Lowers PM2.5 and NOx pollution in **urban-industrial corridors**
  - Improves public health outcomes in densely populated regions
3. **Energy Security:**
  - Cuts India's **diesel import dependency**
  - Shifts toward **domestically produced electricity and green hydrogen**
4. **Economic & Industrial Benefits:**
  - Enhances **logistics efficiency and fleet productivity**
  - Supports **future-ready infrastructure and industrial competitiveness**
5. **Policy Alignment:**
  - Complements central schemes like:
    - **PM E-DRIVE** (₹500 crore initiative for EV ecosystem)
    - **Atmanirbhar Bharat** (Self-reliant India Mission)

## Banking and Finance

### 1. Fitch Upgrades Shriram Finance to 'BB+'

#### Context

Fitch Ratings **upgraded Shriram Finance Ltd.'s (SFL)** Long-Term Foreign- and Local-Currency Issuer Default Ratings (IDRs) from **'BB' to 'BB+'**, with a **'Stable' outlook**, reflecting the company's consistent improvements across key operational and financial parameters.

## Key Drivers of the Upgrade

- **Funding Diversity**
- **Risk Management**
- **Portfolio Quality**
- **Profitability**

## Ratings Details

- **New Ratings:**
  - Long-Term Foreign-Currency IDR: **'BB+' (Stable)**
  - Long-Term Local-Currency IDR: **'BB+' (Stable)**
- The upgrade moves SFL one notch closer to **investment grade**, though it remains in the **speculative category**.

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## 2. Challenges Faced by Indian MSMEs: SIDBI Report

### Context

A new report by the **Small Industries Development Bank of India (SIDBI)**, titled *"Understanding the Indian MSME Sector: Progress and Challenges"*, reveals that **access to timely credit** and **shortage of skilled manpower** are among the most pressing challenges faced by **MSMEs**. The study is based on a survey of **2,000 MSMEs across 19 sectors**.

### Key Highlights:

#### Credit Access: A Persistent Bottleneck

- Despite multiple government schemes, MSMEs still face a **24% credit gap**, equivalent to about **₹30 lakh crore**.
- **Micro enterprises** are most dependent on informal borrowing (12%), compared to **3% for small enterprises** and **2% for the overall MSME sector**.
- The **services sector** faces a higher credit gap (27%).
- **Women-led MSMEs** experience the most acute shortfall, with a **35% credit gap**.

#### Digital Finance Adoption

- **90% of MSMEs** accept digital payments, showing strong digital integration for transactions.
- **18% of MSMEs** have adopted **digital lending platforms**.
- The report highlights potential for **wider digital credit access** through tools like **UPI**, especially when combined with financial literacy support.

#### Workforce Challenges

- **25% of MSMEs** cite **shortage of skilled manpower** as a major operational hurdle.
- The skills gap is particularly problematic in technologically driven sectors and labor-intensive manufacturing.

#### Policy Recommendations

- **Targeted financial inclusion policies** are needed for **services and women-led enterprises**.
- Focus on **scaling digital lending ecosystems** integrated with UPI and public credit registries.
- Investment in **skilling programs**, especially for micro enterprises and underrepresented regions, to bridge the manpower deficit.

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### 3. Treasury Bills (T-Bills): A Key Short-Term Government Instrument

#### Context

India has extended its financial support to the Maldives by rolling over a **\$50 million Treasury Bill**, continuing a practice that began in 2019. The move comes amid the island nation's struggle with **high public debt**, a **widening fiscal deficit**, and **billion-dollar debt servicing commitments** in 2025 and 2026.

#### Currency Swap Support

- In 2023, the **Reserve Bank of India (RBI)** provided a **\$400 million USD swap** and **₹30 billion INR swap** to ease a financial crunch in the Maldives.
- These facilities helped maintain **foreign exchange liquidity** and avert balance-of-payment pressures.

### Treasury Bills (T-Bills): A Key Short-Term Government Instrument

#### What are Treasury Bills?

- Treasury Bills (T-Bills) are **short-term money market instruments** issued by the **Government of India**.
- They serve as **promissory notes** with **guaranteed repayment** on maturity.
- T-Bills are issued at a **discount to face value** and carry **no coupon (zero interest rate)**.

#### Purpose of Issuance:

- To **meet short-term funding requirements** of the central government.
- To **bridge fiscal deficits** and manage **temporary cash flow mismatches**.
- Utilized by **RBI under Open Market Operations (OMO)** to regulate money supply and inflation.

#### Key Features:

- **Zero-Coupon Security:** Issued at a discount, redeemed at face value.
- **Tenure:** Maximum maturity of **364 days**.
- **Risk-Free Instrument:** Backed by the Government of India; highly secure.
- **Tradability:** Actively traded in the secondary market.
- **High Liquidity:** Suitable for short-term investment and fund parking.

#### How Investors Benefit:

- Profit arises from the **difference between issue price and face value**.
  - Example: A 91-day T-Bill with a face value of ₹120 may be bought at ₹118.40. On maturity, the investor receives ₹120, making a **profit of ₹1.60**.

#### Monetary Policy Tool – RBI's Use of T-Bills:

- **During Inflation (Boom Periods):**
  - RBI issues more T-Bills to **absorb excess liquidity**.
  - Helps **curb inflationary pressures** by reducing money supply and demand.
- **During Recession (Slowdown Periods):**
  - RBI reduces issuance or lowers discounts to **discourage T-Bill investments**.
  - Encourages liquidity to move to **stock markets and productive sectors**, enhancing **GDP and employment**.

#### Types of Treasury Bills in India (Based on Tenure):

1. **91-day T-Bill** – Most frequently traded; short-term liquidity solution.
2. **182-day T-Bill** – Medium-duration T-Bill for moderate-term investments.
3. **364-day T-Bill** – Longest tenure under T-Bills; used by institutional investors for near one-year parking of funds.

## Who Can Invest?

- Individuals
- Banks
- Corporates
- Mutual Funds
- Insurance Companies
- Foreign Portfolio Investors (FPIs)

## Advantages of Treasury Bills (T-Bills)

### 1. Government-Backed Security:

- T-Bills are backed by the **Government of India**, offering **high credit safety** and zero default risk.
- Even during economic crises, repayment is assured, making them ideal for risk-averse investors.

### 2. Short-Term Investment with Predictable Returns:

- T-Bills offer **fixed returns** over short durations (up to **364 days**).
- Suitable for individuals seeking **secure, short-term capital appreciation**.

### 3. High Liquidity and Tradability:

- Treasury bills can be **easily sold in the secondary market**, offering liquidity in emergencies.
- Investors can convert holdings into cash before maturity.

### 4. Access for Small Investors:

- Retail investors can participate through **non-competitive bidding** in weekly RBI auctions.
- No need to quote yield or price, promoting **financial inclusion and market exposure** for new investors.

### 5. No TDS on Redemption:

- **No tax deducted at source (TDS)** at maturity.
- Beneficial for those in **non-taxable income brackets**, as there's no need to claim TDS refunds.

## Limitations of Treasury Bills:

### 1. Low Returns Compared to Market Instruments:

- As **zero-coupon securities**, T-Bills offer **fixed and relatively lower returns** than stocks or mutual funds.
- Returns remain unaffected by favorable economic conditions or market upswings.

### 2. Limited Capital Growth:

- The **return potential is capped**, unlike equity instruments that may yield exponential gains during bull runs.

### 3. Interest Rate Risk (for Secondary Market Investors):

- If sold before maturity, T-Bill prices may fluctuate with **interest rate movements**, potentially affecting gains.

## Taxation of Treasury Bills:

### • Short-Term Capital Gains (STCG):

- Gains from T-Bills are considered **STCG**, taxed as per the **investor's income tax slab**.
- Applies if the investor sells before maturity or redeems within one year.

### • No TDS Deduction:

- **No TDS is deducted at source**, reducing compliance burden.
- Investors in lower tax brackets avoid unnecessary deductions and refund claims.

## 4. Payment Aggregator

### Context

Prosus-backed fintech firm **PayU Payments Pvt. Ltd.** has received **final authorisation from the Reserve Bank of India (RBI)** to function as an **online payment aggregator**, marking a major regulatory milestone after over a year since securing in-principle approval.

### Key Highlights

- **Final RBI Nod:** PayU is now officially authorised under the **Payment and Settlement Systems Act, 2007**.
- **Industry Status:** Joins over **50 RBI-approved payment aggregators**, including **Razorpay, BillDesk, Cashfree Payments, and CCAvenue**.

### What is a Payment Aggregator?

A **Payment Aggregator (PA)** is a third-party service provider that enables merchants to **accept digital payments** through multiple methods such as **UPI, credit/debit cards, e-wallets, bank transfers, and EMIs**. They are licensed by the **Reserve Bank of India (RBI)** and manage the entire payment process on behalf of merchants via a **nodal account**.

### How Payment Aggregators Work: A Step-by-Step Process

1. **Merchant Onboarding**
  - Merchants register with a PA who opens a sub-account (linked to the PA's nodal account).
2. **Customer Payment Initiation**
  - The customer selects a payment method and enters details at checkout.
  - Payment data is **tokenized and encrypted**.
3. **Transaction Processing**
  - PA forwards the request to the customer's issuing bank via card networks or UPI rails.
  - Fraud checks are performed by card networks and the PA.
4. **Bank Verification**
  - Customer's bank verifies fund availability and authenticity.
5. **Approval/Denial**
  - Response is routed back through the same channel to the PA and merchant.
6. **Fund Collection**
  - Upon approval, funds are moved to the PA's **nodal account**.
7. **Settlement**
  - PA settles funds to the merchant's account (daily, same-day, or instantly).

### Types of Payment Aggregators in India

1. **Bank Payment Aggregators**
  - Operated by banks (e.g., HDFC, ICICI)
  - Do **not require RBI registration**
  - Higher setup and integration costs
  - Less suited for small businesses
2. **Third-Party Payment Aggregators**
  - Non-banks like **Razorpay, Mobikwik, Airpay**
  - **Require RBI approval**
  - Easier integration, lower cost
  - Offer **analytics, sub-merchant onboarding, and APIs**

## Key Features & Benefits of Payment Aggregators

1. **Seamless Onboarding & Sub-Merchant Management**
  - Onboard multiple sub-merchants (e.g., AMCs, sellers) using APIs or dashboards.
2. **Secure Payment Infrastructure**
  - No sensitive data storage
  - PCI-DSS & ISO compliant
  - Card tokenization and encryption
3. **Fraud Detection & Compliance**
  - Use of **machine learning** to detect fraud patterns
  - Compliance with **RBI and PCI-DSS standards**
4. **Multiple Payment Options**
  - UPI, cards, NetBanking, BNPL, e-mandates, EMIs, wallets
5. **Fast Settlements**
  - Instant or same-day settlements
  - Useful during weekends, holidays
6. **Smooth Checkout Experience**
  - Reduces cart abandonment
  - Supports mobile-friendly and one-click payment flows
7. **Dedicated Customer Support**
  - 24x7 support for payment status, refunds, disputes, and technical queries

## Payment Aggregator vs Payment Gateway: Key Differences

| Parameter           | Payment Aggregator (PA)                           | Payment Gateway (PG)                                       |
|---------------------|---------------------------------------------------|------------------------------------------------------------|
| Function            | Handles <b>funds and settlements</b>              | Facilitates <b>data encryption and transaction routing</b> |
| License Requirement | Must be <b>RBI-authorized</b> (non-bank entities) | No RBI license needed                                      |
| MID Requirement     | PA provides its own <b>Merchant ID (MID)</b>      | Requires <b>merchant to have its own MID</b>               |
| Examples            | Razorpay, Mobikwik, Airpay                        | Razorpay, CC Avenue, PayU                                  |

## What is a Payment Aggregator License and How to Get One?

A **Payment Aggregator License** is issued by the **Reserve Bank of India (RBI)** to entities that facilitate online payments on behalf of businesses. These entities enable merchants to accept digital payments through various methods like cards, UPI, and net banking, without the need for a separate payment infrastructure.

### Eligibility Criteria:

To obtain this license, a firm must fulfill the following requirements:

- Maintain a **net worth of INR 15 crore by March 31, 2021**
- Maintain a **net worth of INR 25 crore by March 31, 2023**

### Application Requirements:

The application submitted to RBI must include:

- **Proof of financial stability**
- **Details of business experience** in handling payment processing
- **Technical capabilities** to securely manage transactions

## Compliance Obligations:

Payment aggregators are required to:

- Ensure **clear agreements** with merchants and customers
- Address **complaints, refunds, failed transactions**, and **dispute resolution** effectively

This license ensures that only qualified and responsible entities are permitted to handle digital payments in India, fostering **secure and efficient payment ecosystems**.

BS

## 5. Expression of Interest (EOI)

### Context

A consortium of banks led by Union Bank of India has received **17–18 expressions of interest (Eois)** for the sale of **₹728.58 crore in stressed loans** of **Sahara Hospitality Ltd**, which operates the Sahara Star Hotel in Mumbai.

### What is an Expression of Interest (EOI)?

An **Expression of Interest (EOI)** is a **non-binding document** that a **potential buyer shares with a seller** in the early stages of a **mergers and acquisitions (M&A)** process. It signals a **serious intent** from the buyer to acquire the seller's business, subject to due diligence and final agreement. While not legally binding, it lays the foundation for further negotiations and due diligence by outlining the proposed terms and expectations of the buyer.

### Key Concept of Expression of Interest (EOI)

- **Purchase Price**
  - States the **total consideration** the buyer is willing to pay on a **cash-free, debt-free basis**.
  - May include components for **ESOPs, bonuses, severance**.
  - Terms are **non-binding** and **subject to revision** based on further evaluations.
- **Valuation Methodology**
  - Includes the **basis for valuation** such as financial projections, historical data, and assumptions like:
    - Accuracy of seller's financials
    - Fully funded retirement benefits
    - Normal working capital
    - Seamless transfer of contracts without extra payments
- **Due Diligence**
  - Requests access to conduct due diligence across **finance, legal, HR, technology, facilities**, and more.
  - Ensures the buyer is fully informed before proceeding to a definitive agreement.
- **Transaction Structure**
  - Clarifies whether the buyer seeks a **full acquisition** or a **carve-out**.
  - Describes **assets, liabilities**, and **earn-out arrangements**.
  - Explains **funding method**: internal reserves or bank financing.
- **Management Retention Plan**
  - Outlines intentions for **retaining key senior management** and proposed incentives.
- **Transition and Support Services**
  - Requests **post-transaction support** from the seller for a specified time without additional cost beyond the purchase price.
- **Approvals Required**

- Notes that deal closure is **subject to buyer's board approval**, aligning timelines accordingly.
- **Conduct of Business**
  - Asks the seller to continue operations in the **normal course** and to **notify any major changes** that could affect valuation or terms.
- **Transaction Expenses**
  - Specifies that each party will bear their **own costs** related to legal, financial, and due diligence processes.
- **Confidentiality**
  - Prohibits sharing of buyer's identity or deal details without written consent.
  - Disclosure allowed only post-signing of **definitive agreements**.
- **Non-Binding Nature**
  - Clarifies the EOI is **not legally binding**.
  - No party can claim damages or force the other to proceed with the deal based on the EOI.

## 6. Public Sector Banks Launch Special Deposit Products to Boost Resource Mobilisation

### Context

With deposit growth slowing to **10.3% in FY25** from **13.5% in FY24**, state-run banks are launching innovative deposit schemes to attract customers. Most **public sector banks (PSBs)** are targeting a **9–11% deposit growth** for FY25.

#### Union Bank of India: Special Term Deposit with Health Cover

- **Scheme:** Special 375-day fixed deposit
- **Interest Rate:** **6.75% per annum**
- **Eligibility:** Minimum deposit of ₹10 lakh, maximum ₹3 crore
- **Unique Feature:** Includes a **375-day Super Top-up Health Insurance cover:**
  - **Coverage:** ₹5 lakh
  - **Facility:** Cashless hospitalisation
- **Objective:** Combine financial returns with healthcare benefits to appeal to high-value depositors

#### Canara Bank: Launch of Canara TruEdge (CASA Product)

- **Product Type:** Current Account and Savings Account (CASA) combo
- **Target Group:** Customers requiring tailored financial and operational solutions
- **Features:**
  - **Customer Segmentation:** Personalised account management
  - **Flexible Benefit System:**
    - Waivers and concessions on charges
    - Benefits linked to **Monthly Average Balance (MAB)** of the previous month
- **Objective:** Deepen customer relationships through customisation and retention-focused incentives

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## 7. SEBI Proposes Relaxed Norms for FPIs Investing Only in Indian Government Bonds

### Context

The **Securities and Exchange Board of India (SEBI)** has proposed a new framework to **ease regulatory requirements** for **Foreign Portfolio Investors (FPIs)** investing **exclusively in Indian government bonds**.

- The move follows India's upcoming inclusion in **major global bond indices**, including:

- **JP Morgan Global Emerging Markets Bond Index**
- **Bloomberg EM Local Currency Government Index**
- **FTSE Russell EM Government Bond Index** (effective **September 2025**)

### Key Proposals

- **Creation of a New Category: IGBFPI**
  - FPIs investing only through the **Voluntary Retention Route (VRR)** and **Fully Accessible Route (FAR)** will be classified as **Indian Government Bond FPIs (IGBFPIs)**.
  - This classification will be assigned at the time of **registration** or **transition by existing FPIs**.
- **Transition Guidelines for Existing FPIs**
  - Existing FPIs can **opt-in as IGBFPI** by:
    - Declaring their intent.
    - **Divesting non-eligible holdings** (i.e., securities other than permitted government bonds).
    - **Closing related demat and trading accounts**.
- **Relaxed Ownership Restrictions**
  - Current FPI rules **cap NRI/OCI/RI investment** at:
    - 25% individually
    - 50% collectively of FPI corpus.
  - Under the new proposal:
    - **NRIs and OCIs can control IGBFPIs with no cap**.
    - **Resident Indians (RIs)** may still face certain **restrictions**, which will remain.
- **Purpose and Benefit**
  - Aims to **attract passive foreign inflows** by simplifying compliance.
  - Helps **align regulatory framework** with India's **increasing global bond market integration**.
  - Supports smoother execution for funds benchmarking global indices.

### Implications for the Market

- These changes could enhance **foreign participation in government securities**, improving **liquidity** and **depth in the bond market**.
- It strengthens India's positioning as a **trusted sovereign debt market** in the **emerging market investment universe**.

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## 8. Liquid Exchange-Traded Funds (ETFs)

### Context

Brokers are increasingly guiding clients to **liquid exchange-traded funds (ETFs)** as a solution for managing **idle cash**. Liquid ETFs allow brokers to **retain funds** within their platforms, bypassing regulatory requirements that mandate transferring **unutilized funds** back to clients' bank accounts at month-end. As of the latest figures, **assets under management (AUM)** in liquid ETFs have **increased by 31%** over the past year, growing from **₹17,200 crore to ₹23,550 crore**.

### What Are Liquid ETFs?

Liquid Exchange-Traded Funds (ETFs) are short-term debt instruments designed to invest in low-risk assets like **money market instruments** and **overnight securities**. These funds typically have a **1-day maturity** and are traded on stock exchanges such as **NSE** and **BSE**, providing easy access and high liquidity for investors. Dividends from liquid ETFs are **calculated daily** and **reinvested** into additional units, credited to the **demat account** every 30 days.



### Who Can Invest in Liquid ETFs?

Liquid ETFs are ideal for:

- Investors looking for a **secure** way to park unused funds temporarily.
- Those seeking **consistent daily returns** without committing funds for a long time.

### Advantages of Liquid ETFs

- **Earn Better Returns:** Liquid ETFs ensure that funds earn returns immediately after settlement, unlike idle funds in a margin account or savings account.
- **High Liquidity:** Easy to buy and sell, ensuring quick access to funds when needed.
- **Transparency:** Daily updates on portfolio holdings, providing clarity on assets and strategies.
- **Convenient Transactions:** No need for frequent fund transfers between trading and bank accounts.
- **No Securities Transaction Tax (STT):** Liquid ETFs are exempt from STT, reducing the cost of investment.
- **Low Expense Ratio:** Expense ratios for liquid ETFs are generally lower compared to mutual funds.

### Disadvantages of Liquid ETFs

- **Market Risks:** Subject to market fluctuations, which may impact value despite aiming for stability.
- **Lack of Control Over Holdings:** Investors don't have control over individual securities within the ETF's portfolio.

### Taxation on Liquid ETFs in India

- **Short-Term Capital Gains (STCG):** If sold within 1 year of purchase, gains are taxed as short-term capital gains.
- **Long-Term Capital Gains (LTCG):** If sold after 1 year, gains are taxed at **12.5%** (with the initial ₹1.25 lakh of profits exempted per financial year).

### Factors to Consider When Investing in Liquid ETFs

- **Investment Objective:** Ideal for managing **short-term liquidity** or parking surplus funds temporarily.
- **Time Horizon:** Best suited for investors with a **short-term investment horizon** (days to months).
- **Risk Tolerance:** Liquid ETFs are low-risk but still subject to market fluctuations.
- **Credit Quality:** Ensure the ETF invests in high **credit quality instruments** to reduce default risk.

| Parameter               | Liquid Funds                                          | Liquid ETFs                                                 |
|-------------------------|-------------------------------------------------------|-------------------------------------------------------------|
| <b>Liquidity</b>        | T+1 redemption; some offer instant access             | Intraday trading possible; real-time liquidity on exchanges |
| <b>Suitability</b>      | Beginners, traditional investors                      | Market-savvy investors with trading/demat accounts          |
| <b>Transaction Cost</b> | No brokerage; possible exit loads for early exit      | Brokerage fees apply for buy/sell transactions              |
| <b>Expense Ratio</b>    | Slightly higher than ETFs                             | Lower expense ratio; more cost-efficient                    |
| <b>Accessibility</b>    | Available through banks, AMCs, MF platforms           | Requires a <b>demat</b> and <b>trading account</b>          |
| <b>Customisation</b>    | More fund options tailored to risk profiles           | Limited ETF choices in market                               |
| <b>Taxation</b>         | <1 yr: taxed as per slab; >1 yr: LTCG with indexation | <1 yr: STCG; >1 yr: LTCG like equity investments            |

## 9. Qatar National Bank Becomes First MEA-Based Bank to Open Branch in India's GIFT City

### Context

Qatar National Bank (QNB), the largest financial institution in the Middle East and Africa (MEA), has

inaugurated a new branch in **Gujarat International Finance Tec-City (GIFT City)**, making it the first MEA-based bank to do so.

- **Significance for India:** The move underscores India's growing prominence as a global economic and manufacturing hub. GIFT City is positioned as a gateway for international financial services, attracting global institutions.
- **Services Offered:** The QNB GIFT City branch will offer:
  - Credit facilities
  - Foreign currency financing
  - Trade finance solutions
  - Wholesale banking services for Indian corporates and global clients
- **India's Long-Term Appeal:** QNB sees India as a long-term opportunity for its wholesale banking operations, leveraging India's stable economic fundamentals and its own global reach.

#### Implications:

- **Strengthened Indo-MEA Financial Ties:** QNB's entry is expected to enhance cross-border banking cooperation and open new avenues for trade and investment flows between India and the MEA region.
- **Boost for GIFT City:** The development adds further credibility to GIFT City's role as a thriving international financial centre and an attractive base for global banking institutions.

## 10. RBI Makes Reporting of Digital Lending Apps Mandatory from May 13, 2025

### Context

The **Reserve Bank of India (RBI)** has issued new compliance guidelines under the **Reserve Bank of India (Digital Lending) Directions, 2025**. These reforms aim to **regulate digital lending platforms, enhance borrower protection, and ensure transparent and ethical lending practices**.

### Objective

#### To clean up the digital lending ecosystem by:

- Enforcing uniform regulatory standards
- Protecting borrowers from hidden charges and unethical practices
- Promoting transparency and accountability in the sector

### Key Highlights

- **Mandatory Reporting via CIMS Portal:**
  - All Regulated Entities (REs) must upload details of their *Digital Lending Apps (DLAs)* on the RBI's Centralised Information Management System (CIMS).
  - **Portal Activation Date:** May 13, 2025
  - **Compliance Deadline for REs:** June 15, 2025
- **Public Directory of DLAs:**
  - **Launch Date:** July 1, 2025
  - RBI will host a live public directory on its website for consumers to verify DLAs linked to RBI-regulated lenders.
  - The directory will be **auto-updated** as REs add or delist apps.
- **Enhanced Transparency for Aggregators:**
  - Lending Service Providers (LSPs) must display **all loan offers** from multiple REs.
  - Offers must include even those not matched or selected, along with the lender names.
- **Stricter Vetting of Third Parties:**
  - REs must perform due diligence on third-party partners before engagement.

- Assessment criteria include **technical capability**, **data privacy compliance**, and **data storage security**.

#### Recent Context:

- In **March 2025**, the RBI conducted a **\$10 billion dollar-rupee buy-sell swap** on February 21 to inject longer-term rupee liquidity into the financial system.

#### Significance

- Empowers borrowers through better access to verified digital lenders
- Curbs misuse of fintech platforms for exploitative lending
- Reinforces trust in RBI-regulated digital finance infrastructure

## 11. LIC Launches WhatsApp-Based Premium Payment Facility for Policyholders

#### Context

Life Insurance Corporation of India (LIC), India's largest life insurer, has introduced a new **WhatsApp-based premium payment service**, enabling policyholders to pay premiums and access policy details through a chatbot interface.

#### Key Features of the Service

- Available to all **registered LIC customers**
- Access through a **WhatsApp bot** for a seamless, interactive experience
- Allows checking of **policy status** and **premium due dates**
- **Payment modes supported:** UPI, net banking, credit/debit cards
- Entire journey—from **policy identification to payment and receipt**—happens within WhatsApp
- Launched by **LIC Chairman & MD Siddhartha Mohanty** and senior officials

#### Significance

- Enhances customer **convenience and accessibility**
- Enables policyholders to pay **anytime, from anywhere**
- Supports LIC's broader digital transformation goals
- **Over 2.2 crore policyholders** are registered on LIC's digital platform, with **3+ lakh daily logins**

#### About LIC:

- **Founded:** 1 September 1956
- **Headquarters:** Mumbai, Maharashtra
- **Chairman:** Siddhartha Mohanty

## Economy

### 1. India's National Manufacturing Mission

#### Context

The **Union Government** has set up an **inter-ministerial panel** to draft a **National Manufacturing Mission**. The initiative aligns with the **Make in India** vision and aims to reinvigorate the **manufacturing sector**, which has historically contributed only **15–17% to GDP**, far below the 25% target.

#### Five Pillars of the Proposed Manufacturing Mission

1. **Ease and Cost of Doing Business:** Focus on reducing regulatory burdens and improving business environment.

2. **Future-Ready Workforce:** Skilling initiatives aligned with emerging manufacturing technologies.
3. **Revitalising MSMEs:** Addressing credit, technology, and compliance challenges for micro, small, and medium enterprises.
4. **Access to Advanced Technology:** Promoting adoption of cutting-edge tech and improving R&D capacity.
5. **Global Quality Standards:** Enhancing competitiveness by boosting quality and consistency in manufacturing output.

### Key Challenges Addressed

- **Underperformance of Past Initiatives:** Despite the **National Manufacturing Policy (2011)** and **Make in India (2014)**, the sector has struggled due to structural inefficiencies.
- **MSME Marginalisation:** Existing schemes like **PLI** favor capital-intensive industries, leaving **labour-intensive MSMEs** (e.g., apparel, furniture, toys) underserved.
- **Geographical Disparity:** High-value manufacturing is concentrated in states like **Tamil Nadu, Maharashtra, Gujarat, and Uttar Pradesh**, leading to regional imbalance.
- **Global Competitiveness Gaps:** Compared to countries like Vietnam, India lacks scale, standardisation, and export momentum.

### Opportunities for Structural Reform

- **Cleantech Manufacturing Push:**
  - Photovoltaic cells, electric vehicles, wind and grid battery components are key sectors.
  - Supports both **climate goals** and **reduction in import dependency**.
- **Cluster-Based Industrial Development:**
  - Could help build scale, integrate supply chains, and improve logistics.
- **Improved Physical and Trade Infrastructure:**
  - Calls for **low tariffs on input goods**, **efficient logistics**, and **investor-friendly regulations**.

BS

## 2. Sectors of Economy

### What Is a Sector?

A **sector** is a broad category that groups businesses and industries that engage in similar or related activities within the economy. Dividing the economy into sectors allows economists to analyze economic activities and trends, helping identify which sectors are expanding or contracting.

### Key Sectors in the Economy

#### Four Main Economic Sectors

1. **Primary:** Resource extraction and agriculture.
  2. **Secondary:** Manufacturing and construction.
  3. **Tertiary:** Service industries.
  4. **Quaternary:** Knowledge-based activities (R&D, IT, education).
- **Primary Sector**
    - Involves the extraction and harvesting of natural resources from the Earth.
    - Activities include:
      - **Mining**
      - **Agriculture**
      - **Fishing**

- **Forestry**
- **Hunting**
- Common in **emerging economies**, where a significant portion of employment is concentrated in resource extraction.
- **Secondary Sector**
  - Focuses on the processing, manufacturing, and construction industries that transform raw materials into finished goods.
  - Activities include:
    - **Automobile production**
    - **Textile manufacturing**
    - **Chemical engineering**
    - **Shipbuilding**
    - **Energy utilities**
  - Represents the **industrial base** of developed nations.
- **Tertiary Sector**
  - Comprises service-based industries that provide services rather than goods.
  - Key areas include:
    - **Retail**
    - **Transportation and distribution**
    - **Banking and financial services**
    - **Healthcare**
    - **Insurance**
    - **Legal services**
  - This sector forms the backbone of **developed economies**, supporting the functioning of the primary and secondary sectors.
- **Quaternary Sector**
  - Encompasses knowledge-based activities that focus on intellectual pursuits and innovation.
  - Key activities include:
    - **Research and development (R&D)**
    - **Information technology**
    - **Education**
    - **Consulting services**
  - With the rise of technology and the knowledge economy, the **quaternary sector** has become increasingly significant.

### Economic Sectors vs. Investment Sectors

- **Economic sectors** categorize activities in an economy, such as extraction, manufacturing, or services.
- **Investment sectors** are more granular and are used in financial markets to group companies that have similar business activities, such as:
  - **Technology** (software, electronics)
  - **Energy** (oil, renewable energy)
  - **Healthcare** (pharmaceuticals, healthcare services)
  - **Financial services** (banks, insurance)

## Investment Sector Importance

Investment sectors help investors understand how specific groups of companies are performing, offering insights into market conditions and economic performance. **Sector-specific funds** and **ETFs** allow investors to target particular sectors for investment opportunities.

## Agriculture

### 1. India to Introduce Natural Farming Certification System (NFCS)

#### Overview of the Proposal

- The **Indian government** is planning to introduce a **Natural Farming Certification System (NFCS)** to boost **consumer trust** and **farmer income**.
- This initiative will benefit the **1.8 million farmers** practicing **natural farming** across **780,000 hectares** of land.
- The certification aims to provide **premium pricing** for **chemical and synthetic fertilizer-free products**, improving farmers' incomes.

#### Key Features of the NFCS

- **Voluntary Participation:** The system will be **non-binding**, meaning farmers can choose whether to participate.
- **Increased Market Access:** Certified natural farming products will likely be able to command higher prices, similar to organic farming.
- **Distinct from Organic Farming:** Unlike organic farming that uses natural inputs like compost and manure, **natural farming avoids all external inputs**, relying solely on **natural ecological processes**.

#### Targeted Regions and Support for Farmers

- **Key States:** **Punjab, Haryana, Madhya Pradesh, Uttarakhand, Jharkhand, West Bengal, Mizoram, Telangana**, and **Kerala** have been identified as major areas where natural farming is gaining traction.
- **Farmer-Led Movements:** Various **farmer-led movements** and **state governments** are supporting the adoption of natural farming in these regions.

#### Certification Process and Benefits

- **Certification Agencies:** State and union territory boards responsible for organic farming may also oversee **natural farming certification**.
- The NFCS will operate under the existing **Participatory Guarantee System (PGS-India)**, which already certifies organic products, with separate standards for natural farming.
- **Benefits for Farmers:** The certification will help farmers gain access to better markets and secure fair pricing for their products.
- **Consumer Confidence:** It will also enhance consumer confidence in the **quality and safety** of natural farming products.

#### Impact on Natural Farming

- The introduction of NFCS is expected to bring about **greater accountability** in natural farming practices.
- It is likely to influence **policy changes**, attract **government support**, and raise **consumer awareness** of natural farming products.

Mint

## 2. Kendu Leaves – “Green Gold of Odisha”

### Context

Gram Sabhas in Odisha’s Koraput District Seek Deregulation of Kendu Leaf Trade.

### Background

- **Location:** Eight Gram Sabhas in Boipariguda block, **Koraput district**, Odisha.
- **Action:** These communities have harvested over **4 lakh bundles of kendu leaves** during the **2025 season**.
- **Key Villages:** Kalatha Jodi, Kupuli Guda, Badali Beda, among others.

### Kendu Leaves – “Green Gold of Odisha”

- Known as **Tendu Leaf** in other regions, kendu leaves are essential **Non-Wood Forest Products (NWFPs)**.
- The leaves are primarily used for **bidi rolling** (local cigarettes) and have medicinal properties.
- **Key Producer States:** Odisha, Madhya Pradesh, Chhattisgarh, Jharkhand, Maharashtra, Gujarat, Andhra Pradesh.

### Legal Framework – Forest Rights Act (FRA), 2006:

- **FRA (2006):** Recognizes the rights of forest-dwelling communities to **collect, use, and sell minor forest produce (MFP)** like kendu leaves.
- **2012 FRA Amendment:**
  - Empowers communities to **process, store, transport, and sell MFP** without paying royalties or needing government approval.
  - **Transit Permits:** Must be issued by the **Community Forest Rights Management Committee (CFRMC)**, which has the authority under the FRA.

### Request for Deregulation

- The **Gram Sabhas** seek to **manage and sell kendu leaves independently** under FRA’s legal framework.
- The state government’s **Odisha Kendu Leaf (Control of Trade) Act** should not override the FRA, as the latter’s provisions have **legal supremacy**.

### Significance

- Kendu leaves are a crucial livelihood source for tribal communities in Odisha.
- Granting the **right to independently manage** the trade would improve their **economic autonomy** and **reduce government control**.

## Facts To Remember

### 1. Renesas India to Lead India’s First 3nm Chip Design Initiative

This milestone was declared during the inauguration of Renesas India’s new **R&D office in Noida**, with a **design centre in Bengaluru** also inaugurated virtually. **Renesas Electronics**, a Japanese semiconductor major, will become the **first company to design 3-nanometre (nm) chips end-to-end in India**, as announced by Union Electronics & IT Minister Ashwini Vaishnaw.

### 2. India’s retail inflation eases to a 6-year low of 3.16% in April

India’s retail inflation eased to 3.16 percent in April from 3.34 percent in March, driven by significant easing in food prices.



### 3. Khelo India Youth Games: Rajasthan cyclists dominate, push state to 2nd spot in medal tally

In the Khelo India Youth Games, players of Rajasthan today made a clean sweep in the events of the Cycling Time Trial category.

### 4. Cargo handled by India's major ports surges to record 855 million tonnes in FY25

India's major ports have registered remarkable growth in cargo handling in the last financial year. In a statement, the Ministry of Ports, Shipping and Waterways said that the country's ports handled 819 million tonnes of cargo in the financial year 2023-24, which increased to 855 million tonnes in FY 2024-25, marking an annual growth of 4.3 per cent.

### 5. India informs WTO of tariff plan to counter US duties on steel

India has proposed to impose retaliatory tariffs to counter US duties on Indian Steel and Aluminium. India has informed the World Trade Organisation (WTO) of its plans to impose such tariffs on select American goods.

#### FIVE TO REMEMBER · 14 MAY 2025

1. In 2023, the **Reserve Bank of India (RBI)** provided a **\$400 million USD swap** and **₹30 billion INR swap** to ease a financial crunch in the Maldives. *Treasury Bills (T-Bills): A Key Short-Term Gove...*
2. Launched at **Varanasi** and **Bengaluru** Airports in **August 2022**. *DigiYatra*
3. Maintain a **net worth of INR 15 crore by March 31, 2021** *Payment Aggregator*
4. **Action:** These communities have harvested over **4 lakh bundles of kendu leaves** during the **2025 season**. *Kendu Leaves – "Green Gold of Odisha"*
5. **PM SHRI (Pradhan Mantri Schools for Rising India)** is a **centrally sponsored scheme**, launched in **2022**. *PM SHRI (Pradhan Mantri Schools for Rising Indi...*

**Now test yourself:** [c4scourses.in/daily-quiz/daily-quiz-14-may-2025/](https://c4scourses.in/daily-quiz/daily-quiz-14-may-2025/)

DAY 12 OF 24

**15 May 2025**

Thursday · 27 items · 7 topics

International Affairs 1 · National Affairs 3 · Banking and Finance 8 · Economy 1 · Agriculture 2 · Science &amp; Tech 1 · Facts To Remember 11

**Daily Current Affairs Quiz**  
**15 May, 2025****International Affairs****1. India–U.S.–Pakistan Relations****Background**

- U.S. President claimed credit for mediating the **May 10 ceasefire** between India and Pakistan, claiming to have averted a potential "**nuclear conflict**".
- This is the **fifth time in five days** he has made this assertion.

**India's Official Position**

- **Ministry of External Affairs (MEA)** has **repeatedly rebutted** the U.S. claim:
  - Ceasefire was a **bilateral decision** between **Directors General of Military Operations (DGMO)** through the **hotline**.
  - Pakistan requested a halt to hostilities **3 days after Operation Sindoor** began.
  - India agreed **after strikes on Pakistani bases** shifted ground reality.
- MEA emphasized **no third-party mediation** in India–Pakistan issues.

**Key Concerns for India**

- U.S. President's claim **violates India's long-standing policy** against third-party intervention.
- His comparison of India and Pakistan and offer to mediate on **Kashmir** undermines India's stance on it being an **internal matter**.
- Allegations that the U.S. **threatened trade cuts** or offered **trade incentives** to force peace have been **categorically denied** by MEA.
- U.S. statements ignored **India's core concern: cross-border terrorism**.

**Geopolitical Implications**

- Trump's remarks risk **internationalising bilateral issues** and **equating India with Pakistan**. May reflect a **policy shift** in U.S. strategy or simply unpredictable diplomacy.
- Growing **China–Pakistan cooperation** could be influencing U.S. perceptions in the region.

TH

**National Affairs****1. Sample Registration System (SRS) Statistical Report 2021****Source:**Sample Registration System (SRS) Statistical Report 2021, released by the **Registrar General of India**

"Preparation is quiet. Results are loud."

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## Context

The annual crude birth rates (live births per 1,000 people in the population) for Tamil Nadu, Delhi and Kerala are declining at twice the rate of the national average, showed data from the **Sample Registration System (SRS) Statistical Report 2021**, released by the **Registrar General of India** last week.

### National-Level Trends

- **All-India Crude Birth Rate (CBR) in 2021: 19.3 per 1,000 population**
- **Average annual decline (2016–2021): 1.12%**

### Key Definitions

- **MMR (Maternal Mortality Ratio):** Maternal deaths per 100,000 live births
- **IMR (Infant Mortality Rate):** Infant deaths (<1 year) per 1,000 live births
- **NMR (Neonatal Mortality Rate):** Newborn deaths (<28 days) per 1,000 live births
- **U5MR (Under-Five Mortality Rate):** Deaths before age 5 per 1,000 live births
- **TFR (Total Fertility Rate):** Average number of children a woman would have
- **Sex Ratio at Birth:** Female births per 1,000 male births

### Progress Report (2014–2021)

- **MMR:** Reduced from **130** to **93** per 100,000 live births
- **IMR:** Dropped from **39** to **27** per 1,000 live births
- **NMR:** Declined from **26** to **19** per 1,000 live births
- **U5MR:** Decreased from **45** to **31** per 1,000 live births
- **TFR:** Declined to **2.0**, achieving replacement level fertility
- **Sex Ratio at Birth:** Improved from **899** to **913** females per 1,000 males

### Global Comparison (UN Reports 2023–24)

- **MMR:** India's reduction (1990–2023): **86%** vs Global: **48%**
- **U5MR:** India: **78%** decline vs Global: **61%**
- **NMR:** India: **70%** vs Global: **54%**
- **IMR:** India: **71%** vs Global: **58%**

### Government Interventions Behind the Gains

- **Ayushman Bharat Scheme:** Health coverage for vulnerable populations
- **Infrastructure Development:** Maternity waiting homes, SNCUs, MCH wings
- **Human Resource Strengthening:** Skilled birth attendants and midwives
- **Evidence-Based Care:** Antenatal corticosteroids, CPAP therapy for newborns
- **Digital Health Systems:** Real-time tracking and monitoring of maternal-child health
- **Equity Focus:** Free, quality services with zero tolerance for care denial

### SDG 2030 Alignment

- India is **on track to achieve** its Sustainable Development Goals related to maternal and child health, and has **outperformed global averages** in most mortality indicators.

### Fastest Declining Birth Rates (Annual % Decline)

| State/UT   | Annual Decline Rate (%) |
|------------|-------------------------|
| Tamil Nadu | 2.35%                   |
| Delhi      | 2.23%                   |
| Kerala     | 2.05%                   |

| State/UT         | Annual Decline Rate (%) |
|------------------|-------------------------|
| Telangana        | 1.67%                   |
| Karnataka        | 1.68%                   |
| Andhra Pradesh   | 1.26%                   |
| Maharashtra      | 1.57%                   |
| J&K              | 1.47%                   |
| Himachal Pradesh | 1.29%                   |
| Odisha           | 1.34%                   |
| Gujarat          | 1.24%                   |
| Haryana          | 1.21%                   |

- All southern States (TN, Kerala, AP, Telangana, Karnataka) showed faster-than-average decline.
- **Punjab** recorded a birth rate decline *nearly equal* to the national average.

#### States with Slowest Decline in Birth Rates

| State                 | Annual Decline Rate (%) |
|-----------------------|-------------------------|
| <b>Rajasthan</b>      | <b>0.48%</b>            |
| <b>Bihar</b>          | <b>0.86%</b>            |
| <b>Chhattisgarh</b>   | <b>0.98%</b>            |
| <b>Jharkhand</b>      | <b>0.98%</b>            |
| <b>Assam</b>          | <b>1.05%</b>            |
| <b>Madhya Pradesh</b> | <b>1.05%</b>            |
| <b>West Bengal</b>    | <b>1.08%</b>            |
| <b>Uttar Pradesh</b>  | <b>1.09%</b>            |

- **Uttarakhand**: The **only state** with a **rising birth rate** during this period.

#### Civil Registration System (CRS) 2021 Insights

- **States reporting increasing number of registered births:**
  - Bihar, Rajasthan, Uttar Pradesh, Uttarakhand, West Bengal
  - Arunachal Pradesh, Mizoram, Nagaland, Jammu & Kashmir, Ladakh, Lakshadweep

#### Fertility Indicators (SRS 2021)

- **TFR (Total Fertility Rate)**: Average children per woman across her reproductive span.
- **GRR (Gross Reproduction Rate)**: Average number of daughters born per woman who survive to reproductive age.
- **States with higher-than-national-average TFR and GRR:**
  - Bihar, Uttar Pradesh, Rajasthan, Madhya Pradesh

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## 2. Sustainable Transport Mission Added to India's Climate Agenda

### Context

The Government of India has decided to **add a new "Sustainable Transport" mission** under the **National Action Plan on Climate Change (NAPCC)** – the **first such inclusion in over a decade**.

## Scope of the Sustainable Transport Mission

- Will include **all transport modes**:
  - Roads
  - Railways
  - Ports
  - Shipping
  - Civil Aviation
- Aim: **Align with international standards** (where available) and **reduce emissions**, especially from **road transport**.

## Sectoral Emission Landscape

- **Transport contributes ~10%** of India's GHG emissions.
- **Road transport alone accounts for 87–90%** of emissions within the transport sector.
- Responsible for **~one-third of urban air pollution**.

## Key Challenges & Priorities

### 1. Lack of International Roadmap for Road Sector

- No **globally agreed net-zero roadmap** for roads.
- Government must frame a **domestic strategy** including:
  - **Bharat VII emission norms** (aligned with Euro VII)
  - **Alternative fuels and EV promotion**

### 2. Railway Freight Optimization

- **73% of freight traffic** moves by road.
- Shifting to railways requires fixing **structural inefficiencies** in the rail freight system.

### 3 Charging Infrastructure Deficit

- India has **1 public charging point per 135 EVs** vs. global average of 1 per 6–20 EVs.
- Target: **30% EV penetration by 2030**.
- Required infrastructure: **~3.9 million public charging stations** (from current 12,000).

## Power Source Paradox

- Most current charging stations are **fossil-fuel powered**, undermining EV benefits.
- **Solution**: Power EV charging with **renewable energy**.
- Adds **complexity and infrastructure demand**, but essential for **true emissions reduction**.

## 3. National Action Plan on Climate Change (NAPCC)

- **Launched**: In 2008 by the Prime Minister's Council on Climate Change
- **Objective**: To raise awareness and initiate coordinated actions among the public, government bodies, scientists, industries, and communities regarding the threat of climate change
- **Approach**: Long-term, integrated, and multi-pronged strategies aimed at sustainable development and climate resilience

## Eight National Missions under NAPCC

- **National Solar Mission**
  - Promotes the use of solar energy for power generation and other uses
- **National Mission for Enhanced Energy Efficiency**
  - Focuses on market-based mechanisms to improve energy efficiency

- **National Mission on Sustainable Habitat**
  - Emphasizes energy-efficient buildings, urban waste management, and sustainable transport
- **National Water Mission**
  - Aims at water conservation, equitable distribution, and sustainable management
- **National Mission for Sustaining the Himalayan Ecosystem**
  - Protects Himalayan glaciers and biodiversity
- **National Mission for a Green India**
  - Targets afforestation and ecosystem restoration
- **National Mission for Sustainable Agriculture**
  - Promotes climate-resilient agricultural practices
- **National Mission on Strategic Knowledge for Climate Change**
  - Enhances research and data-sharing on climate science and policy

### Salient Features of NAPCC

- **Inclusive Development**
  - Prioritizes the protection of poor and vulnerable populations through sustainable growth models
- **Ecological Sustainability**
  - Promotes qualitative changes in development strategies to preserve ecological balance
- **Technology Deployment**
  - Encourages accelerated use of technologies for climate adaptation and mitigation
- **Innovative Regulatory Mechanisms**
  - Supports both regulatory and voluntary measures to foster sustainable practices
- **Public-Private Partnership**
  - Ensures effective implementation by engaging civil society, local governments, and private sector stakeholders
- **International Collaboration**
  - Welcomes global cooperation under UNFCCC for funding, research, data sharing, and technology transfer, with a focus on equitable Intellectual Property Rights (IPR)

### Greenhouse Gases (GHGs)

- **Definition:** Gases that absorb and emit radiant energy in the thermal infrared range
- **Primary GHGs:**
  - Water vapor
  - Carbon dioxide (CO<sub>2</sub>)
  - Methane (CH<sub>4</sub>)
  - Nitrous oxide (N<sub>2</sub>O)
  - Ozone (O<sub>3</sub>)
- **Impact:**
  - Maintain Earth's temperature at an average of 15°C; without them, it would be -18°C
  - Cause the **Greenhouse Effect**, which warms the planet by trapping heat in the atmosphere

## Banking and Finance

### 1. Section 7 of the Insolvency and Bankruptcy Code (IBC)

#### Context

The Indian Renewable Energy Development Agency (IREDA), a government-owned financier, has filed an **insolvency petition under Section 7 of the Insolvency and Bankruptcy Code (IBC)** against **Gensol Engineering** over a **₹510 crore loan default**.

- **Legal Action:** Section 7 petition filed with the **National Company Law Tribunal (NCLT)**

### Section 7 of the Insolvency and Bankruptcy Code (IBC)

Section 7 of the Insolvency and Bankruptcy Code (IBC) **outlines the process for initiating a Corporate Insolvency Resolution Process (CIRP) by a financial creditor**. It allows a financial creditor, either individually or jointly with others, to file an application with the **Adjudicating Authority (NCLT)** when a **corporate debtor defaults on a financial debt**.

### Key Provisions of Section 7 IBC

- **Right to Initiate CIRP**
  - A financial creditor (individually or jointly with others) can file an application before the **Adjudicating Authority (NCLT)** upon occurrence of a *financial debt default* by a corporate debtor.
- **Application Requirements**
  - The application must be *complete* and include:
    - Proof of default (such as records from an information utility or bank statements)
    - Name of the proposed **Insolvency Resolution Professional (IRP)**
    - Detailed information about the financial creditor(s)
- **Default Threshold**
  - As per current provisions and interpretations (e.g., Cleartax, NCLT orders), a **minimum default of ₹1 crore** is required for the application to be admitted under Section 7.
- **Role of the Adjudicating Authority (NCLT)**
  - The NCLT is required to:
    - **Ascertain the existence of debt and default**
    - Admit or reject the application within 14 days (subject to completeness of documents)
- **Grounds for Rejection**
  - The NCLT may reject the application if:
    - The corporate debtor proves it is a *viable going concern*
    - Initiating CIRP is not deemed in the *best interest of all stakeholders*
    - The application lacks required documentation or fails to meet threshold requirements

### Significance of Section 7 IBC

- Empowers financial institutions to recover dues through a structured legal framework
- Ensures early resolution of insolvency and protects creditors' rights
- Prevents prolonged defaults by enabling time-bound resolution

## 2. Market Capitalization

### Context

Investor sentiment is shifting away from **small cap and mid cap (SMID) funds** towards **largecap-oriented** schemes, particularly **flexicap funds**, amid ongoing market volatility and correction in the SMID space.

### Understanding Market Capitalization

- **Market Capitalization** refers to the total market value of a company's outstanding shares.
- **Formula:**



- **Market Capitalization = Total Outstanding Shares × Current Market Price per Share**
- It reflects a company's market worth and is used to categorize companies into **Large-cap**, **Mid-cap**, and **Small-cap**.

### SEBI's Classification of Market Capitalization (2017 Guidelines)

| Category         | Market Cap Range                | Ranking by Market Cap    |
|------------------|---------------------------------|--------------------------|
| <b>Large-cap</b> | ₹20,000 crores and above        | Top 1 to 100 companies   |
| <b>Mid-cap</b>   | ₹5,000 crores to ₹20,000 crores | 101st to 250th companies |
| <b>Small-cap</b> | Below ₹5,000 crores             | 251st company onwards    |

#### Large-Cap Companies

- Comprise the top 100 companies listed by market capitalization
- Known as **blue-chip stocks**
- Features:
  - Strong market presence and track record
  - Stable with lower risk
  - Commonly included in major indices like **Nifty 50**
- Mutual Funds: **Large-cap funds**

#### Mid-Cap Companies

- Ranked from 101 to 250 in terms of market capitalization
- Features:
  - Moderate risk and returns
  - Growth-oriented with decent performance history
  - May not be part of major indices
- Mutual Funds: **Mid-cap funds**

#### Small-Cap Companies

- Ranked 251 and below by market capitalization
- Features:
  - Higher risk due to limited track record
  - High growth potential, often include startups
  - Low liquidity and typically not part of major indices
- Mutual Funds: **Small-cap funds**

### Comparison: Large-cap vs Mid-cap vs Small-cap Funds

| Parameter                         | Large-cap Funds                            | Mid-cap Funds                            | Small-cap Funds                      |
|-----------------------------------|--------------------------------------------|------------------------------------------|--------------------------------------|
| <b>Risk Profile</b>               | Low risk, ideal for conservative investors | Moderate risk                            | High risk                            |
| <b>Volatility &amp; Liquidity</b> | Low volatility, high liquidity             | Moderate volatility and liquidity        | High volatility, low liquidity       |
| <b>Returns &amp; Growth</b>       | ~7% average returns (last 5 years), steady | ~10.28% average returns, moderate growth | ~14.74% average returns, high growth |

## 3. Small and Medium Real Estate Investment Trust (SM Reit)

### Context

Securities and Exchange Board of India (Sebi) has issued a **public warning** to investors about **Strata**, a commercial real estate investment platform, after it **voluntarily surrendered its Small and Medium Real Estate Investment Trust (SM Reit) licence**.

### SEBI's Guidelines on Small and Medium Real Estate Investment Trusts (SM REITs)

The Securities and Exchange Board of India (SEBI) has introduced new regulations to facilitate the creation of **Small and Medium Real Estate Investment Trusts (SM REITs)**, providing greater access to real estate investments for smaller investors.

#### What is an SM REIT?

- A **Small and Medium REIT (SMREIT)** is a type of Real Estate Investment Trust designed to accommodate smaller real estate projects.
- It lowers the entry threshold from ₹500 crore (for regular REITs) to ₹50 crore, thereby democratizing real estate investments.

#### Key Features of SM REITs

- **Minimum Asset Value**
  - Must have a minimum real estate asset value of **₹50 crore**.
- **Fund Pooling Mechanism**
  - Can raise **a minimum of ₹50 crore** through **at least 200 investors** by issuing investment units.
- **Fund Utilization**
  - Funds are used to **acquire and manage real estate assets** and generate income for investors.
- **Ownership via SPVs**
  - Each SM REIT scheme will operate through **dedicated Special Purpose Vehicles (SPVs)** for asset ownership.
- **Investment Manager Requirements:**
  - Must have a **net worth of at least ₹20 crore**
  - Must appoint a **separate trustee** to ensure oversight
  - Required to maintain a **dedicated website** disclosing all SM REIT schemes for transparency

#### Significance of SM REITs

- **Wider Access:** Enables participation in smaller, regional real estate projects.
- **Diversification:** SM REITs can create separate schemes for:
  - Residential real estate
  - Commercial properties
  - Industrial infrastructure
  - Mixed-use developments
- **Transparency:** Enhanced investor visibility through mandatory online disclosures

#### Infrastructure Investment Trust (InvIT)

- **Definition:** An **InvIT** is a **collective investment vehicle** similar to mutual funds that allows both **retail and institutional investors** to invest in **infrastructure projects**.
- **Regulated by:** SEBI

#### Key Components of an InvIT

1. **Trustee**
  - Oversees compliance and performance of the trust
2. **Sponsor(s)**
  - Promoters or entities responsible for establishing the InvIT

### 3. Investment Manager

- Manages assets and operations of the InvIT

### 4. Project Manager

- Handles the execution and management of infrastructure projects

## 4. Fund Manager Survey (FMS): BofA Securities

### Context

India is now the **most preferred equity market in the Asia-Pacific (APAC) region**, according to **BofA Securities' May 2025 Fund Manager Survey (FMS)**, outperforming Japan, China, and other regional peers.

### Key Survey Findings

- **India leads with 42% net preference**, up from prior months.
- **Japan** follows closely at 39%.
- **China** improves its standing to **6%** (previously lowest).
- **Singapore** (3%) and **Thailand** (least preferred) remain less favoured.
- **Taiwan and South Korea** both registered **-19% net preference**, showing continued underweight sentiment.

### Focus Themes in India

- **Infrastructure and consumption** remain the two dominant themes attracting fund manager interest.
- India is seen as a **beneficiary of global supply chain realignment**, especially post-tariff adjustments.

### Market Sentiment and Economic Outlook

- **Global optimism rising:**
  - Net **59% expect a weaker global economy**, down from 82% last month.
  - Net **77% foresee a weaker Asian economy**, improving from 89%.
- **Earnings slowdown fears** ease:
  - Net **58% expect earnings to slow**, compared to 78% previously.
- **Room for upward earnings revisions** as consensus estimates stabilize.

### Survey Methodology

- Conducted by **BofA Securities** from **May 2–8, 2025**.
- **208 panellists** with **\$522 billion AUM** participated.
- **Regional APAC survey** had **109 respondents** managing **\$234 billion AUM**.

BS

## 5. SEBI Eases Internal Audit Team Norms for Credit Rating Agencies

### Context

On **May 15, 2025**, the **Securities and Exchange Board of India (SEBI)** relaxed **eligibility norms** for the **composition of internal audit teams** of **Credit Rating Agencies (CRAs)** to expand the pool of qualified professionals.

### Key Changes Introduced

- **New Qualifications Added:**
  - **Cost Accountants** (from ICAI)
  - Professionals with **Diploma in Information System Security Audit (DISSA)** from ICAI

- **Earlier Requirement:**

- Mandatory presence of a **Chartered Accountant (CA)** and either a:
  - **Certified Information Systems Auditor (CISA)** or
  - **Diploma in Information System Audit (DISA)** holder

### Objective of the Change

- **Widen the pool** of professionals eligible for CRA internal audits
- **Strengthen regulatory compliance** through inclusion of **information security and cost audit expertise**

### Impact

- Greater **flexibility for CRAs** in forming internal audit teams
- **Encourages diversification** in professional skill sets
- Supports **enhanced governance and IT security audits** within rating agencies

BS

## 6. Systematic Investment Plan (SIP)

### Context

The number of **Systematic Investment Plan (SIP) cancellations in India more than tripled to 162.3 lakh in April 2025** compared to March. Contrary to perceptions of investor panic amid market volatility, this spike was primarily due to a **SEBI circular enforcing stricter rules on failed SIP payments**.

### Systematic Investment Plan (SIP)

A **Systematic Investment Plan (SIP)** is a disciplined method of investing in mutual funds, allowing investors to invest a fixed amount at regular intervals instead of a lump sum. SIPs help investors build wealth gradually through consistent and automated investments.

### What is SIP in Mutual Funds?

- SIP stands for **Systematic Investment Plan**
- Enables **small, regular investments** in mutual funds
- Reduces the need for market timing
- Promotes disciplined and long-term investing

### How Does SIP Work?

- A fixed amount is **automatically debited** from the investor's bank account at chosen intervals (e.g., monthly).
- The amount is invested in the selected mutual fund scheme based on the **Net Asset Value (NAV)** on the date of investment.
- With each contribution, **new mutual fund units** are added to the investor's portfolio.
- Over time, the investor builds a large corpus through **compounding and regular contributions**.

### Example: SIP vs Lump Sum

Suppose you want to invest ₹1 lakh in a mutual fund:

- **Lump sum:** Invest entire ₹1 lakh at once
- **SIP:** Start a monthly SIP of ₹500. The amount will be deducted every month on a fixed date and invested in the mutual fund.

### Types of Systematic Investment Plans

#### 1. Regular SIP

- Fixed amount at fixed intervals
- 2. **Top-Up SIP**
  - Increase investment periodically (e.g., annually or semi-annually)
  - Useful for adjusting contributions with rising income
- 3. **Flexible SIP**
  - Vary your investment amount based on your cash flow
  - Offers flexibility in amount and investment date
- 4. **Perpetual SIP**
  - No fixed end date
  - Continue investing until you choose to stop or redeem

### Key Benefits of SIP

1. **Disciplined Investment Habit**
  - Automates savings and builds consistent investment behavior
  - Ideal for investors with limited market knowledge
2. **Rupee Cost Averaging**
  - Buys more units when market is low and fewer when high
  - Reduces average cost per unit over time
3. **Power of Compounding**
  - Small investments grow significantly over time
  - Reinvested returns generate more earnings (compound interest)

*Example:*

  - Investing ₹1,000 per month for 20 years
  - At an average 10% return, grows to **₹7,18,259**
  - Your total investment = ₹2,40,000; returns = ₹4,78,259
4. **Convenient & Hassle-Free**
  - Auto-debit or post-dated cheques can be used to set up SIP
  - No need to track the market regularly

### SEBI Circular on SIP Invalidations

- Issued on **January 3, 2024** by SEBI.
- SIPs with **more than three consecutive failed installment payments** (daily, weekly, monthly, fortnightly) are deemed **invalid**.
- SIPs with **quarterly and bimonthly contributions** become invalid after **two consecutive missed payments**.
- Asset Management Companies (AMCs) must **process cancellations within 10 days** of investor request.
- SEBI set a deadline of **April 1, 2024**, for AMCs and AMFI to provide **transparent data on cancelled SIPs**.

BS

## 7. RBI Proposal to Add Nominee Email and Phone Numbers in Bank Nomination Forms

- **Objective:**
  - To enhance protection for depositors by reducing unclaimed deposits in banks.
  - Adding nominee contact details (email and phone number) helps track and communicate with nominees in case of address or contact changes.

- **Context:**

- The RBI sought suggestions from banks in April 2025 on updating nomination forms to include nominee email and mobile numbers.
- This requires amending the nomination form format under the **Banking Companies (Nomination) Rules, 1985**.
- The government's view is being sought to finalize the changes.

- **Legal Backdrop:**

- The **Banking Laws (Amendment) Bill, 2024** allows up to **four nominees** per bank account.
- It amends **sections 45ZA, 45ZC, and 45ZE** of the **Banking Regulation Act**, enabling simultaneous and successive nominations, improving flexibility and ease for depositors and heirs.

- **Current Practice:**

- Existing nomination forms for deposits, lockers, and safe custody articles lack fields for nominee contact info.
- Under existing rules, banks can pay dues to nominees without requiring succession certificates or legal heir verification.

- **Additional Info:**

- Deposits dormant for 10+ years are transferred to RBI's **Depositor Education and Awareness (DEA) Fund**.

TET

## 8. Co-Lending Rules for NBFCs and Banks

### Context

**FICCI Urges RBI to Retain Existing Co-Lending Rules for NBFCs and Banks:** NBFCs originate loans and then sell up to **80%** of the loan to partner banks via direct assignment. This model provides **NBFCs operational flexibility and benefits from a waiver on minimum holding period for the loans sold to banks**. As per ICRA (April 2025), co-lending **assets under management (AUM)** reached **₹80,000 crore** by March 2024, showing strong growth.

### Key Highlights:

- **RBI's Proposed Change:**

- Shift from the current model to a **joint lending model**, where banks and **NBFCs** would **simultaneously underwrite and disburse loans**.
- This new approach requires both lenders to share the loan underwriting process and disbursement, changing the operational dynamics.

- **FICCI's Concerns and Arguments:**

- Repealing the current 'track 2' rules would be **highly disruptive** and could significantly reduce credit availability to vital customer segments and sectors.
- The proposed joint lending model could **force NBFCs to scale back operations**, risking **job losses** in the sector.
- It may **strain liquidity**, increase **risk exposure**, and introduce **operational inefficiencies**.
- The change may undermine the effectiveness of **co-lending partnerships and harm financial inclusion efforts**.

- **FICCI's Appeal:**

- Urges RBI to **preserve the existing 'track 2' co-lending framework**.
- Emphasizes the importance of a regulatory environment that supports NBFCs' role in credit access and financial inclusion.

TET

## Economy

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### 1. eCommerce Business Models

#### B2B E-commerce Market Growth in India

- **The B2B e-commerce sector in India has expanded significantly due to:**
  - Increased adoption of digital tools by enterprises, including MSMEs
  - Streamlined procurement processes
  - Enhanced logistics and distribution solutions
- **Digitization of traditional supply chains leads to:**
  - Cost savings for businesses
  - Greater transparency in operations
  - Improved operational efficiency

#### Business-to-Business (B2B)

- Involves selling products/services between companies (e.g., manufacturers to wholesalers, wholesalers to retailers)
- **High-value orders**, often with **recurring purchases**
- Ideal for selling **bulk goods** like handicrafts, industrial items, mobile accessories, etc.

#### Business-to-Consumer (B2C)

- Most common eCommerce model: businesses selling directly to end-consumers
- Focuses on customer experience, product discovery, and user-friendly interfaces

#### Consumer-to-Consumer (C2C)

- Allows individuals to sell products/services to other individuals
- Typically includes second-hand marketplaces like OLX

#### Consumer-to-Business (C2B)

- Individuals (freelancers, influencers, photographers, etc.) offer services or products to businesses
- Reverses the traditional B2C model

#### Business-to-Administration (B2A)

- Focuses on transactions between companies and government agencies
- Useful for businesses providing goods or services like **software, equipment, or consulting** to public sector organizations

#### Consumer-to-Administration (C2A)

- Interaction between individual consumers and government bodies
- Common in public services like tax filing, bill payments, document services, etc.

## Agriculture

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### 1. India's First Genome-Edited Rice Varieties

#### Context

India becomes the **first country globally** to develop rice varieties using **genome editing technology**. New



seeds to be available to farmers within 6 months post-clearance, large-scale production expected in next 3 crop seasons.

### New Rice Varieties Developed

| Variety Name                 | Parent Variety                        | Key Traits & Benefits                                                                                                                                          |
|------------------------------|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>DRR Dhan 100 (Kamala)</b> | Samba Mahsuri (high-yield green rice) | - Yield: 5.37 tonnes/ha (vs 4.5 parent) - Drought tolerant - High nitrogen use efficiency - 20 days earlier maturity (saves water, fertilizer, lowers methane) |
| <b>Pusa DST Rice 1</b>       | Maruteru 1010 (MTU1010)               | - 9.66% higher yield under inland salinity stress - 14.66% higher under alkalinity - 30.4% higher under coastal salinity stress                                |

### Technology Used

- **Genome Editing Techniques:** Site-Directed Nuclease 1 and 2 (**SDN-1, SDN-2**).
- **Not Genetically Modified (GM):** No foreign genes introduced (unlike SDN-3).
- Mutations mimic natural mutation processes.
- Recognized and approved internationally.
- Research tested during 2023–24 under All India Coordinated Research Project on Rice.
- Peer-reviewed paper on Pusa DST Rice 1 published in 2020; Kamala's paper under publication.

### SDN Technology

| SDN Type     | Description                                  | Genetic Modification Status |
|--------------|----------------------------------------------|-----------------------------|
| <b>SDN-1</b> | Cuts DNA, repair done naturally              | Not GM                      |
| <b>SDN-2</b> | Cuts DNA, guided repair without foreign gene | Not GM                      |
| <b>SDN-3</b> | Inserts foreign gene into genome             | Considered GM               |

### Controversies & Concerns

- **Farmers' Representative Criticism:** Venugopal Badaravada called the claims premature; was expelled from ICAR governing body.
- **Activist Opposition:** Coalition for a [Genetically Modified-Free India](#) opposes deregulation, citing safety concerns and legal issues.
- **Seed Sovereignty Issues:** Fears about Intellectual Property Rights (IPR) on gene editing technology affecting farmers' control over seeds.
- **Demand for Transparency:** Calls for government disclosure on IPR status and regulatory clarity.

TH

## Science & Tech

### 1. Quantum Dots

#### Context

A quantum dot is a type of semiconductor that's only a few nanometres wide. **It has a wide range of applications, including in LED lighting, medical diagnostics, printing, semiconductor fabrication, and solar panels.** They're very small but they've had a big impact on our world as we know it. This is why the people who found a quick, reliable way to make quantum dots were awarded the **Nobel Prize for chemistry in 2023.**

## What Are Quantum Dots and Why Are They Special?

- **Quantum dots** are tiny semiconductor particles, only a few nanometres wide.
- They exhibit unique properties due to **quantum confinement**, meaning electrons inside them are tightly packed and restricted in movement.
- Unlike electrons in normal conductors (like copper wires), electrons in quantum dots can only have specific, discrete energy levels—similar to how electrons behave inside atoms. This makes the quantum dot behave like a “giant atom.”
- This quantum confinement effect gives quantum dots special electronic and optical properties, useful in LED lighting, medical diagnostics, solar panels, printing, and semiconductors.
- The discovery of efficient ways to produce quantum dots earned the **Nobel Prize in Chemistry 2023**.

## Applications of Quantum dots (QDs)

Quantum dots (QDs) have numerous applications across various fields, including **display technology, medical imaging, and renewable energy**.

### 1. Display Technology:

- **Quantum Dot Light-Emitting Diodes (QD-LEDs):**QDs can be engineered to emit light at specific wavelengths, enabling precise color control and higher efficiency in displays.
- **QD-White LEDs:**QDs are used in white LEDs to convert blue light from an LED into other colors, resulting in brighter and more efficient displays.

### 2. Biomedical Applications:

- **Bioimaging:**QDs can be used as fluorescent markers to visualize cells and tissues, aiding in research and diagnosis.
- **Drug Delivery:**QDs can be modified to carry drugs directly to targeted cells, potentially improving treatment outcomes.
- **Biosensors:**QDs can be incorporated into biosensors for early detection of diseases like cancer.
- **Medical Imaging:**QDs can be used as contrast agents in imaging techniques like MRI, optical imaging, and nuclear imaging.

### 3. Renewable Energy:

- **Solar Cells:**QDs can be used as electron acceptors or in hybrid solar cells to enhance energy conversion efficiency.
- **Photodetection:**QDs can be used as photodetectors to convert light into electrical signals.

### 4. Other Applications:

- **Electronics:** QDs can be used in transistors, memory devices, and other electronic components due to their unique electronic properties.
- **Quantum Computing:** QDs can be used as qubits for building quantum computers.
- **Sensors:** QDs can be used in various sensors, including those for environmental monitoring.
- **Environmental Monitoring:** QDs can be used as components in nanoparticle-based environmental sensors to monitor carcinogen exposure.
- **Wearable Technology:** QDs can be incorporated into wearable sensors for monitoring health and lifestyle.
- **Vaccination Strategies:** QDs can be used in vaccines to target cancer antigens.
- **Early-Stage Treatment:** QDs can be used in early-stage treatment strategies for cancer.

TH

## Facts To Remember

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### 1. Justice B.R. Gavai takes over as CJI for a six-month tenure

Justice Bhushan Ramkrishna Gavai was sworn in by President Droupadi Murmu as the 52<sup>nd</sup> Chief Justice of India at the Rashtrapati Bhavan.

### 2. Former Defence Secretary Ajay Kumar is UPSC Chairman

Former Defence Secretary Ajay Kumar has been appointed Chairman of the UPSC, says a Union Personnel Ministry order.

### 3. Wholesale inflation hits 13 month low in Apr

Inflation based on the [wholesale price index \(WPI\)](#) declined to a **13 month low of 0.85 per cent in April from 2.05 per cent in March, on the back of a dip in the prices of food and fuel and power**. Price rise also decelerated in the manufactured products category, according to data released by the Ministry of Commerce and Industry.

### 4. IMF set to release \$ 1.3 bn to B'desh

The [International Monetary Fund \(IMF\)](#) is set to release \$1.3 billion to Bangladesh in June, after completing a fourth review of its \$ 4.7 billion loan programme and a key breakthrough in talks on exchange rate reforms, the finance ministry said.

### 5. Union Cabinet Approves Display Driver Chip Manufacturing Unit in Jewar, UP

The Union Cabinet has approved the establishment of a **display driver chip manufacturing unit** in Jewar, Uttar Pradesh, announced by Electronics and IT Minister **Ashwini Vaishnaw**.

#### • Investment and Partnership Details

- Sixth semiconductor unit supported under the **₹76,000 crore first phase** of the **India Semiconductor Mission (ISM)**.
- Total investment: **₹3,700 crore**.
- Joint venture between **Indian firm HCL** and Taiwanese electronics giant **Foxconn**.

### 6. India's Progress in 6G Technology

India ranks among the **top six countries worldwide** in **6G patent filings**. **Expected data rates: up to 1 terabit per second**, which is **100 times faster than 5G**. 6G will operate on **TeraHertz frequency bands**.

#### Research Funding and Projects:

- Over **111 research projects** on 6G have been funded in India.
- Total sanctioned amount for these projects: **₹300 crore**.

### 7. Cambodia and China begin their largest-ever military exercises

Cambodia and China on Wednesday began their largest-ever joint military exercises, involving advanced Chinese military hardware including artillery, warships and robot battle dogs.

### 8. Odisha clears 11% SEBC quota for admissions in higher edu

Odisha cabinet, led by CM Mohan Charan Majhi, on Wednesday approved 11.25% reservation for socially and economically backward classes (SEBC) in higher educational institutions, extending the existing quota benefits beyond govt jobs.

## 9. China, Colombia sign BRI cooperation pact

China and Colombia have signed a joint cooperation plan on the **Belt and Road Initiative (BRI)**, state media said after their leaders met in Beijing.

## 10. India's First Beggar-Free City

**Indore** has become the **country's first beggar-free city** after authorities rehabilitated beggars by providing them with employment opportunities and enrolled children involved in begging into schools.

## 11. Technologies Used by India

| System / Tech                        | Description & Role                                                          |
|--------------------------------------|-----------------------------------------------------------------------------|
| <b>Akash SAM</b>                     | Short-range surface-to-air missile; proved superior to Chinese HQ-9 systems |
| <b>Akashteer System</b>              | Air defence control & automation system developed by BEL; fielded in 2024   |
| <b>IACCS</b>                         | Integrated Air Command & Control System of the IAF                          |
| <b>Drones &amp; Guided Munitions</b> | Indigenous, long-range; used in precision offensive strikes                 |

### FIVE TO REMEMBER · 15 MAY 2025

1. **Average annual decline (2016–2021): 1.12%** Sample Registration System (SRS) Statistical Re...
2. **Launched:** In 2008 by the Prime Minister's Council on Climate Change **National Action Plan on Climate Change (NAPCC)**
3. It amends **sections 45ZA, 45ZC, and 45ZE** of the **Banking Regulation Act**, enabling simultaneous and successive nominations, improving flexibility and ease for depositors and heirs. **RBI Proposal to Add Nominee Email and Phone Num...**
4. Sixth semiconductor unit supported under the **₹76,000 crore first phase** of the **India Semiconductor Mission (ISM)**. **Union Cabinet Approves Display Driver Chip Manu...**
5. **Transport contributes ~10%** of India's GHG emissions. **Sustainable Transport Mission Added to India's ...**

**Now test yourself:** [c4scourses.in/daily-quiz/daily-quiz-15-may-2025/](https://c4scourses.in/daily-quiz/daily-quiz-15-may-2025/)

DAY 13 OF 24

# 16 & 17 May 2025

23 items · 5 topics

International Affairs 1 · National Affairs 6 · Banking and Finance 9 · Agriculture 1 · Facts To Remember 6

## Daily Current Affairs Quiz 16 & 17 May, 2025

### International Affairs

#### 1. IMF to Release \$1.3 Billion to Bangladesh After Fourth Loan Review

##### Context

The **International Monetary Fund (IMF)** will disburse **\$1.3 billion to Bangladesh** in **June 2025** after the completion of the **fourth review** of its **\$4.7 billion loan program**.

##### Key Highlights:

- The **fourth and fifth tranches** will be **released together**, delayed earlier due to IMF's insistence on **exchange rate reforms**.
- Bangladesh has agreed to adopt a **crawling peg exchange rate system** to increase **currency flexibility**.

##### Major Reforms and IMF Conditions

- Bangladesh government **dissolved the National Board of Revenue (NBR)**.
- Two new revenue divisions have been created under the **Ministry of Finance**, meeting a **key IMF condition**.
- Agreements were finalized on:
  - **Currency exchange rate regime**
  - **Revenue management frameworks**
  - **Overall reform alignment**

##### Significance

- The move strengthens **foreign exchange reserves**, stabilizes the **taka**, and reinforces Bangladesh's commitment to **fiscal consolidation and transparency**.
- It supports Bangladesh's goal to **sustain macroeconomic stability** amid global economic challenges.

##### Recent Related News:

- In **May 2025**, the **IMF approved a \$1 billion loan to Pakistan** under the **Extended Fund Facility (EFF)**.

##### About the International Monetary Fund (IMF)

- **Established:** 22 July 1944
- **Headquarters:** Washington, D.C., USA
- **Managing Director:** Kristalina Georgieva
- **Membership:** 191 countries (190 UN member states + Kosovo)

## National Affairs

### 1. Supreme Court Recognises Digital Access as a Fundamental Right for Persons with Disabilities (PwDs)

#### Context

- The Supreme Court issued directives to revise **digital Know Your Customer (KYC)** norms to ensure **accessibility for Persons with Disabilities (PwDs)**.
- The Court interpreted **Article 21** of the Constitution to include the **“right to digital access”**, marking a significant step toward inclusive governance.

#### Key Legal Provisions

- **Article 21:** Right to life and liberty (now extended to digital access)
- **Article 14:** Equality before law
- **Article 15:** Prohibition of discrimination
- **Article 38:** State's duty to promote social justice
- **Rights of Persons with Disabilities (RPwD) Act, 2016**
  - **Section 42:** Mandates accessible electronic and digital media (audio descriptions, captions, sign language, universal design)
- **UNCRPD (United Nations Convention on the Rights of Persons with Disabilities):** India is a signatory and must ensure equal digital access

#### Why Are KYC Rules Important?

- Under **PMLA 2002** and RBI's **Master Directions (2016)**, all financial institutions must conduct KYC for:
  - Opening bank, trading, or demat accounts
  - Accessing SIM cards, pension, insurance, scholarships
  - Aadhaar-linked DBT (Direct Benefit Transfers)
- Digital KYC includes **Video-based Customer Identification Process (V-CIP)**, OTP verifications, facial recognition, and written code capture.

#### Accessibility Challenges Faced by PwDs

- **Blind and low-vision users** cannot read flashing codes or align cameras without prompts.
- **Acid-attack survivors** may face rejection due to facial recognition failures.
- **Thumb impressions**, commonly used by visually impaired users, are not accepted for PAN cards or digital signature validation.
- **Lack of assistive tech:** No screen readers, audio guides, or tactile features in current KYC systems.
- **RBI's “no prompting” rule** prevents human assistance during verification.

#### Supreme Court Observations

- **Accessibility is a constitutional imperative.**
- Digital exclusion violates rights under:
  - **Article 21 (Right to Life and Dignity)**
  - **RPwD Act, 2016**
  - **UNCRPD obligations**
- **Rajive Raturi v. Union of India (2024)** cited: Accessibility central to liberty, mobility, and autonomy.
- Highlighted the **digital divide** not just for PwDs, but also for:
  - Rural users
  - Senior citizens

- Economically weaker sections
- Linguistic minorities

### Supreme Court Directions

- Digital KYC frameworks must:
  - Adopt **inclusive design principles**
  - Allow **alternate modes** of verification (thumb impressions, assistive tech)
  - Comply with **ICT accessibility standards (2021, 2022)**
  - Introduce **screen readers, voice navigation, text-to-speech**, and real-time assistance
- Reiterated the need for **“substantive equality”**, not just formal equality

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## 2. ISRO's upcoming PSLV-C61 / EOS-09 Mission and Chandrayaan-5

### PSLV-C61 / EOS-09 Launch

#### Launch Details

- **Mission:** PSLV-C61 / EOS-09
- **Launch Date & Time:** May 19, 2025, at 5:59 AM
- **Location:** Satish Dhawan Space Centre, Sriharikota
- **Launch Vehicle:** PSLV (Polar Satellite Launch Vehicle)
- **Mission Count:** ISRO's 101st launch

#### Satellite Details

- **Name:** EOS-09 (Earth Observation Satellite)
- **Capability:** Equipped with **C-band Synthetic Aperture Radar (SAR)**
- **Function:** High-resolution imaging under **all-weather, day-night conditions**
- **Applications:** Enhanced **surveillance, disaster management, and earth resource monitoring**

### Chandrayaan-5 / LUPEX Mission

#### Mission Collaboration:

- **Agencies Involved:** ISRO (India), JAXA (Japan), ESA (Europe), NASA (USA)
- **Launch Vehicle:** H3-24L by JAXA
- **Key Components:**
  - **Lander:** Developed by ISRO
  - **Rover:** Developed by Mitsubishi Heavy Industries (MHI), Japan
  - **Instruments:** Contributions from ISRO, JAXA, ESA, NASA

### Objective

- **Primary Goal:** Exploration of **volatile materials** (like lunar water)
- **Target Area:** Permanently Shadowed Regions (PSR) at the **lunar south pole**
- **Scientific Significance:** In-situ analysis of **lunar water reserves and volatiles**

### TIM-3 Technical Interface Meeting

- Held on **May 13–14, 2025** at ISRO HQ, Bengaluru
- Attended by experts from **ISRO, JAXA, MHI**
- Focus: Finalising mission architecture and integration roles



## Chandrayaan Series

| Mission                      | Focus Area                                      |
|------------------------------|-------------------------------------------------|
| Chandrayaan-1                | Orbital lunar mapping (2008)                    |
| Chandrayaan-2                | Orbiter and attempted lander (2019)             |
| Chandrayaan-3                | Successful lander-rover (2023)                  |
| Chandrayaan-4                | Planned <b>sample return mission</b>            |
| <b>Chandrayaan-5 / LUPEX</b> | Indo-Japan <b>volatiles exploration</b> mission |

TH

## 3. Periodic Labour Force Survey (PLFS) April 2025 – Monthly Bulletin

### Context

The **revamped Periodic Labour Force Survey (PLFS)** began in **January 2025** to generate **monthly employment and unemployment indicators**. Covers **both rural and urban areas** using **Current Weekly Status (CWS)**. Introduces **rotational panel sampling**, revisiting households 4 times over 4 months.

### Sampling Statistics (April 2025)

- **FSUs surveyed:** 7,511 (Rural: 4,140 | Urban: 3,371)
- **Households surveyed:** 89,434 (Rural: 49,323 | Urban: 40,111)
- **Persons surveyed:** 3,80,838 (Rural: 2,17,483 | Urban: 1,63,355)

### Key Indicators (for Age 15 Years and Above)

#### Labour Force Participation Rate (LFPR)

- **Overall India:** 55.6%
- **Rural:** 58.0% | **Urban:** 50.7%
- **Male:** 77.7% | **Female:** 34.2%

#### By Age Group (15–29 years)

- Overall: 42.7% (Male: 62.0%, Female: 23.1%)
- Urban Female LFPR (15–29 years): **Lowest at 21.5%**

#### Worker Population Ratio (WPR)

- **Overall India:** 52.8%
- **Rural:** 55.4% | **Urban:** 47.4%
- **Male:** 73.7% | **Female:** 32.5%

#### By Age Group (15–29 years)

- Overall: 36.8% (Male: 53.6%, Female: 19.8%)
- Urban Female WPR (15–29 years): **Lowest at 16.4%**

#### Unemployment Rate (UR)

- **Overall India:** 5.1%
- **Rural:** 4.5% | **Urban:** 6.5%
- **Male:** 5.2% | **Female:** 5.0%

#### By Age Group (15–29 years)

- Overall: 13.8% (Male: 13.6%, Female: 14.4%)
- Urban Female UR (15–29 years): **Highest at 23.7%**

“Every topper was once an aspirant who did not stop.”

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### Definitions for Quick Reference

- **LFPR**: % of people working or seeking work in population
- **WPR**: % of employed persons in total population
- **UR**: % of unemployed in the labour force
- **CWS**: Based on activity status in the 7 days before survey

| Category         | LFPR (M) | LFPR (F) | UR (M) | UR (F) |
|------------------|----------|----------|--------|--------|
| Rural (15–29)    | 63.5%    | 23.8%    | 13.0%  | 10.7%  |
| Rural (All Ages) | 57.5%    | 28.8%    | 4.9%   | 3.8%   |
| Urban (15–29)    | 59.1%    | 21.5%    | 15.0%  | 23.7%  |
| Urban (All Ages) | 58.5%    | 20.5%    | 5.8%   | 8.7%   |
| Total (15–29)    | 62.0%    | 23.1%    | 13.6%  | 14.4%  |
| Total (All Ages) | 57.8%    | 26.2%    | 5.2%   | 5.0%   |

### Observations

- **Female labour force participation and employment remain significantly low**, especially in **urban areas and among youth**.
- **Youth unemployment** is a major concern (13.8% nationally; 17.2% urban; 23.7% urban female).
- Data not directly comparable with PLFS reports **before Jan 2025** due to new sampling design and schedule.

PIB

## 4. India's Manned Deep-Sea Mission: MATSYA 6000

### Mission Overview:

- The mission aims to send three personnel to a depth of 6000 meters using the manned submersible vehicle '**MATSYA 6000**' for exploration of deep-sea resources like minerals.
- Developed by the **National Institute of Ocean Technology (NIOT), Chennai** under the Ministry of Earth Sciences.
- **MATSYA 6000 endurance**: 12 hours under normal operation, 96 hours in emergencies ensuring human safety.
- It is India's first unique manned ocean mission and part of the **Rs 6000-crore Deep Ocean Mission**.

### Significance of the Mission

- Enables direct human observation and scientific study of unexplored deep-sea regions.
- Supports the Central government's '**New India**' vision, emphasizing the **Blue Economy** as a key growth dimension.
- **India's strategic maritime advantage**:
  - 7517 km coastline spanning 9 coastal states and 1,382 islands.
  - About 30% of the population lives in coastal areas.
- Coastal and marine sectors contribute significantly to fisheries, aquaculture, tourism, livelihoods, and blue trade.

### About the Deep Ocean Mission

- Approved by the Ministry of Earth Sciences in June 2021.
- Focuses on exploring deep ocean resources, developing deep-sea technologies, and supporting sustainable use of ocean resources.

"Every topper was once an aspirant who did not stop."

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- Mission cost: Rs 4,077 crores over five years, implemented in phases.
- Aligns with India's commitment to sustainable ocean resource utilization and Blue Economy initiatives.

### Related National Initiatives Supporting Ocean and Coastal Development

- **India-Norway Task Force on Blue Economy:**
  - Established in 2020 to foster joint sustainable development initiatives between India and Norway.
- **Sagarmala Project:**
  - Strategic port-led development initiative using IT-enabled services to modernize ports and enhance coastal infrastructure.
- **O-SMART (Ocean Services, Modelling, Applications, Resources, and Technologies):**
  - Umbrella scheme promoting regulated and sustainable use of ocean and marine resources.
- **Integrated Coastal Zone Management (ICZM):**
  - Focuses on conservation of coastal and marine ecosystems and improving livelihoods of coastal communities.
- **National Fisheries Policy:**
  - Promotes the 'Blue Growth Initiative' to sustainably utilize fisheries and aquatic resources for economic growth.

## 5. United Nations World Economic Situation and Prospects (WESP) Report 2025

**Report:** India Retains Position as World's Fastest-Growing Major Economy: UN WESP Report 2025

### Key Highlights:

- **India's GDP Growth Projection:**
  - **FY 2024–25:** 6.3%
  - **FY 2025–26:** 6.4%
- **Growth Drivers:**
  - **Strong private consumption**
  - **Robust public investment**
- **Inflation Outlook:**
  - Forecast to **ease from 4.9% in 2024 to 4.3% in 2025**
  - Remains **within RBI's target range** of 2–6%
- **Employment Trends:**
  - Report notes **positive employment growth** trends in India
- **Global Context:**
  - **Global GDP growth** projected at only **2.4% in 2025**, indicating a **fragile international economic environment**

### Significance

- India continues to outperform other major economies despite global headwinds.
- Reinforces India's position as a **key engine of global economic growth**, with a relatively stable macroeconomic outlook.
- Helps attract **global investment** and boosts **economic confidence** in domestic markets.

### About the Report:

- The WESP report is a flagship publication of the **United Nations Department of Economic and Social Affairs (UN DESA)**, assessing global economic trends and forecasts.

## 6. Supreme Court's Advisory Jurisdiction – Article 143

### Context

The **President of India** has invoked **Article 143(1)** to seek the **Supreme Court's opinion** on whether **time limits can be imposed** on the President and Governors for **deciding on State Legislature Bills**. This seeks to address delays in gubernatorial assent, especially in politically sensitive states.

### What is Advisory Jurisdiction?

- It empowers the **President of India to seek the Supreme Court's opinion** on important legal or factual questions of **public significance**.
- This process **prevents constitutional ambiguities** and facilitates **non-litigious resolution of issues**.
- **Key Characteristic:** The opinion rendered is **advisory and non-binding**.

### Constitutional Provisions

- **Article 143(1):** President may refer questions of law or fact of public importance to the Supreme Court.
- **Article 143(2):** Deals with treaties, agreements, or covenants especially with **former princely states**.

### Key Features

- **Discretionary for Supreme Court:** SC **may accept or decline** the reference.
- **Advisory in Nature:** Not legally enforceable, unlike a court judgment.
- **Heard by Constitution Bench:** As per Article 145(3), a **minimum 5-judge bench** hears such references.
- **Independent Legal Insight:** Offers the **President an alternative to Cabinet advice**, ensuring objective constitutional interpretation.

### Historical Usage of Article 143

Invoked **14 times since 1950** for diverse constitutional and legal clarifications:

| Case                                  | Issue Referred                         |
|---------------------------------------|----------------------------------------|
| <i>Delhi Laws Act Case (1951)</i>     | Legislative powers and delegation      |
| <i>Berubari Union Case (1960)</i>     | Territorial transfer to Pakistan       |
| <i>Kesavananda Follow-up (1973)</i>   | Basic Structure doctrine               |
| <i>Cauvery Tribunal (1992)</i>        | Jurisdiction in federal water disputes |
| <i>Ayodhya Reference (1993)</i>       | SC declined, citing political nature   |
| <i>Judges Appointment Case (1998)</i> | Collegium system clarified             |

### Significance of Current Reference (2025):

Could clarify **constitutional silence** on gubernatorial timelines.

- May establish **norms for speedy legislative process**.
- Relevant to **Centre-State relations and federal governance**.
- Could shape **future constitutional practices** related to **legislative assent delays**.

## Banking and Finance

### 1. Economic Capital Framework (ECF)

#### Context

The **Reserve Bank of India (RBI) Central Board** convened on May 15, 2025 to review the **Economic Capital Framework (ECF)**.

## Definition of Economic Capital Framework (ECF)

The **Economic Capital Framework (ECF)** is the **risk management policy** of the **Reserve Bank of India (RBI)** that determines:

- **How much capital and reserves** the RBI must maintain to safeguard **financial stability**.
- **How much surplus** the RBI can legally transfer to the **Government of India** under **Section 47 of the RBI Act, 1934**.

## Key Components of the ECF

- **Contingency Risk Buffer (CRB):**
  - A financial cushion for unforeseen **monetary, credit, fiscal, and operational risks**.
  - Recommended target: **5.5% to 6.5%** of the RBI's balance sheet.
  - As of **March 31, 2024**: CRB = **6.5%**.
- **Total Economic Capital:**
  - Includes:
    - Paid-up capital
    - Reserves
    - Risk provisions (CRB + Asset Development Fund)
    - **Revaluation balances** (unrealized gains/losses from gold, forex, interest rate changes)

## RBI Surplus Transfers to the Government (Under ECF)

| Financial Year | Surplus Transferred                      |
|----------------|------------------------------------------|
| <b>FY24</b>    | ₹2.11 lakh crore ( <b>highest-ever</b> ) |
| FY23           | ₹87,416 crore                            |
| FY22           | ₹30,307 crore                            |
| FY21           | ₹99,122 crore                            |

- These transfers are made **after provisioning** for risks under ECF.

## Significance of ECF

- **Bimal Jalan Committee (2018)** reviewed the framework and set the **current guidelines**, valid till **June 2024**.
- The RBI board is now reassessing the framework to determine whether changes are needed, especially in light of fiscal demands and financial risks.

## Potential Impacts of ECF on Fiscal Management

| Scenario                | Implication                                                                                     |
|-------------------------|-------------------------------------------------------------------------------------------------|
| <b>Higher CRB</b>       | More financial stability, <b>lower surplus</b> to government                                    |
| <b>Lower CRB</b>        | Larger transfers to government, <b>higher fiscal flexibility</b> , but increased financial risk |
| <b>Impact on Budget</b> | Surplus transfers fund <b>infrastructure, subsidies, and welfare</b> programs                   |

## Balancing Act

- The **RBI** must maintain a **delicate balance**:
  - Ensure **financial resilience** and credibility as a central bank.
  - Support **economic development** through prudent surplus distribution.

## 2. AI and MCP Revolutionize Backend Systems in B2B Fintech

### Context

Indian **B2B fintech** players like **Cashfree Payments** and **Razorpay** are leveraging **AI-powered agents** and a new tool called **Model Context Protocol (MCP)** to simplify backend operations for businesses. **MCP** acts as a **universal connector**, akin to a USB-C port, enabling seamless communication between different fintech APIs and AI systems.

### What is Model Context Protocol (MCP)?

- MCP allows **AI agents to interact directly with core fintech APIs** like those for payments, verification, and payouts.
- It reduces the need for **manual integrations** and streamlines the fintech experience into **conversational and automated workflows**.

### AI-Driven Use Cases

- **Payment automation:** Small merchants can now use natural language (e.g., English) to:
  - Generate payment links
  - Track transactions
  - Initiate refunds
- AI agents understand the business's menu or rate card and automatically trigger relevant APIs.
- **Operations automation:** Internal teams can embed dashboards into AI assistants to instantly retrieve business data or respond to customer queries.

### Scaling & Future Outlook

- The fintechs anticipate **massive adoption** of AI in the next **6–12 months**.
- **No technical bottlenecks** are foreseen as MCP serves as a buffer across APIs and AI agents.
- The system is designed for **scalability and evolving use cases**.

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## 3. Government Plans to List Five Regional Rural Banks (RRBs) by FY27

### Context

Under the **"One State, One RRB"** policy, the central government is pushing **RRB consolidation** to improve efficiency and minimize inter-bank competition. Post the latest merger effective May 1, **India now has 28 RRBs** across **26 states and 2 UTs**, operating over **22,000 branches in 700 districts**. The government's new goal is to **list at least five RRBs by FY27** to enhance their credibility, public accountability, and access to capital markets.

### Purpose of RRB Listings

- Listing is expected to:
  - Strengthen **RRBs' institutional reputation**.
  - Encourage **better governance and transparency**.
  - Allow RRBs to **raise additional funds** via public offerings.
  - Drive professionalization and operational efficiency.

### IPO Eligibility Criteria (As per 2022 Draft Guidelines by Finance Ministry)

To qualify for a public listing, an RRB must meet the following conditions:

- **Net Worth:** Minimum ₹300 crore for the past **three financial years**.
- **Capital Adequacy Ratio:** Above **9%** consistently over the last **three years**.
- **Profitability:**

"Every topper was once an aspirant who did not stop."

- Operating profit before tax of **₹15 crore** in **3 out of the past 5 years**.
- Return on Equity (RoE) of **10%** in **3 of 5 years**.
- Return on Assets (RoA) of **0.5%** in **3 of 5 years**.
- **Regulatory Status:** Must not be under **RBI's Prompt Corrective Action (PCA)** framework.

### Impact

- A **PwC India report** estimates that RRBs' share of India's GDP will rise from **3.7% in FY24** to **5.2% by FY30** after consolidation and reform measures.
- Listing will encourage **greater investor participation**, including institutional and retail investors.

### RRBs

- RRBs were established under the **RRB Act, 1976**, with joint capital contributions from:
  - Government of India (50%)
  - Concerned state governments (15%)
  - Sponsor public sector banks (35%)

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## 4. Draft RBI Guidelines on Co-lending

### Context

- Issued by the **Reserve Bank of India (RBI)** in **April 2025**.
- **Expanded the scope** of co-lending to include **all regulated entities**, such as banks and NBFCs.
- **Extended applicability** to **non-priority sectors**, beyond just priority sector lending (PSL).
- **Aim:** Improve **regulatory clarity, credit flow** to underserved sectors, and ensure **real-time data integration** for better risk monitoring.

### Technological and Operational Implications

- The RBI mandates **simultaneous origination and disbursement** of loans.
- NBFCs must **upgrade IT systems** to enable **real-time information sharing** with banking partners.
- Full-scale tech integration may take **most of FY26**, say NBFC executives.
- Operational alignment between banks and NBFCs will require **at least 6 months**, due to complex tech and process overhauls.

### Concerns Around Colending Model 2 (CLM 2)

- Draft guidelines **do not clarify the status of CLM 2**, widely used by banks and NBFCs.
  - In **CLM 2**, NBFC retains **minimum 20% of the loan** on its books; bank takes 80%.
  - In **CLM 1**, both entities co-originate and disburse loans simultaneously.
- Focus on CLM 1 may **disrupt existing colending partnerships**.
- Industry has called for **clarity and flexibility** to accommodate both models.

### Expected Outcomes

- Once systems are upgraded, the guidelines are expected to:
  - Facilitate **standardised and scalable colending arrangements**
  - Improve **transparency and borrower tracking**
  - Boost **credit access** in **non-priority** and **underserved segments**

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## 5. Co-Lending Model

### What is Co-Lending?

- Co-lending refers to a strategic partnership where two financial institutions, typically a bank and a Non-Banking Financial Company (NBFC), jointly extend loans to customers.
- It is designed to combine the financial capacity of banks with the last-mile reach and flexibility of NBFCs.

### Key Features of the Co-Lending Model

- **Capital Contribution Split:** Generally follows an 80:20 ratio (Bank: NBFC).
- **Joint Underwriting:** Both entities participate in credit appraisal and risk assessment.
- **Risk and Return Sharing:** Proportionate to the contribution of capital by each party.
- **Blended Interest Rate:** Final lending rate reflects a mix of the rates charged by each lender.
- **Defined Operational Roles:** Specific responsibilities related to servicing, monitoring, and compliance are clearly allocated.

### How Co-Lending Works?

- **Loan Application:** Borrowers apply via a shared digital platform for joint evaluation.
- **Loan Disbursement:** Approved loans are funded jointly and directly disbursed to the borrower.
- **Repayment Tracking:** Repayments are monitored through integrated systems ensuring timely updates and transparency.

### Advantages of Co-Lending

#### To Banks:

- Wider market penetration via NBFC distribution networks.
- Reduced individual exposure to risk.
- Better credit diversification across geographies and borrower types.
- Access to innovative borrower assessment methods used by NBFCs.

#### To NBFCs:

- Access to low-cost bank funds, enabling competitive interest rates.
- Enhanced brand credibility through association with reputed banks.
- Ability to finance larger loans or operate in high-risk markets with shared risk.

#### To Consumers:

- Faster loan approvals and disbursement.
- Access to better interest rates and flexible repayment terms.
- Increased credit availability, especially in semi-urban and rural areas.
- Combined expertise of both institutions enhances customer service.

### Benefits of the Co-Lending Model

- Improved loan processing time and service quality.
- Lower interest rates due to risk sharing and cost efficiency.
- Automated, digital, and paperless processes.
- Faster disbursement through collaborative infrastructure.
- Greater financial inclusion by reaching underserved segments.
- Wider product offerings tailored to diverse borrower needs.

## Applications of Co-Lending

- **Home Loans:** Making property ownership accessible.
- **Personal Loans:** For healthcare, weddings, or emergencies.
- **Education Loans:** Funding for higher education.
- **Microfinance:** Empowering small-scale borrowers and entrepreneurs.
- **SME Loans:** Supporting small and medium enterprises.
- **Agriculture Loans:** Financing for seeds, equipment, and infrastructure.
- **Green Finance:** Promoting sustainable and eco-friendly projects.

## 6. 'Niveshak Shivir' for Reclaiming Unclaimed Dividends & Shares

### Context

On **May 9, 2025**, the **Investor Education and Protection Fund Authority (IEPFA)** under the **Ministry of Corporate Affairs**, in collaboration with **SEBI**, held a preparatory meeting in Mumbai.

- **Purpose:** To enhance **investor outreach**, improve **recovery of unclaimed dividends and shares**, and launch the **"Niveshak Shivir"** initiative.

### "Niveshak Shivir" Initiative

- A **nationwide investor assistance drive** aimed at:
  - Enabling **direct interaction** with company representatives and RTAs
  - Assisting in **claiming unclaimed dividends and shares**
  - Promoting **financial literacy** and reducing dependence on intermediaries
- First camps to be held in **Mumbai and Ahmedabad** in **May 2025**, with expansion planned.

### About IEPFA

- A statutory authority under the Ministry of Corporate Affairs.
- Aims to **safeguard investor interests**, **promote financial literacy**, and **streamline asset recovery**.
- Works with capital market institutions to ensure a **transparent and investor-friendly ecosystem**.

### Significance

- Marks a key reform in India's efforts to **empower retail investors** and recover over ₹30,000 crore in unclaimed shares/dividends currently with IEPFA.
- Enhances **ease of doing financial recovery**, improves **regulatory transparency**, and supports **digital access** to investor services.

PIB

## 7. Indian Bank Launches New Fixed Deposit Schemes IND SECURE and IND GREEN

### New Fixed Deposit Schemes (Effective May 8, 2025):

- **IND SECURE**
  - Tenure: 444 days
  - Interest Rates:
    - General Public: 7.15% p.a.
    - Senior Citizens: 7.65% p.a.
    - Super Senior Citizens: 7.90% p.a.
  - Investment Range: ₹1,000 to < ₹3 crore
  - Validity: Open until September 30, 2025
  - Features: Available as FD or money multiplier deposit with callable options

- **IND GREEN** (Promotes sustainable development)
  - Tenure: 555 days
  - Interest Rates:
    - General Public: 6.80% p.a.
    - Senior Citizens: 7.30% p.a.
    - Super Senior Citizens: 7.55% p.a.
  - Investment Range: ₹1,000 to < ₹3 crore
  - Validity: Open until September 30, 2025
  - Features: Guaranteed returns with a sustainability focus

#### Discontinued Fixed Deposit Schemes (From May 8, 2025):

- IND SUPER 400 Days
- IND SUPREME 300 Days
- No new deposits accepted; existing deposits continue to earn interest as per terms

Mint

## 8. SEBI's New Cancellation Norms

### Context

The number of cancelled **Systematic Investment Plans (SIPs)** surged to **162.3 lakh in April 2025**, more than **three times higher** than the previous month. This increase was driven by the **implementation of SEBI's new cancellation norms**, not investor panic.

### What is a SIP?

- A **Systematic Investment Plan (SIP)** is a disciplined method of investing in **mutual funds** at regular intervals.
- Investors can begin with as little as **₹500/month**.
- SIPs help in **rupee cost averaging** and promote **long-term wealth creation**.

### Cancellation Norms Of SEBI

- **SEBI Circular (3 January 2024):**
  - Introduced strict guidelines for **automatic cancellation** of SIPs:
    - **Daily, weekly, monthly, and fortnightly SIPs:** Cancelled after **3 consecutive failed instalments**.
    - **Quarterly and bimonthly SIPs:** Cancelled after **2 missed payments**.
- **Mandatory SIP Cancellation Timeline:**
  - AMCs must process investor SIP cancellation requests within **10 days**.
- **Improved Data Transparency:**
  - SEBI directed **AMFI and AMCs** to reflect **active contributing SIPs** only, cleaning up legacy data from inactive accounts.
    - Cleanup began in **Dec 2024–Jan 2025**, completed in **April 2025**.

### Significance of SEBI's Move

- Ensures **accurate reflection** of active investor participation.
- Promotes **data reliability** for stakeholders and market participants.
- Aims at enhancing **investor transparency** and efficient functioning of mutual fund systems.

### Related SEBI Update (March 2025)

- SEBI reduced the timeline for completing **rights issues** to **23 days**, expediting capital-raising for

companies.

### About SEBI

- **Full Form:** Securities and Exchange Board of India
- **Established:** 12 April 1988 (Statutory powers since 30 Jan 1992 under SEBI Act, 1992)
- **Headquarters:** Mumbai, Maharashtra
- **Chairman:** Tuhin Kanta Pandey

## 9. HDFC Bank Launches 'Biz+ Current Accounts' for MSMEs Across India

### Context

HDFC Bank has introduced a **new suite of current accounts named 'Biz+'** to support the **Micro, Small, and Medium Enterprises (MSME)** sector in India.

### Key Features and Benefits:

- **Reimagined Current Account Suite:** Designed to meet **sector-specific banking needs** of MSMEs such as **manufacturers, traders, and service providers**.
- **Dedicated Support:**
  - **Cash handling services**
  - **Digital banking platform**
  - **Relationship Manager/Bank Manager support**
- **Insurance Cover:**
  - **New-to-bank customers** receive **business and payment protection insurance** for the **first year**.
- **Bundled Banking Solutions:**
  - Offers a **One Bank approach** with **customized packages** covering **payment solutions, collections, credit, and risk management**.
- **Scalable Offerings:**
  - Accounts **adapt with business growth**, catering to diverse and expanding operations.

### About HDFC Bank

- **Founded:** 1994
- **Headquarters:** Mumbai, Maharashtra
- **MD & CEO:** Sashidhar Jagdishan
- **Tagline:** "We understand your world"

## Agriculture

### 1. Government Allocates Additional Rice from FCI Buffer Stock for Ethanol Production

#### Context

Under the **Ethanol Blended Petrol (EBP) programme**, the government will supply an additional **2.8 million tonnes of rice** from the **Food Corporation of India (FCI) buffer stocks** at subsidised rates. This move aims to reduce FCI's excess rice stockpile while supporting **ethanol** production.

#### Significance

- **Energy Security:** Promotes renewable fuel usage, reducing dependence on imported fossil fuels.
- **Optimal Buffer Stock Utilization:** FCI currently holds **61 million tonnes (MT)** of rice against a buffer norm of **13.58 MT**, with an economic cost of Rs 4173/quintal projected for 2025-26.
- **Economic Benefits:** Supports the **Make in India** initiative, helps **double farmers' incomes**, and

"Every topper was once an aspirant who did not stop."

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generates employment.

### Challenges

- **Food Security vs. Energy Security:** Using food staples like rice, sugarcane, and maize for ethanol may threaten food and livestock feed availability.
- **Inflation Risk:** Higher demand for these food crops in ethanol production could increase consumer prices and reduce availability.

### About Ethanol

- A biofuel produced mainly by fermenting sugars or via petrochemical processes.
- Used as a **biofuel blend in petrol**, a chemical solvent, and in medical disinfectants.

### EBP Programme Details

- Objective: To blend ethanol in petrol, reduce import dependency, and save foreign exchange.
- Target: Achieve **20% ethanol blending by 2025-26**.
- Progress: Ethanol blending increased from **1.53% in 2014** to **15% in 2024**.

## Facts To Remember

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### 1. Global Hunger Crisis Worsens in 2024, 295 Million Face Acute Food Insecurity: FAO

The United Nations Food and Agriculture Organisation (FAO) has reported a worsening global hunger crisis in 2024, with 295 million people suffering from acute food insecurity across 53 countries, a rise of 13.7 million from 2023.

### 2. Power Minister Manohar Lal to Represent India at BRICS Energy Ministers' Meet in Brazil on May 19

Power Minister Manohar Lal is on an official visit to Brazil to participate in the BRICS Energy Ministers' Meeting, scheduled for the 19th of this month.

### 3. ISRO Set for 101st Mission: Countdown for launch of PSLV-C61 mission commences

India is set to achieve a significant milestone with the 101st mission of its space programme. ISRO's PSLV-C61 rocket will take-off with Earth Observation Satellite, EOS-09 satellite at 5:59 AM tomorrow from the Satish Dhawan Space Centre at Sriharikota in Andhra Pradesh.

### 4. World Hypertension Day 2025

World Hypertension Day is being observed across the globe today. The day aims to raise awareness about the risks associated with high blood pressure and promote effective strategies for its prevention and management.

### 5. India continues to be fastest growing major economy in 2025, Says United Nations Report

Indian economy will grow at 6.3 percent during the current financial year, ahead of China, US, and European Union, a UN report said.

### 6. UIDAI achieves major milestone with over 150 billion Aadhaar authentications

The total number of Aadhaar authentication transactions has crossed 150 billion mark, making it a milestone moment in the journey of the Unique Identification Authority of India (UIDAI) and for the broader Aadhaar ecosystem.

**FIVE TO REMEMBER · 16 & 17 MAY 2025**

1. **Established:** 12 April 1988 (Statutory powers since 30 Jan 1992 under SEBI Act, 1992) SEBI's New Cancellation Norms
2. The mission aims to send three personnel to a depth of 6000 meters using the manned submersible vehicle '**MATSYA 6000**' for exploration of deep-sea resources like minerals. India's Manned Deep-Sea Mission: MATSYA 6000
3. Forecast to **ease from 4.9% in 2024 to 4.3% in 2025** United Nations World Economic Situation and Pro...
4. A **PwC India report** estimates that RRBs' share of India's GDP will rise from **3.7% in FY24 to 5.2% by FY30** after consolidation and reform measures. Government Plans to List Five Regional Rural Ba...
5. In **CLM 2**, NBFC retains **minimum 20% of the loan** on its books; bank takes 80%. Draft RBI Guidelines on Co-lending

**Now test yourself:** [c4scourses.in/daily-quiz/daily-quiz-16-17-may-2025/](https://c4scourses.in/daily-quiz/daily-quiz-16-17-may-2025/)

DAY 14 OF 24

# 18 & 19 May 2025

26 items · 5 topics

National Affairs 5 · Banking and Finance 10 · Agriculture 3 · Science &amp; Tech 1 · Facts To Remember 7

## Daily Current Affairs Quiz 18 & 19 May, 2025

### National Affairs

#### 1. India Imposes Port Restrictions on Imports from Bangladesh

##### Context

India has imposed port restrictions on specific imports from Bangladesh, citing reciprocal trade measures following Bangladesh's restriction on Indian exports via land ports.

##### Key Developments:

- **Immediate Restriction on RMG Imports:**
  - Bangladesh can no longer export **ready-made garments (RMG)** to India via **land ports**.
  - RMG imports from Bangladesh are now restricted to:
    - **Kolkata Port**
    - **Nhava Sheva (Mumbai) Port**
  - These shipments will be subject to **mandatory inspections**.
- **Trade Reciprocity Reasoning:**
  - Bangladesh **restricted Indian yarn exports** via land ports from **April 13, 2025**.
  - Also stopped **Indian rice exports** via **Hili and Benapole ICPs** from **April 15, 2025**.
  - India has cited **aggressive inspection of Indian trucks** and **trade imbalance** as reasons.
- **Geographical Scope of Ban:**
  - Imports from Bangladesh of specified items are now barred through land ports (LCs and ICPs) in:
    - **Assam**
    - **Meghalaya**
    - **Tripura**
    - **Mizoram**

##### List of Specified Commodities Under Import Restriction

- Ready-made garments (all categories)
- Plastic goods
- Wooden furniture
- Juices and fruit-flavoured drinks
- Carbonated beverages
- Bakery and confectionery products
- Cotton yarn
- Dyes



**Impact & Implications:**

- May strain **India–Bangladesh bilateral trade ties**.
- Promotes **domestic manufacturing** in India by limiting low-cost imports.
- Could significantly reduce **cross-border trade** via India's Northeast region.

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**2. National Manuscripts Mission****Date of Launch:** June 9, 2025**New Name:** Gyan Bharatam Mission**Context**

The Government of India is relaunching the **National Manuscripts Mission (NMM)** under a new avatar, **Gyan Bharatam Mission**, to enhance efforts in **manuscript conservation, digitization, and cultural preservation**.

**Key Features of the Gyan Bharatam Mission**

- **Objective:**
  - Survey, document, and conserve over **1 crore Indian manuscripts** across:
    - Academic institutions
    - Libraries
    - Museums
    - Private collections
- **Scope:**
  - The mission aims to **digitize, preserve, and provide public access** to India's manuscript heritage spanning various regions and languages.
- **Institutional Framework:**
  - NMM, originally set up in 2003 under the **Indira Gandhi National Centre for the Arts (IGNCA)**, will be revamped.
  - An **autonomous body** is likely to be constituted for efficient functioning.
  - Planning and operational oversight led by the **Union Culture Secretary**.

**Budgetary Allocation**

- **Previous Allocation:** ₹3.5 crore
- **Revised Allocation (2025–26):** ₹60 crore

**Current Status of Manuscript Digitization**

- Metadata prepared for: **52 lakh manuscripts**
- Digitized titles: **Over 3 lakh**
- Uploaded content: **Only one-third** of digitized titles available online

TH

**3. India Semiconductor Mission (Semicon 2.0)****Context:**

India aims to achieve **5% of global semiconductor chip production capacity by 2030**. This initiative is part of the **next phase of the India Semiconductor Mission (Semicon 2.0)**.

### Incentive Scheme & Investments

- The Government has committed **\$10 billion** (₹82,000 crore approx.) as incentives under the mission.
- So far, **six major projects** have been approved with **total investments exceeding ₹1.55 trillion**, including:
  - ₹91,000 crore for **Tata's fab plant**
  - Remaining funds are for **OSAT and ATMP** facilities

### Current Approved Projects and Output

| Company / Project                                | Type          | Daily Chip Capacity (in million) |
|--------------------------------------------------|---------------|----------------------------------|
| <b>Tata</b>                                      | Fab           | 48                               |
| <b>HCL-Foxconn JV</b>                            | OSAT          | 1.2*                             |
| <b>CG Power</b>                                  | OSAT          | 15                               |
| <b>Kaynes</b>                                    | OSAT          | 6.3                              |
| <b>Micron</b>                                    | ATMP          | 4.8 (expected by end-2025)       |
| <b>Polymatech (Chennai)</b>                      | ATMP          | 6 (currently operational)        |
| <b>Suchi Semicon (Gujarat)</b>                   | State cleared | 10                               |
| <b>RRP Electronics (MH) + RIR Power (Odisha)</b> | State cleared | 6 (combined est.)                |

### Ecosystem Development under Semicon 2.0

- Focus areas:
  - **Supply chain development:** Chemicals, gases, and other fab inputs
  - **OSAT/ATMP market:** India targets **25% share globally in 10 years**

BS

## 4. EOS-09 (Risat-1B) Satellite

### Context

The Indian Space Research Organisation (ISRO) recently witnessed a rare failure of its **Polar Satellite Launch Vehicle (PSLV)**, leading to the loss of the **EOS-09 (Risat-1B)** satellite. This event has triggered technical introspection, given PSLV's high success record and strategic importance.

### EOS-09 (RISAT-1B): India's C-Band Radar Imaging Satellite

#### Overview:

- **Full Name:** Earth Observation Satellite-09 (EOS-09)
- **Formerly Known As:** RISAT-1B
- **Developed By:** Indian Space Research Organisation (ISRO)
- **Mission Type:** Earth observation using **Synthetic Aperture Radar (SAR)**

#### Key Features:

- **Technology Used:**
  - **C-band Synthetic Aperture Radar (SAR)**
  - Enables imaging **regardless of weather or lighting conditions**
  - Complements data from **Resourcesat, Cartosat, and RISAT-2B** series
- **Launch and Orbit Details:**
  - **Liftoff Mass:** 1,710 kg
  - **Orbit Type:** Polar Sun-synchronous orbit

- **Orbit Altitude:** ~529 km
- **Local Time of Descending Node (LTDN):** ~05:30 AM

#### Purpose and Applications:

- Designed to provide **continuous and reliable remote sensing data**
- Used for **agriculture, forestry, soil moisture, disaster management**, and **defense** applications
- Part of **RISAT (Radar Imaging Satellite)** series; EOS-09 is the **7th satellite in the series**

#### Significance of PSLV in India's Space Program

- **Versatility:** Launches to Low Earth Orbit (LEO), Sun-Synchronous Orbit (SSO), and even Geostationary Transfer Orbits (GTO)
- **Major Contributor:** Accounts for **60%+ of ISRO's total launches** over three decades
- **Global Role:** Main vehicle behind the launch of **~400 commercial satellites**, most being foreign payloads
- **Strategic Dependence:** PSLV remains crucial as **SSLV is nascent** and **GSLV/LVM-3 are yet to be fully commercialized**

TOI

## 5. SWAYAM Platform

### Context

**Banaras Hindu University (BHU)** has been appointed as the **national coordinator** for the **Institutions of National Importance (INI)** domain on the **SWAYAM platform**, replacing **IIT Madras/NPTEL**. The move marks a strategic shift to **diversify online learning** beyond STEM disciplines, aligning with the goals of the **National Education Policy (NEP) 2020**.

### SWAYAM Platform

- SWAYAM is India's central online learning platform with **10 national coordinators**, including:
  - **UGC, AICTE** – Higher education
  - **NCERT, NIOS** – School education
  - **NPTEL** – Science & Technology
  - **IIM Bangalore** – Management
  - **Now BHU** – INI domain (excluding pure technology courses)

## Banking and Finance

### 1. What is a Derivative?

A **derivative** is a **financial contract** whose value is based on an **underlying asset** (e.g., stock, index, gold, oil).

- **Examples:**
  - **Gold Futures** → Underlying: Gold
  - **Nifty Futures** → Underlying: Nifty 50 index

### Types of Derivatives in India

- **Futures Contracts**
  - Obligation for buyer and seller to transact at a **predetermined price** on a **future date**
  - **Unlimited loss** potential if market moves against the position

- **Options Contracts**

- **Call Option:** Right to buy an asset
- **Put Option:** Right to sell an asset
- Buyer has **no obligation**, only the **premium** is at risk
- **Risks:** Premium decays over time (**Theta decay**), may lead to capital erosion

## Why So Many Warnings Against Derivatives?

### Global Perspective: Warren Buffet

- **2002:** Called derivatives "**financial weapons of mass destruction**"
- **2008:** Warned they are "**dangerous**" and act like "**time bombs**"

### Indian Regulators' Concerns

- **Madhabi Puri Buch (Former SEBI Chairperson):**
  - Expressed **surprise and concern** at rising retail F&O participation
  - **Over 90% of individuals** trading in derivatives incur **losses**
- **Nirmala Sitharaman (Finance Minister), Ashishkumar Chauhan (NSE Chief), and CEA V. Anantha Nageswaran:**
  - Have all **cautioned** against excessive trading in derivatives

## Risks Associated with Derivatives

### 1. Not a Long-Term Asset

- No ownership or long-term appreciation
- Contracts expire; **no wealth creation** unlike equities

### 2. Leverage Risk

- Enables large trades with small capital
- **Small market movements** can cause **huge losses**

### 3. Misuse by Retail Investors

- Originally designed for **hedging** risk
- Often used by retail traders for **speculation** without understanding
- Results in **capital erosion** and **financial distress**

### 4. Time Decay in Options

- Premium paid for options **loses value over time** (like melting ice cream)
- Many are unaware of **option Greeks**, especially **Theta**

### 5. Illusion of Safety in Options

- Perceived as less risky due to "limited loss"
- But **most option buyers lose entire premium**, especially near expiry

## 2. RBI's Contingent Risk Buffer and Surplus Transfer

### What is the Contingent Risk Buffer (CRB)?

- The **CRB** is a reserve maintained by the RBI to cover unexpected risks and losses.
- It is a **component of the Economic Capital Framework (ECF)**, based on recommendations by the **Bimal Jalan Committee**.
- The **current CRB range is 5.5% to 6.5%** of the RBI's balance sheet.

## Recent Developments

- The **RBI's Central Board** recently met to review the ECF.
- It has **sought the Government's approval** to **expand the CRB range**, citing increasing vulnerabilities and macroeconomic fluctuations.
- An **expanded CRB range** could provide the RBI more flexibility in managing economic shocks.

## Implication for Surplus Transfer

- The **transferable surplus** from the RBI to the government **depends on how much CRB is maintained**.
  - **Higher CRB → Lower surplus transfer**
  - **Lower CRB → Higher surplus transfer**

## Why It Matters

- The **CRB acts as a financial safety net** for the central bank.
- Modifying the CRB range impacts:
  - **Government finances** (due to surplus dependency)
  - **RBI's risk-taking capacity**
  - **Investor and market confidence** in the RBI's risk management

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## 3. The Alternative Investment Funds (AIFs) Industry

### Context:

The **Indian Venture and Alternate Capital Association (IVCA)** has urged SEBI to set up an **inter-regulatory platform** to:

- Facilitate **coordinated discussions** between **SEBI, RBI, IRDAI, PFRDA**, and other stakeholders.
- Address **operational hurdles** and promote **domestic capital formation**.
- The proposal was made during a meeting with **SEBI Chairman Tuhin Kanta Pandey** earlier this month.

### Key Issues

- **RBI's December 2023 circular** restricted **bank/FI investments** in **AIFs** with downstream exposure to debtor companies.
  - **Partial relaxation in March 2024**, but some banks still face challenges in **honouring capital calls**.
- Industry is urging **regulatory clarity** and **harmonization across regulators** to prevent compliance bottlenecks.

## Strategic Focus Areas for AIF Reform

### Shift Towards Accredited Investors

- Emphasis on:
  - Simplifying **registration** using **public data infrastructure** (tax filings, depository ownership records).
  - Tapping into the potential of **high net-worth individuals** with greater risk appetite and financial knowledge.

### Revisiting Outdated Norms

- Calls for:
  - **Regulatory modernization** in line with **global standards**.
  - Simplified compliance for smoother fund operations and enhanced investor participation.

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## 4. IBC Amendment and RERA Participation

### Context:

The **Insolvency and Bankruptcy Board of India (IBBI)** has amended corporate insolvency regulations.

- Now allows **RERA authorities** to **participate in Committee of Creditors (CoC) meetings** during resolution of stressed real estate assets.
- This move acknowledges RERA's key role, but the involvement remains **purely consultative**.

### Need for Structural Reforms

#### Proposed Solutions

- **Statutory mechanisms** are needed for regulatory coordination in sectoral insolvencies.
- Sector-specific authorities must:
  - Institute **claim-processing systems**
  - Attend CoC meetings as stakeholders
  - Provide **timely approvals** for resolution plan implementation

### Current Amendment Is Inadequate

- The IBBI's amendment is a **symbolic gesture**, not a structural reform.
- **Legislative clarity and integrated frameworks** are essential to resolve real sector insolvency effectively.

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## 5. RBI Enforcement and Penalties in FY24

### Context

RBI imposed penalties in **281 instances totaling ₹86.1 crore** in FY24, up from ₹40.4 crore (211 cases) in FY23.

- **State-run and private banks** saw increased penal action; foreign banks and small finance banks saw a decline.
- Highest historical penalty: ₹58.9 crore on **ICICI Bank (March 2018)** for HTM securities violations.

### RBI's Scale-Based Enforcement Framework

- A new enforcement strategy aligns penalties with a **regulated entity's (RE's) size, complexity, and risk**.
- This move followed high-level meetings by RBI Governor Shaktikanta Das with public and private bank boards in May 2023.
- **Clawback provisions** from RBI's 2019 circular (effective FY20) are being tested but face long litigation timelines (e.g., Yes Bank case).

### Legal Framework

- RBI is empowered under **Sections 46 and 47A of the Banking Regulation Act, 1949**, but has yet to act against individuals.
- **Suggestion:** Adopt a **UK-style Senior Managers & Certification Regime (SMCR)** for personal liability.

### Fraud Detection: Lag Still a Major Problem

- FY24 frauds involved ₹21,367 crore in 18,461 cases vs ₹2,623 crore (14,480 cases) in FY23.

### Technology Gaps in Fraud Detection

- **Most systems detect known fraud patterns**, causing delays in identifying new fraud techniques.

- **Jaya Vaidhyathan**, CEO, BCT Digital: Calls for **real-time surveillance, adaptive AI/ML systems** to shift from detection to **fraud prevention**.

#### Need for Sector-Wide Governance Reform

- Experts note India's penalties are modest compared to **global regulators**.
- RBI's governance reforms need to expand beyond banks to all **regulated entities (REs)**, including **NBFCs, HFCs, CICs, etc.**
- Current penalties may be seen as **just another operating expense** unless backed by stronger **governance-linked pay structures and disclosure norms**.

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## 6. Customer Service and Accountability in Indian Banking

### Context

The Indian banking sector is undergoing a paradigm shift in customer service, driven by direct interventions from the Ministry of Finance and the **Reserve Bank of India (RBI)**. A recent incident involving a surprise branch visit by DFS Secretary M. Nagaraju highlights the push for accountability and excellence in customer care.

### CPGRAMS Revitalization

- **CPGRAMS (Centralised Public Grievance Redress and Monitoring System)** is now more active than ever.
- Citizens can file grievances via web and mobile (including UMANG app).
- DFS's rank is currently low (21st) due to many unresolved banking and insurance complaints.

### CPGRAMS: India's Unified Online Public Grievance Redressal System

#### Overview:

- **Full Form:** Centralized Public Grievance Redress and Monitoring System
- **Developed By:** National Informatics Centre (NIC)
- **Managed By:** Department of Administrative Reforms and Public Grievances (DARPG)
- **Availability:** 24/7 online portal for citizens

#### Key Features:

- **Purpose:**
  - Enables citizens to **lodge grievances related to service delivery**
  - Integrates all **ministries/departments of the Central and State Governments**
- **Access:**
  - **Role-based login** for officers across government levels
  - Citizens receive a **Registration ID** to track and file appeals

### RBI's Push for Customer-Centric Banking

- RBI Ombudsman data (FY 2023-24):
  - Complaints grew at 50% CAGR, touching **9.34 lakh**.
  - 57% of maintainable complaints required formal RBI intervention.
  - 10 million+ complaints recorded across 95 scheduled commercial banks.
- Maintainable issues include frauds, wrongful charges, foreclosure fees.
- RBI has flagged:
  - **KYC updates turning into "HYC – Harass Your Customer"**.



- **Misselling** of financial products, particularly to rural customers.

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## 7. Capital Adequacy Ratio (CAR)

### Context

Shapoorji Pallonji Group has asked the Reserve Bank of India (RBI) to give its unit, Sterling Investment Corp, three years to meet enhanced **capital adequacy** norms in relation to a recent bond issue, said people with knowledge of the matter.

### What is Capital Adequacy Ratio (CAR)?

The **Capital Adequacy Ratio (CAR)** is a key financial metric used to assess a bank's ability to withstand financial stress by maintaining sufficient capital reserves. It is a regulatory requirement that ensures banks can absorb potential losses while continuing to operate, thereby protecting depositors and maintaining financial system stability.

### Key Features of CAR:

- Reflects a bank's **financial strength and risk management** capability.
- Ensures banks maintain **capital buffers** against possible losses.
- Higher CAR means **lower risk of insolvency**.
- Enforced by central banks and regulators to promote a **stable banking sector**.

### Components of CAR

#### 1. Tier 1 Capital (Core Capital):

- Absorbs losses while the bank continues to function.
- Includes: **Equity share capital, retained earnings, disclosed reserves**.

#### 2. Tier 2 Capital (Supplementary Capital):

- Absorbs losses in case of a bank's winding up.
- Includes: **Revaluation reserves, hybrid instruments, subordinated debt**.

#### 3. Risk-Weighted Assets (RWA):

- Assets adjusted for **credit, market, and operational risks**.
- Not all assets carry the same risk—this calculation ensures a more accurate risk assessment.

### CAR Requirements in India (as per RBI norms):

- **12% for **Indian Public Sector Banks****
- **9% for **Indian Scheduled Commercial Banks****

(Note: These are above the Basel III minimum requirement of 6%, reflecting India's cautious regulatory stance.)

### Why is CAR Important?

- **Ensures Financial System Stability:** Limits risk exposure, preventing systemic collapses.
- **Protects Depositors' Interests:** Banks can honor withdrawals even during stress.
- **Avoids Economic Disruptions:** Minimizes the chance of a banking crisis.
- **Compliance with Global Standards:** CAR is a key component of **Basel III regulations**, which aim to enhance bank capital adequacy, stress testing, and liquidity management.

## 8. External Commercial Borrowings (ECBs)

### Context

Non-Banking Financial Companies (NBFCs) in India are increasingly turning to **External Commercial Borrowings (ECBs)** for cheaper and more diversified funding as domestic banks delay passing on the benefits of recent repo rate cuts.

### External Commercial Borrowings (ECBs)

#### Definition:

- **External Commercial Borrowings (ECBs)** refer to **loans in foreign currency borrowed by Indian entities** from non-resident lenders.
- Widely used by **Indian corporations and Public Sector Undertakings (PSUs)** to access foreign capital.

#### Key Sources of ECBs:

- **Foreign commercial banks**
- **Buyers' and suppliers' credit**
- **Securitized instruments:** e.g., Floating Rate Notes (FRNs), Fixed Rate Bonds
- **Export Credit Agencies**
- **Multilateral financial institutions:** IFC (Washington), ADB, AFIC, CDC

#### Regulatory Framework:

- **Governed under: Foreign Exchange Management Act (FEMA), 1999**
- **Regulated by:**
  - **Department of Economic Affairs (DEA)**, Ministry of Finance
  - **Reserve Bank of India (RBI)**
- ECBs can be raised via:
  - **Automatic Route:** Cleared by AD Category-I Banks
  - **Approval Route:** Requires prior RBI approval through AD Banks

#### Usage Restrictions:

- **Not allowed** for:
  - Investment in **stock market**
  - **Speculative real estate** activities

#### Permissible Use and Limits:

- **Up to 25%** of ECB proceeds can be used to **repay rupee debt**
- **75% must be used for new projects**
- ECB **cannot be used to refinance the entire rupee loan**
- **Minimum Average Maturity Period (MAMP)** applicable to all ECBs

#### Sector-Specific Limits:

- **Infrastructure & Greenfield projects:** Up to 50% funding via ECBs allowed
- **Telecom Sector:** Up to 50% ECB funding permitted
- **NBFC-IFCs:** ECB limit raised from 50% to **75% of owned funds**
- **Automatic Route Caps:**
  - **Corporates:** Up to **\$750 million/year**
  - **Service sector:** Up to **\$200 million/year**
  - **NGOs for microfinance:** Up to **\$10 million/year**

## 9. SEBI Expands Scope of Electronic Book Mechanism for Debt Market Efficiency

### Context

"Read it once, recall it twice, and it is yours."

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**SEBI has made Electronic Book Provider (EBP) platform usage mandatory** for all private placement debt issues of ₹20 crore or more.

- **Earlier threshold:** ₹50 crore
- **Revised threshold:** ₹20 crore

### Expanded Scope of Applicability

- **Instruments now covered under EBP mandate:**
  - Debt securities
  - Non-convertible redeemable preference shares (NCRPS)
  - Municipal bonds
  - Instruments issued by **REITs** (Real Estate Investment Trusts)
  - Instruments issued by **InvITs** (Infrastructure Investment Trusts)

### Objective of the Move

- Improve **transparency, price discovery, and efficiency** in the debt market
- Streamline and standardize **private placement processes**
- Enhance credibility and robustness of the **EBP mechanism**

### Background

- The move follows **recommendations of a SEBI working group**
- Incorporated **public feedback** before finalization
- Part of SEBI's broader goal to **deepen the corporate bond market** in India

### Implications

- Broader **mandatory compliance** with EBP norms across issuers
- Inclusion of newer market participants like REITs and InvITs
- Encouragement of wider investor participation and **market integrity**

## 10. PayU Gets Final RBI Approval to Operate as Payment Aggregator

### Key Highlights:

- **RBI Authorization Granted:**
  - PayU Payments Pvt. Ltd. has received **final authorization from the Reserve Bank of India (RBI)** to operate as a **Payment Aggregator (PA)** under the **Payment and Settlement Systems Act, 2007**.
- **Regulatory Compliance:**
  - PayU's approval confirms its compliance with **RBI's stringent norms**, including:
    - Merchant due diligence
    - Maintenance of **escrow accounts**
    - **Grievance redressal mechanisms**
    - Strong operational and governance structures
- **Background:**
  - The RBI has mandated since 2020 that all digital payment intermediaries must be authorized to ensure **security, transparency, and consumer protection**.  
Over **180 entities had applied**; only a select few have been granted final licenses so far.

## Agriculture

### 1. Genome-Edited Rice Varieties

#### Context:

India has released the **world's first gene-edited rice varieties** developed using **CRISPR-Cas9 technology**.

- These varieties **target salinity tolerance**, crucial for climate-resilient agriculture.
- Expected **yield improvement: Up to 30%**.

#### Deployment & Timeline

- Genome-edited rice varieties are **not yet released** but have been **identified as promising**.
- **Seed production stages** (breeder, foundation, certified seed) will take **2–4 years**.
- Initial rollout through **public sector channels** like National Seeds Corporation (NSC).

#### Government Support & Programme

- A **₹500 crore government programme** has been launched for genome editing across:
  - **Cereals, pulses, oilseeds**
  - **Horticulture and livestock**
- Focus: **Trait-specific, location-specific, and crop-specific improvements** (drought, flood, heat tolerance, etc.).

#### Intellectual Property Rights (IPR) & Farmer Protection

- The government will acquire **freedom to operate licenses** to address IPR concerns.
- **No liability on farmers or consumers**.
- Once released, farmers can **retain and reuse seeds**, reducing dependency on private firms.

#### Addressing Budget Constraints

- Budget constraints exist but can be mitigated by:
  - **Convergence across agencies**
  - **Avoiding redundancy**
  - Promoting **institutional synergy** for higher impact

BS

### 2. India Set to Launch Satellite-Based Handheld Soil Testing Tool for Farmers

#### Context

The Government of India is working on a **real-time, handheld digital soil testing tool** using **satellite-based technology**. This tool aims to **replace traditional soil testing**, which is **time-consuming, labour-intensive**, and dependent on **government laboratories**.

#### Key Features of the Digital Soil Testing Tool

- Developed under the guidance of **M.L. Jat**, Secretary, **Department of Agricultural Research and Education** and DG, **ICAR**.
- **Provides instant readings** of:
  - **Soil texture**
  - **pH level**
  - **Organic matter**
  - **Nutrient content**

- Facilitates **precision farming** by enabling:
  - Accurate application of fertilizers and irrigation
  - Reduced input costs
  - Improved crop yield

### Technological Backbone

- A **soil spectral library** and **national spectral depository** is under development.
- Currently, the national depository houses over **40,000 soil spectra**.
- **5,000–10,000 new samples** will be added every year.
- Machine learning models will correlate soil spectra with soil properties for accurate analysis.

### Advantages Over Traditional Methods

- Traditional soil testing takes **several days** and is **costly**.
- Soil Health Cards offer **static, technical reports** that are **hard to interpret** for non-experts.
- The new approach offers:
  - **Real-time, user-friendly** results
  - **Personalized advice** through mobile apps
  - Accessibility for farmers with **limited technical background**

### Complementary Initiatives

- Establishment of **National Soil Survey Laboratories** to support soil testing innovation.
- Plans to offer **personalized agricultural recommendations** via mobile or handheld devices.

### Economic Context

- Agriculture contributes **18% to India's GDP** and employs **42% of the workforce**.
- The **FY26 Union Budget** allocated **₹1.71 trillion** to agriculture and allied sectors (up **20%** from FY25 RE).

### Significance

- This innovation is expected to **transform Indian agriculture** by enabling data-driven, site-specific soil management.
- Promotes **sustainable farming**, reduces environmental harm from fertilizer overuse, and enhances **farmer income**.

*Mint*

## 3. Govt releases 3 new crop varieties developed by BHU

### Context

Banaras Hindu University (BHU) has recently developed and released three new crop varieties aimed at enhancing agricultural productivity and resilience, particularly in Uttar Pradesh. These include two rice varieties and one mustard variety, each tailored to address specific agronomic challenges and improve farmer outcomes. [The Times of India](#)

### Malaviya Manila Sinchit Dhan-1 (Rice)

- **Development:** A collaborative effort between BHU and the International Rice Research Institute (IRRI), led by Prof. Shravan Kumar Singh.
- **Maturity:** 115–120 days.
- **Yield:** 55–60 quintals per hectare.
- **Grain Characteristics:** Long, slender grains with a pleasant, slightly sweet taste.

### Malviya Dhan 105 Sub-1 (Rice)

- **Improvement:** An enhanced version of the earlier Malviya Dhan 105, developed by Prof. P.K. Singh and his team.
- **Feature:** Incorporates the Sub-1 gene, enabling the plant to survive submergence for 14–15 days, making it suitable for flood-prone areas.
- **Yield:** 42–46 quintals per hectare.

### Malviya Nidhi (Mustard)

- **Development:** Led by Prof. K. Srivastava.
- **Maturity:** 125–130 days.
- **Yield:** Approximately 20 quintals per hectare.
- **Seed Characteristics:** Bold, black seeds with an average oil content of 39.4%.

## Science & Tech

### 1. Only 0.001% of Earth's Deep Seafloor Visually Explored

#### Context

A landmark study published in *Science Advances* reveals the staggering gap in visual exploration of the Earth's deep ocean — defined as areas 200 meters or more below sea level. Despite covering **two-thirds of Earth's surface**, this ecosystem remains **largely uncharted**.

#### Key Highlights:

#### Importance of Visual Imaging in Deep Ocean Research:

- Essential for contextualizing **biological and geological sample collection**.
- Critical for calibrating **remote-sensing data**.
- Helps understand marine biodiversity and geological formations.

#### Scope of the Study

- Conducted by U.S.-based researchers using data from:
- **43,681 visual dive records**
- **34 institutions across 14 countries**
- **120 Exclusive Economic Zones (EEZs)** and high seas
- Data sources: Institutional archives, public databases, and published scientific literature.

#### Methodology and Estimates

- **Two analytical approaches:**
- **Area-based estimation:** Imaged area between **1,259 km<sup>2</sup> to 2,130 km<sup>2</sup>**
- **Duration-speed method:** Estimated **3,823 km<sup>2</sup>** covered in 66 years
- Conclusion: **Only 0.001%** of deep seafloor has been visually imaged.

#### Geographical Disparity and Bias

- **97% of dives** from only **five countries**:
- United States, Japan, New Zealand, France, Germany
- **No dive records** from **Africa and most of Latin America**
- **Topographic bias:**
- **Overrepresented:** Canyons, escarpments
- **Underrepresented:** Abyssal plains (which dominate ocean floor)

## Implications and Challenges

- Current visual data equals **only half the area of Goa**.
- Inferences on **deep-sea ecosystems** drawn from **an extremely limited sample**.
- If **1,000 imaging platforms** operate at present speed ( $\sim 3 \text{ km}^2/\text{year}/\text{platform}$ ), it would still take **100,000 years** to image the entire deep seafloor once.

TH

## Facts To Remember

### 1. Jagannath Temple in Digha: A Socio-Political and Cultural Milestone

#### Overview

- **Inauguration Date:** April 30, 2025 (Akshaya Tritiya)
- **Location:** Digha, Purba Medinipur, West Bengal
- **Cost:** ₹250 crore (public funds)
- **Inaugurated by:** CM Mamata Banerjee
- **Temple Type:** Replica of the 12th-century Jagannath Temple in Puri, Odisha

### 2. India beats Bangladesh in the U-19 SAFF summit clash

India defeated Bangladesh 4-3 via a penalty shootout to retain the SAFF U-19 Championship title on Sunday at the Golden Jubilee Stadium in Yupia, Arunachal Pradesh. The scores were tied 1-1 in regulation time, which forced the match into penalties.

### 3. Rajasthan's beloved Sangri got GI Tag

Rajasthan's beloved Sangri — the slender bean that adds a unique flavour to Rajasthani kitchens — has just been awarded a Geographical Indication (GI) tag.

### 4. GeM emerges as largest procurement platform globally

Government e-Marketplace (GeM) has emerged as one of the World's largest and most efficient public e-procurement platforms, setting new benchmarks in accessibility and affordability.

### 5. ISRO forms probe panel after PSLV-C61 glitch leaves EOS-09 off-target

Indian Space Research Organisation (ISRO) has formed a committee to investigate the incident in which a PSLV rocket failed to place the Earth observation satellite, EOS-09, into its intended orbit.

### 6. Fisheries Sector Outpaces Agriculture, Contributes 9% to Economy: Minister Rajeev Ranjan Singh

Union Minister for Fisheries Rajeev Ranjan Singh today said that the fisheries sector is contributing more to the country's economy when compared with the agriculture sector.

### 7. Foreign Investors Pour ₹18,600 Cr into Indian Stocks in May

Foreign investors pumped in over 18,000 crore rupees into the Indian equities market so far in May on global positive cues and improving domestic conditions. According to the depository's data, the Foreign Portfolio Investors, or FPIs, invested 18,620 crore rupees into the equities market but pulled out 6,748 crore rupees from the debt markets so far in May.



**FIVE TO REMEMBER · 18 & 19 MAY 2025**

1. Highest historical penalty: ₹58.9 crore on **ICICI Bank (March 2018)** for HTM securities violations. RBI Enforcement and Penalties in FY24
2. India aims to achieve **5% of global semiconductor chip production capacity by 2030**. This initiative is part of the **next phase of the India Semiconductor Mission (Semicon 2.0)**. India Semiconductor Mission (Semicon 2.0)
3. **2008**: Warned they are "**dangerous**" and act like "**time bombs**" What is a Derivative?
4. **RBI's December 2023 circular** restricted **bank/FI investments** in AIFs with downstream exposure to debtor companies. The Alternative Investment Funds (AIFs) Industry
5. **Governed under: Foreign Exchange Management Act (FEMA), 1999** External Commercial Borrowings (ECBs)

**Now test yourself:** [c4scourses.in/daily-quiz/daily-quiz-18-19-may-2025/](https://c4scourses.in/daily-quiz/daily-quiz-18-19-may-2025/)

DAY 15 OF 24

**20 May 2025**

Tuesday · 21 items · 4 topics

National Affairs 5 · Banking and Finance 9 · Agriculture 4 · Facts To Remember 3

**Daily Current Affairs Quiz**  
**20 May, 2025****National Affairs****1. Panchayat Advancement Index (PAI): Evidence-Based Decision-Making in Indian Governance****Context**

**Evidence-based policy-making** is promoted by the Indian government through policies like the **National Data Sharing and Accessibility Policy (NDSAP), 2012**.

- **Data.gov.in** hosts vast datasets, but usage remains limited due to:
  - Complex formats
  - Poor data visualization tools
  - Overwhelming volume for lay users and local representatives
- Decision-making still often relies on **intuition and experience** rather than structured data.

**Key Challenges in Grassroots Data Usage**

- Data collected at **gram panchayat, block, and district levels** primarily serves higher administrative levels.
- **Local officials and elected representatives** have limited access to usable insights.
- Portals are **designed for macro analysis**, neglecting **micro-level decision support**.
- Lack of user-friendly presentation limits **community awareness and engagement**.

**Panchayat Advancement Index (PAI)**

- **Released in April 2025** by the Ministry of Panchayati Raj.
- **Covers 2.16 lakh+ gram panchayats**, using:
  - **435 local indicators** (331 mandatory, 104 optional)
  - **566 data points across 9 LSDG-aligned themes**
  - Based on the **National Indicator Framework (NIF)**
- Provides **GP-level outcome tracking**, accessible to even sarpanches and ward members (with some support).
- About **11,000 GPs** were excluded due to validation issues.

**State Participation and Data Gaps**

- **25 States/UTs** submitted nearly complete validated data.
- **Uttar Pradesh**: Only 23,207 out of 57,702 GPs (40%) submitted data—**raises concerns about data transparency and development tracking**.

**Significance and Application of PAI**

- **Outcome-focused analysis**: e.g., 'Healthy Panchayat' scores allow targeted health interventions.

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- **Enables alignment** of departmental efforts (rural development, education, health) with panchayat planning.
- Can optimize use of funds from:
  - CSR
  - PM's Mineral Area Fund (via DMF)
  - MPLADS and MLALAD schemes

### The Way Forward

- Need for **trained data analysts at block/district level** to generate periodic report cards.
- Recommend creating a **similar Achievement Index for urban local bodies**.
- Emphasize **regular updates** to the baseline PAI report to track improvement.

TH

## 2. e-Zero FIR Initiative

### Context

The **Indian Cybercrime Coordination Centre (I4C)** has launched a **new system** to automatically convert **cybercrime complaints involving ₹10 lakh or more** into **First Information Reports (FIRs)**.

- The initiative is called **e-Zero FIR** and is being **piloted in Delhi**.
- It applies to complaints registered via the **1930 helpline** or the **cybercrime.gov.in portal**.

### Objective and Impact

- Aims to **speed up investigation** and help **victims recover lost funds** more efficiently.
- Addresses delays and legal hurdles that victims typically face in lodging FIRs for large-scale financial frauds.
- The FIR registration process is **automated**, ensuring swift legal response and tracing of digital financial trails.

### Key Authorities Involved

- Launched under the direction of **Union Home Minister Amit Shah** after a review of I4C's functioning.
- Integrated systems:
  - **National Cybercrime Reporting Portal (I4C)**
  - **Delhi Police's e-FIR system**
  - **Crime and Criminal Tracking Network and Systems (CCTNS)** of the **National Crime Records Bureau (NCRB)**

### Strategic Significance

- India is witnessing a **sharp rise in digital financial frauds**, and this initiative enhances the **speed and traceability** of enforcement responses.
- Reduces reliance on manual police station-level FIR filings, enabling **centralized digital surveillance and legal redress**.

### Relevance for India

- A step forward in **cybercrime governance and victim support**.
- Boosts confidence in digital economy and online transactions.
- Helps build a **real-time national database of cyber frauds** for better predictive policing.

TH

### 3. LibTech India Report on MNREGA

#### Context

While the scheme saw a rise in household registrations, actual delivery of promised employment has declined. This **disconnect between enrolment and actual workdays** points to deeper implementation challenges. The scheme's legal guarantee of **100 days of employment is not translating into practice for the majority of beneficiaries.**

#### About MGNREGA

- **Full Name:** Mahatma Gandhi National Rural Employment Guarantee Act
- **Launched:** 2005
- **Administered by:** Ministry of Rural Development, Government of India
- **Purpose:** Guarantees 100 days of wage employment to rural households for unskilled manual work; aims to enhance rural livelihood security and create durable rural assets.
- **Key Features:**
  - Demand-driven and legally enforceable right to work
  - Wage payment within 15 days, with compensation for delays
  - Emphasis on transparency via MIS, geo-tagging, and social audits

#### Key FY 2024–25 Findings (LibTech India Report)

##### Mismatch Between Registrations and Work Delivered

- **Registrations:** Rose from **13.80 crore (FY24)** to **14.98 crore (FY25)** → **↑ 8.6%**
- **Employment Delivery:** **↓ 7.1%**; only **7% of households** received the full 100 days of employment
- **Average Person-days:** Dropped from **52.42 to 50.18 days/household** → **↓ 4.3%**
- **Fund Utilization:** ₹82,963 crore spent, exceeding the ₹86,000 crore budget → **Utilization at 106%**

##### State-Level Trends

- **Decline in:**
  - **Odisha:** –34.8%
  - **Tamil Nadu:** –25.1%
  - **Rajasthan:** –15.9%
- **Increase in:**
  - **Maharashtra:** +39.7%
  - **Bihar:** +13.3%

#### Wage Payment System Issues

##### Two-Stage Payment Process

1. **Stage 1 (State):** 8-day timeline for muster roll, measurement, wage list, and FTO generation.
2. **Stage 2 (Centre):** 7 days for wage credit after FTO from state.

##### Delay Compensation Formula

- **0.05% per day** beyond 15 days from muster roll completion
- **Actual Compensation Paid:** Only **3.76%** of eligible delayed payments were compensated

#### Major Challenges Identified

- **Delayed Payments:**
  - 71% of Stage 2 (central) payments were **not made within the legal 15-day window**
  - Delay Disparity: SC (80% on-time), ST (63%), Others (51%)

- **Insufficient Budget:**
  - ₹86,000 crore **not enough** for rising work demand
  - Overspending indicates mismatch between demand and allocation
- **Caste-based Payment Segregation:**
  - SC/ST workers prioritized; Others face longer delays → violates non-discriminatory wage rule
- **Technical Failures in Payments:**
  - Aadhaar-based payment system (APBS) often fails due to **NPCI mapping errors**
  - ₹4+ crore in **failed wage transfers**, especially in **Chhattisgarh** (11.4% rejection rate)

### Recommendations / Way Forward

- **Increase Budget Allocation:**
  - Raise funds to **₹1.5–2 lakh crore** to match growing demand
- **Simplify Payment Mechanism:**
  - Shift from Aadhaar-based payments to **direct bank account transfers**
- **Ensure Automatic Compensation:**
  - Enforce real-time systems to trigger **automatic compensation** for delays
- **End Caste-Based Segregation:**
  - Ensure **uniform treatment of all workers** in payment processing
- **Strengthen Monitoring & Transparency:**
  - Use **real-time dashboards** and grievance redressal mechanisms

TH

## 4. 'Sagar Mein Samman' (SMS)

### Launch & Objective

- Launched by **Union Minister Sarbananda Sonowal** during the **International Day for Women in Maritime** (Mumbai).
- Aims to create a **future-ready, gender-equitable maritime workforce**.
- Aligned with Government of India's **Diversity, Equity, and Inclusion (DEI)** goals.

### Key Features of SMS Policy

- **Increased Women Participation:** Target of **12% female representation** in technical maritime roles by **2030**.
- **Holistic Policy Approach:**
  - **Planning & Strategy**
  - **Training & Development**
  - **Research & Development**
  - **Governance & Compliance**
  - **Communications & Outreach**
- **Focus Areas:**
  - Empowerment & Leadership
  - Inclusivity & Equal Opportunity
  - Safety & Well-being
  - Skill Development & Retention

### Maritime Gender Inclusion Achievements (2014–2024)

- **Registered women seafarers** increased from **1,699 (2015)** to **14,255 (2024)** — a **739% surge**.

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- **Women seafarers on ships** rose from **341 (2014)** to **2,557 (2024)** – a **649% increase**.
- **Financial assistance** recipients: From **45 (2014–15)** to **732 (2024–25)**.
- Total of **2,989 women** received assistance since 2014.

### Vision & Alignment

- **Supports Maritime India Vision 2030**: Including the **‘Women in Seafarer’ programme**.
- Reinforces India’s commitment to **IMO’s gender inclusion goals** and **UN SDGs**.
- Complements 2025 IMO theme: *“Our Ocean, Our Obligation, Our Opportunity”*.

## 5. Operation Olivia 2025

### Overview

- **Initiated by**: Indian Coast Guard (ICG)
- **Purpose**: To protect **Olive Ridley turtles** during nesting season (November to May)
- **Focus Area**: Odisha coast, primarily **Gahirmatha Beach** and **Rushikulya river mouth**

### 2025 Milestone

- **Record turtle nesting**: Over **6.98 lakh Olive Ridley turtles** nested at Rushikulya in **February 2025**
- Annual turtle arrival in Odisha: **8+ lakh turtles**
- Marks the **highest mass nesting** at Rushikulya, crediting **ICG’s intensive conservation efforts**

### Significance

- Olive Ridley turtles are listed under:
  - **Schedule I of India’s Wildlife Protection Act, 1972**
  - **IUCN Red List – Vulnerable category**
- Operation Olivia aligns with India’s commitments to **biodiversity protection** and **SDG-14 (Life Below Water)**

## Banking and Finance

### 1. RBI Issues Revised Draft Guidelines on RE Investment in AIFs

#### Context

The **RBI observed improved financial discipline** among **Regulated Entities (REs)** regarding **AIF** investments after prior regulatory interventions. The **Securities and Exchange Board of India (SEBI)** had also introduced **due diligence norms** for AIF investors and investments. New draft guidelines aim to **tighten exposure norms**, enhance risk containment, and align with SEBI frameworks.

#### Key Provisions of the Draft Directions

#### New Proposal on AIF Investments

- **RBI proposes a cap on investments by Regulated Entities (REs)** in Alternative Investment Funds (AIFs):
  - **Individual RE cap**: 10% of the AIF scheme’s corpus.
  - **Collective RE cap**: 15% of the total corpus of any AIF scheme.

#### Background and Context

- In **December 2023**, RBI **banned REs from investing** in AIFs that have exposures to **existing or recent borrowers**, following **SEBI’s observations** about:
  - Loan evergreening
  - Regulatory circumvention via AIF structures

- The restrictions led to **capital call issues** for AIFs.

### Regulatory Response and Relaxation

- In **March 2024**, RBI eased **provisioning norms** for such investments.
- As per RBI's May 2025 note, these **measures improved financial discipline** among REs.
- **SEBI also mandated stricter due diligence** to prevent regulatory arbitrage through AIFs.

### Provisioning Requirement for Conflict Exposure

- If RE's investment **exceeds 5%** of an AIF's corpus **and** the AIF has **downstream debt exposure** to a **debtor company of the RE**:
  - The RE must make a **100% provision** for the **proportionate exposure**.

### Implications

- **Risk Mitigation**: Protects REs from indirect credit exposure to related parties.
- **Enhanced Transparency**: Promotes responsible allocation and discourages regulatory arbitrage via AIFs.
- **Stronger Due Diligence**: Encourages deeper risk assessment before investing in AIFs with related-party debt.
- **Capital Adequacy Impact**: 100% provisioning may affect capital planning for banks/NBFCs with significant AIF exposure.

TH & BS

## 2. SEBI Warns Mauritius-Based FPIs Over Non-Disclosure of Adani Shareholding Details

### Background

- The **Securities and Exchange Board of India (SEBI)** is probing **13 offshore investors** in the **Adani Group** following **Hindenburg Research's 2023 allegations**.
- Allegations involved **use of tax havens** and **stock manipulation**, which triggered a **massive stock selloff**.
- The **Adani Group has denied any wrongdoing**, and stock prices have largely **recovered** since.

### Warning Issued to Mauritius-Based Funds

- **SEBI has threatened action** against two **Mauritius-based foreign portfolio investors (FPIs)**:
  - **Elara India Opportunities Fund**
  - **Vespera Fund**
- **Reason**: Failure to **disclose granular shareholder details** despite **repeated requests since 2023**.

### Nature of Violations and Concerns

- The two FPIs held **concentrated stakes** in Adani Group firms.
- They **did not provide details of their beneficial owners** or justify the non-disclosure.
- SEBI stated that this **lack of transparency hinders its investigation** into:
  - **Minimum Public Shareholding (MPS) compliance**
  - **Ownership concentration norms**

### Possible Consequences

- **Penalties**
- **Cancellation of FPI licences**
- **Further regulatory tightening** on foreign funds operating from tax-friendly jurisdictions

BS



### 3. Sebi Raises Anchor Investor Limits for Lower-Rated Bond Issues to Boost Market Appeal

#### Key Regulatory Changes by SEBI

- **Anchor investor allocation limit increased based on bond credit rating:**
  - **Up to 50% allocation** for bonds rated **BBB and below**.
  - **40% allocation** for bonds rated between **A+ and A-**.
- Earlier, anchor allocation was capped at **30% regardless of rating**.
- Mandatory disclosure of anchor investor participation in placement memorandums.
- Anchor investors must provide electronic confirmation of participation by T-1 day; unconfirmed amounts revert to base issue size.

#### Mandatory Use of Electronic Book Provider (EBP) Platform

- SEBI lowered the **threshold for mandatory pricing of private placement issues on EBP** from ₹50 crore to **₹20 crore and above**.
- Expected to enhance transparency, reduce information asymmetry, and improve price discovery.

#### Impact and Benefits

- Higher anchor investor limits aim to:
  - Help **NBFCs and borrowers with credit rating below A** attract anchor investors more easily.
  - Allow arrangers to take larger initial exposure and then sell down to yield-seeking investors.
  - Reduce cases of **undersubscription** in lower-rated bond issues.
- Increased disclosures on EBP platform to promote:
  - Greater investor participation.
  - More efficient pricing mechanisms.
  - Improved market transparency for smaller issuers.

TET

### 4. Anchor Investors in IPOs

#### Strategic Role in IPO Ecosystem

- **Market Signalers:** Anchor Investors act as market validators, signaling confidence in the issuing company. Their early commitment influences retail and institutional sentiment, often shaping the trajectory of the IPO.
- **Price Discovery Agents:** They contribute to a fair valuation by establishing the *anchor price*, which serves as a reference point for other categories of investors.

#### Regulatory Framework and Safeguards (As per SEBI)

- **Minimum Investment:** ₹10 crore per anchor investor ensures that only large, credible institutions participate.
- **Lock-in Period:** 30-day mandatory lock-in builds **listing price stability** and prevents speculative sell-offs.
- **Allocation Cap:** Maximum 60% of QIB quota can be reserved for anchors—balancing early price discovery with broader participation.
- **Early Allotment:** One-day prior allotment to anchor investors helps assess initial demand and refine pricing strategy.

#### Impact on IPO Dynamics

- **Confidence Catalyst:** Their entry boosts overall investor trust and often leads to oversubscription.
- **Reduced Volatility:** Lock-in period ensures a cushion against initial listing-day volatility.

"Small steps, every day. That is the whole strategy."

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- **Subscription Momentum:** Presence of well-known anchor institutions (e.g., mutual funds, insurers) attracts retail and NII interest, improving IPO traction.

#### Who Qualifies as an Anchor Investor

- Must be a **Qualified Institutional Buyer (QIB)**.
- Common types: Mutual Funds, Banks, Insurance Companies, Pension Funds.
- These entities have the **analytical capabilities** and **capital scale** to assess IPOs thoroughly and participate meaningfully.

#### Distinction from Other Investor Categories

- **QIBs:** Institutional investors with regulatory privileges and a dedicated allocation in IPOs.
- **NII (HNIs):** High-value individuals without QIB privileges; invest large sums but get no anchor status.
- **RIIs:** Retail individuals investing small amounts; often influenced by anchor sentiment and institutional participation.

#### Key Benefits to the IPO Process

- **Enhances Credibility:** Institutional participation affirms the issuer's fundamentals.
- **Improves Price Discovery:** Sets a rational benchmark for IPO pricing.
- **Stimulates Demand:** Drives early subscription momentum across investor segments.
- **Stabilizes Listings:** Their locked-in capital ensures smoother post-listing price movement.

#### Policy Implications

- SEBI's structured framework for anchor investment has brought **discipline and transparency** to IPO pricing and marketing.
- The mechanism safeguards retail investors by anchoring valuations to institutional benchmarks rather than speculative demand.

## 5. NSDL Electronic Bidding Platform (NSDL-EBP)

#### Background & Regulatory Context

- The **Electronic Book Mechanism (EBM)** was introduced by **SEBI circular dated April 21, 2016** to enhance transparency in debt securities issuance through private placement.
- This framework was **revised and streamlined** via SEBI Circular No. SEBI/HO/DDHS/CIR/P/2018/05 dated January 5, 2018, replacing the 2016 guidelines.
- The updated framework made **electronic bidding mandatory** for issuances of **₹200 crore and above** (including green shoe option). However, **optional use** is permitted for smaller issues.

#### Purpose and Advantages of NSDL-EBP

- **Transparency in Price Discovery:** Enables fair and efficient price determination through a competitive bidding process.
- **Cost and Time Efficiency:** Reduces administrative delays and issuance costs by digitizing the private placement process.
- **Wider Participation:** Provides a standardized, accessible platform for a range of participants—issuers, arrangers, and institutional investors.

#### Registration and Participation

- Participants such as **issuers, arrangers, and investors** must register with NSDL and sign necessary agreements.
- Once registered, these entities can directly participate in the **bidding process** hosted on the NSDL-EBP platform.

## Operational Features

- **Pre-Issue Registration:** Issuer must execute a formal agreement with NSDL.
- **Bidding Process:** Bids are placed electronically, leading to transparent allocation of securities based on competitive rates.
- **Applicability:** Mandatory for all private placements  $\geq$  ₹200 crore; optional for amounts below ₹200 crore.

## Strategic and Policy Significance

- **Strengthens Corporate Bond Market:** By promoting electronic, regulated price discovery, it supports SEBI's broader agenda of deepening India's debt capital markets.
- **Institutional Confidence:** Enhances trust and reduces opacity in private placement deals, especially for large institutional investors.
- **Compliance-Friendly:** Aligns with SEBI's focus on governance, audit trails, and systemic transparency in fundraising mechanisms.

## Policy Implication for Issuers

- Issuers planning **large-scale debt funding** through private placement must adopt digital bidding, shifting away from traditional negotiated placements.
- They are encouraged to engage with the platform even for smaller issuances to gain procedural efficiencies.

## 6. Sebi Revises Audit Committee and Internal Audit Norms for Market Infrastructure Institutions

### Revised Audit Committee Composition

- Audit committee **must exclude any executive director**, including managing director.
- Ensures **independent and objective evaluation** of management decisions and financial controls.

### Rights and Participation

- **Auditors and Key Management Personnel (KMP)** have the right to be heard during audit committee meetings, particularly when auditor reports are discussed.
- However, **auditors and KMPs do not have voting rights** in audit committee meetings.
- KMPs can attend meetings **with chair's permission**, but without voting rights.

### Audit Committee Functions

- Responsible for:
  - Approval of **related-party transactions**.
  - Scrutiny of **financial statements**.
  - Evaluation of **internal financial controls**.
  - Assessment of **risk management systems**.

### Internal Audit Requirements

- MIIs must conduct **internal audits at least once annually**.
- Internal audit must be conducted by an **independent audit firm**.
- The internal auditor must report **exclusively to the audit committee**, ensuring independence from management.

### Objective

- These norms aim to enhance **corporate governance**, strengthen **financial transparency**, and

reinforce **risk management** at MIs.

TET

## 7. Market Infrastructure Institutions (MIIs) in India

### What are MIIs?

- **Market Infrastructure Institutions (MIIs)** refer to core institutions that support the structure and operation of the securities and capital market in India.
- As defined by the **Bimal Jalan Committee (2010)**, MIIs include:
  - **Stock Exchanges**
  - **Depositories**
  - **Clearing Corporations**

These are considered **critical financial infrastructure** akin to roads or power grids for the economy, ensuring efficient capital allocation and financial stability.

### Purpose and Economic Significance

- **Capital Allocation:** MIIs enable smooth flow of capital from savers to businesses, facilitating **investment, entrepreneurship, and economic development**.
- **Optimal Resource Utilization:** They ensure financial resources are channeled efficiently across sectors.
- **Systemic Backbone:** They form the **nucleus of India's capital market** architecture and help maintain trust and order in financial markets.

### Why Are MIIs Systemically Important?

- **Scale and Reach:**
  - Rapid increase in **market capitalization, number of investor accounts, and capital raised** via MIIs shows their growing systemic relevance.
- **Potential for Contagion:**
  - A failure in any MII (like an exchange or clearing house) could lead to **wider financial instability**, both **within and beyond** the securities market.
- **Regulatory Oversight Needed:**
  - Given their systemic importance, SEBI mandates **high standards of corporate governance, independence, and robust risk management**.

### Key MIIs in India

#### a) Stock Exchanges (SEBI Recognized):

- National Stock Exchange (NSE)
- Bombay Stock Exchange (BSE)
- Multi Commodity Exchange (MCX)
- Metropolitan Stock Exchange of India (MSEI), and others

#### b) Depositories:

- **National Securities Depository Limited (NSDL)**
- **Central Depository Services Limited (CDSL)**

These maintain electronic records of securities ownership and facilitate seamless transfer and settlement.

#### c) Clearing Corporations:

- These validate trades and ensure settlement between parties. Examples:

- **MCX Clearing Corporation**
- **NSCCL (NSE Clearing Ltd.)**
- **Indian Clearing Corporation Ltd. (ICCL)**

### **National Stock Exchange (NSE)**

- Established in 1992, NSE pioneered **automated electronic trading** in India.
- Hosts the **NIFTY 50**, tracking performance of the most liquid and largest 50 listed companies.
- NSE's robust infrastructure has made it one of the **world's top equity markets by trading volume**.

### **Governance Imperatives**

- SEBI ensures that MIs adhere to:
  - **High transparency**
  - **Independent Boards**
  - **Stringent compliance norms**
- Failure in governance can compromise the **entire market's integrity**, hence strict oversight is maintained.

## **8. TCS-Khan Bank Alliance**

### **Context**

- **Partnership Renewal:** Tata Consultancy Services (TCS) has extended its 25-year collaboration with **Khan Bank**, one of Mongolia's largest commercial banks.
- **Objective:** Deployment of **TCS BaNCS Global Banking Platform (GBP)** to overhaul the bank's legacy core banking system and accelerate digital transformation.

### **Why This Is Significant**

- **Digital Core Modernization:** Upgrading the core banking platform is critical for:
  - Reducing operational inefficiencies
  - Integrating siloed systems (like CIF, trade finance, treasury)
  - Enabling scalable and real-time banking
- **Customer Reach:** Khan Bank serves **82% of Mongolia's population**, making this transformation vital for national-level financial inclusion and digital accessibility.

### **Key Capabilities Introduced via TCS BaNCS**

- **Comprehensive Module Integration:**
  - **Customer Information File (CIF)**
  - **Trade Finance and Treasury**
  - **International Payments**
  - **Retail Lending & Deposits**
- **Treasury Modernization:** A **consolidated platform** for treasury management to support various asset classes, with features like:
  - Real-time monitoring
  - Risk exposure analysis
  - Advanced analytics-based reporting

BS

## 9. RBI Approves Emirates NBD's Transition to Wholly Owned Subsidiary in India

### Key Announcement

- **RBI has granted in-principle approval** to **Emirates NBD** to convert its **Indian branches into a Wholly Owned Subsidiary (WOS)**.
- **Existing Branches:** Mumbai, Gurugram, and Chennai.

### About the WOS Framework

- **Introduced by:** RBI in **2013**.
- **Purpose:** To **localise foreign bank operations** in India and ensure **better regulatory oversight**.
- **Requirements:**
  - **Minimum capital:** ₹500 crore
  - **Basel III compliance** from inception
  - Must follow **stringent governance, localisation, and prudential norms**

### Significance for Emirates NBD

- Gains **operational autonomy**, ability to **expand branch network**, and access **local market resources**.
- Ensures **closer supervision by RBI** under Indian banking regulations.
- Will facilitate **deeper engagement** in Indian sectors like:
  - **Petrochemicals**
  - **Pharmaceuticals**
  - **Information Technology**
  - **Financial Services**

### Bank Profile: Emirates NBD

- **Headquarters:** Dubai, UAE
- **Global Assets:** \$272 billion (as of March 2025)
- **Customer Base:** 9 million+
- Known for supporting cross-border trade and corporate finance between **India and the Gulf region**.

### WOS in India: Current Landscape

- **Operational WOS Banks:**
  - **DBS Bank (Singapore)**
  - **SBM Bank (Mauritius)**
- **FirstRand Bank (South Africa):** Had WOS plans but exited Indian banking in **2021**.

## Agriculture

### 1. Uttar Pradesh Attracts ₹6,772 Cr Investment in Ethanol Sector

#### Ethanol Production and Investment Highlights

- **UP is India's leading ethanol producer** with over **1.50 billion litres** produced in **FY2023-24** from **102 active distilleries**.
- Fresh **private sector investment** of **₹6,772 crore** has been committed to build additional **ethanol capacity of 1.06 billion litres**.

#### Ethanol and Clean Energy Goals

- Ethanol is blended with petrol to **reduce fossil fuel dependence** and **carbon emissions**.

- The **Government of India targets 20% ethanol blending** by 2025.
- CM **Yogi Adityanath** has directed officials to **accelerate blending efforts** in line with national clean energy goals.

### Economic Impact of Sugarcane and Ethanol

- **5 million rural households** in UP cultivate sugarcane.
- **Annual cane payments** to farmers exceed **₹34,000 crore** from **122 sugar mills**.
- UP's sugarcane economy, including ethanol, sugar, jaggery, and chemicals, is valued at **₹50,000+ crore**.

## 2. India's Emerging 'Rent-a-Bee' Pollination Economy

### Key Highlights:

- **Bee Population Decline:**
  - India has seen a **20% decline in bee population**; some regions like Odisha face up to **80% loss**.
  - Causes: **Habitat loss, pesticide use, climate change, parasites, and reduced nectar/pollen availability**.
  - Consequences: Poor fruiting, reduced crop yields, food insecurity, and loss of plant biodiversity.
- **Pollinator Rental ('Rent-a-Bee') Concept:**
  - Farmers are hiring bees for pollination to compensate for declining wild pollinators.
  - **Nitin Kumar Singh**, a scientist-turned-apiarist from Barabanki (UP), leads this movement with **600+ bee boxes**.
  - His bees support orchards from **Muzaffarpur (litchi)** to **Kinnaur (apples)** and **Nagpur (oranges)**.
- **How It Works:**
  - Bee boxes (Newton hives) are placed in fields; bees forage from **sunrise to sunset**, returning to the same hive.
  - Cost: **Rs 2,500 per box/month**; ~10–20 boxes needed per 15,000 sq ft.
  - High demand from **apple and orange growers** and **seed production companies**.
  - **Italian-origin species Apis mellifera ligustica** commonly used.
- **Environmental Sustainability:**
  - No pesticides, mobile towers, or high-tension wires near Nitin's Barabanki apiary.
  - Singh's goal is environmental restoration, not just profits.
  - Bee pollination can **boost yields by 20–35%** and ensure higher seed quality.
- **Challenges:**
  - Low awareness among general farmers.
  - Business sustainability issues due to **logistics, seasonality, and market size**.
  - Currently limited to **advanced farmers** or **seed firms** who understand the benefits of bee-assisted pollination.

TOI

## 3. Viksit Krishi Sankalp Abhiyan (2025)

### Launch & Duration

- **Launched by:** Shri Shivraj Singh Chouhan, Union Minister for Agriculture & Farmers Welfare and Rural Development
- **Campaign Duration:** **May 29 to June 12, 2025**
- **Objective:** Strengthen India's agricultural foundation for achieving a "*Viksit Bharat*" (*Developed India*)

"Small steps, every day. That is the whole strategy."

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by 2047

### Primary Objectives

- Ensure **national food security** for 1.45 billion people
- Improve **nutritional outcomes** and **farmer incomes**
- Promote **resource conservation** for sustainability

### Six-Point Strategy of the Agriculture Ministry

1. **Increase agricultural production**
2. **Reduce production costs**
3. **Ensure fair prices** for produce
4. **Compensate losses** due to natural disasters
5. **Promote crop diversification**, value addition & food processing
6. **Encourage natural and organic farming**

### Key Features

- **Interactive Model:** Farmers can share challenges, ask questions, report local issues (e.g., pest attacks)
- **Collaboration** between 16,000+ agricultural scientists & 731 KVKs
- **Annual Rollout:** Before Kharif and Rabi sowing seasons
- Aims to **transform scientific research into practical guidance** at grassroots level

## 4. AI in Agriculture

### Introduction

- Traditional farming has relied on **human observation and instinct**.
- Now, **Artificial Intelligence (AI)** is enabling smarter, data-informed decisions—reshaping agriculture for better sustainability, productivity, and profitability.

### Real-World Applications of AI in Farming

#### 1. Precision Irrigation

- AI analyzes **soil moisture**, **weather data**, and **crop needs** to optimize irrigation.
- Results: **Water savings of 20–30%**, improved crop health, and reduced costs.

#### 2. Pest and Disease Detection

- AI systems use **image recognition** and **pattern analysis** to identify early signs of disease and pests.
- Reduces dependency on blanket pesticide application.

#### 3. Smart Equipment

- AI-powered **tractors and sprayers** create **soil maps**, apply fertilizers selectively.
- Example: Minnesota farmer saved **\$32/acre** by targeted herbicide use.

#### 4. AI-Driven Crop Planning

- AI forecasts based on **price trends**, **market conditions**, and **climate data** help determine:
  - What to plant
  - When to harvest or sell
- Results in **higher market returns** and better timing.

### Challenges in AI Adoption

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“Small steps, every day. That is the whole strategy.”

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### 1. Connectivity Gaps

- **1/3 of rural areas** lack reliable internet
- Workaround: Private farm networks (cost-intensive)

### 2. Outdated Equipment

- Older machines lack digital compatibility
- Retrofitting costs: **\$5,000–12,000** per machine

### 3. Talent Shortage

- Lack of experts combining **agriculture and AI**
- Growing collaboration between **tech and agri universities** is bridging the gap

### 4. Data Ownership & Ethics

- Unclear rules on **who owns farm data**
- Solution: Transparent contracts, farmer-led **data cooperatives**

**BL**

## Facts To Remember

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### 1. GS1 to Introduce Next-Generation QR Codes from 2027 for Enhanced Transparency

The initiative aims to improve **product transparency, traceability, and consumer protection**. GS1, a global standards organization, plans to launch **next-generation QR codes** starting in **2027**.

### 2. Scottie Scheffler Clinches Third Major Title with PGA Championship Victory

He won by a margin of **five strokes** over Americans Harris English, Davis Riley, and Bryson DeChambeau. **Scottie Scheffler**, World No. 1 golfer, won his **third Major title** by capturing the **2025 PGA Championship**.

- The tournament was held at **Quail Hollow**.
- Scheffler finished at **11-under 273**, shooting a level-par 71 in the final round.

### 3. Rajasthan Launches Crackdown on Fake Fertilisers and Hoarding Ahead of Kharif Season

#### Campaign Launch and Duration

- **Objective:** To curb the **sale of fake or substandard fertilisers**, and **hoarding of seeds and fertilisers** before the Kharif sowing season.
- **Launched by:** Rajasthan Agriculture Department on **May 15, 2025**

**FIVE TO REMEMBER · 20 MAY 2025**

1. **FirstRand Bank (South Africa):** Had WOS plans but exited Indian banking in **2021**. RBI Approves Emirates NBD's Transition to Wholl...
2. **Increased Women Participation:** Target of **12% female representation** in technical maritime roles by **2030**. 'Sagar Mein Samman' (SMS)
3. **Record turtle nesting:** Over **6.98 lakh Olive Ridley turtles** nested at Rushikulya in **February 2025**  
Operation Olivia 2025
4. **Individual RE cap:** 10% of the AIF scheme's corpus. RBI Issues Revised Draft Guidelines on RE Inves...
5. The **Securities and Exchange Board of India (SEBI)** is probing **13 offshore investors** in the **Adani Group** following **Hindenburg Research's 2023 allegations**. SEBI Warns Mauritius-Based FPIs Over Non-Disclo...

**Now test yourself:** [c4scourses.in/daily-quiz/daily-quiz-20-may-2025/](https://c4scourses.in/daily-quiz/daily-quiz-20-may-2025/)

DAY 16 OF 24

**21 May 2025**

Wednesday · 27 items · 6 topics

International Affairs 1 · National Affairs 5 · Banking and Finance 9 · Economy 1 · Agriculture 3 · Facts To Remember 8

**Daily Current Affairs Quiz**  
**21 May, 2025****International Affairs****1. WHO Member States Adopt Historic Pandemic Agreement at 78th World Health Assembly****Context**

In a landmark move to strengthen **pandemic preparedness and response**, WHO member states have unanimously adopted the **world's first Pandemic Agreement**. The decision was finalized during a **plenary session** of the 78th World Health Assembly, following **over three years of negotiations** that began after the COVID-19 crisis.

**Significance of the Pandemic Agreement**

- Described as a "**victory for public health, science and multilateral action**" by WHO Director-General **Dr. Tedros Adhanom Ghebreyesus**.
- **Aims to:**
  - Make the **world safer** against future pandemics.
  - Ensure **no repetition** of the socio-economic losses endured during COVID-19.
  - Promote **equity and solidarity** in global health emergency responses.
- **Purpose:**
  - **Strengthen international cooperation**.
  - Ensure **timely and equitable access** to **vaccines, therapeutics, and diagnostics**.

**Key Components of the Agreement**

- **Strengthens international coordination** in pandemic prevention, preparedness, and response.
- Ensures **equitable access** to:
  - **Vaccines**
  - **Therapeutics**
  - **Diagnostics**
- Reinforces the **global health architecture** by outlining:
  - Core **principles**
  - Strategic **approaches**
  - Implementation **tools**

**Global Health Implication**

- Recognizes that **citizens, economies, and societies** must be shielded from future health shocks.
- Promotes **collective responsibility** and **timely collaboration** among nations.

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## National Affairs

### 1. Historic Epigraphic Record of Drought Deaths Found in Karnataka (1539 CE)

#### Context

A sculptural inscription discovered near **Chandrashekara temple at Guttala in Haveri district of Karnataka** has documented the death of **6,307 people** due to drought in the local area, making it the first such historical record of a **humanitarian disaster caused by a natural calamity in India**.

#### Location and Discovery

- **Site:** Near Chandrashekara Temple, Guttala, Haveri district, Karnataka
- **Discovered by:** K. Munirathnam Reddy, Director (Epigraphy), Archaeological Survey of India (ASI)
- **Language and Script:** Kannada
- **Inscription Type:** Sculptural inscription on stone slab
- **Date Mentioned:** Saka 1461, Vikari, Bhadrapada su.5 (equivalent to **August 18, 1539 CE**)

#### Key Historical Content

- **Event Recorded:** Death of **6,307 people** due to **drought (bara)**
- **Narrative Details:**
  - Victims were buried by **Marulaih Odeya**, son of **Nanideva Odeya of Guttavalala**
  - Act was performed for the **religious merit of Timmarasa Svami**, the local ruler
  - Ritual obeisance was made to **Basaveshwara**, reflecting socio-religious practices
- **Sculpture Depicted:** A person carrying a basket containing 2–3 bodies on his head (believed to be Marulaih Odeya)

#### Significance of the Inscription

- **First epigraphic record in India** documenting a **large-scale humanitarian disaster** from a **natural calamity**
- **Rare example** of direct historical evidence for **drought-related deaths**
- Provides **insight into socio-economic and administrative responses** of the 16th century
- Offers material for:
  - **Climatic pattern studies**
  - **Demographic research**
  - **Comparative disaster response analysis** across regions and periods

#### ASI's Epigraphic Efforts (2024–25)

- Over **1,000 inscriptions discovered** and copied across India, including dense forest areas
- **More than 100 inscriptions** documented in 2025 so far

TH

### 2. Lokniti-CSDS Survey on Media in India

#### Context

**India-Pakistan Crisis and Misinformation Surge:** Impact of Misinformation on Public Trust and Behaviour in India

- **Recent incident:** During a recent India-Pakistan standoff, social media was flooded with:
  - **Unverified videos** of missile strikes
  - **Manipulated images** of military actions

- **False casualty reports**, amplified by some mainstream news channels
- Resulted in heightened **fear and confusion** on both sides

## Key Findings

### Prevalence of Fake News Encounters

- **Nearly 50%** of active Internet and social media users reported encountering **misinformation** online
- Most users experienced this **once, twice, or a few times**

### Unintentional Sharing of Misinformation

- Around **40%** of:
  - Active Internet users (Table 3)
  - Social media users (Table 4)
- Admitted to **sharing/forwarding fake news** and later realising it was inaccurate

### Public Concern About Fake News

- **Among active Internet users** (Table 5):
  - 21% were **highly concerned**
  - 31% were **somewhat concerned**
- **Among social media users** (Table 6):
  - 20% were **highly concerned**
  - 32% were **somewhat concerned**

**Note:** In the [2025 World Press Freedom Index](#), India ranks **151 out of 180 countries**.

### Fake News Experience Drives Concern

- **88%** of social media users who had **unknowingly shared fake news** expressed **high or moderate concern**
- Even those who **never shared** (44%) or were **not misled** (39%) by fake news showed concern, indicating a broader **public consciousness**

### Trust Deficit in Social Media Platforms

- On **X (formerly Twitter)**:
  - 21% reported **very little trust**
  - 12% reported **complete distrust** in news/information (Table 8)

### Reuters Digital News Report 2024

- **70%+ Indians** now prefer **online media** for news
- Major platforms:
  - **YouTube** (54%)
  - **WhatsApp** (48%)
- Reflects the **critical role** of social media in shaping public opinion and the **need for media literacy**

### Policy and Educational Implications

- Findings underscore the **urgent need for**:
  - **Media literacy** and **digital education**
  - **Fact-checking tools**
  - **Platform accountability**
- Goal: Equip citizens to **discern credible information** and **curb the spread of misinformation**

TH

### 3. Yoga Sangam 2025

#### Context

The **Ministry of Ayush** has announced that **over 1,000 organisations** have already registered under the **Yoga Sangam initiative** ahead of **International Day of Yoga (IDY)** on **21st June 2025**. Yoga Sangam aims to be **India's largest coordinated wellness celebration**, promoting mass yoga demonstrations across the nation.

#### Key Highlights

- **Diverse Participation:**
  - Registrations from **schools, colleges, corporates, NGOs, RWAs, government departments, and community groups**.
  - Participation spans **all 28 States and 7 Union Territories**.
- **Unified Practice:**
  - All events to follow the **Common Yoga Protocol (CYP)**.
  - Aims to promote **unity, wellness, and national synchronisation**.
- **Massive Scale:**
  - **Over 1 lakh locations** expected to host Yoga Sangam events.
  - From the **Himalayas to Kanyakumari**, urban rooftops to rural school grounds — yoga will unify the country.

#### Why It Matters

- **Yoga Sangam 2025** is not just a yoga event — it's a **national wellness movement**.
- Encourages **grassroots wellness leadership**, national integration, and celebration of **India's cultural and spiritual heritage**.
- Reinforces India's position as a **global leader in holistic health**.

PIB

### 4. Union Government Launches Depot Darpan, Anna Mitra & Anna Sahayata

#### Context

On **21 May 2025**, Union Minister **Shri Pralhad Joshi** launched three major digital platforms—**Depot Darpan**, **Anna Mitra**, and **Anna Sahayata**—to modernize and digitize India's **Public Distribution System (PDS)**. These initiatives aim to improve **transparency, accountability, and efficiency** in delivering **subsidised food grains to over 81 crore beneficiaries** under the **National Food Security Act (NFSA)**.

#### Key Digital Initiatives Launched

##### Depot Darpan Portal

- **Purpose:** Self-assessment and real-time monitoring of **FCI and CWC foodgrain depots**.
- **Features:**
  - Assigns a **Composite Rating** (5-star max) using a **60:40 operational-to-infrastructure metric**.
  - Integrates **IoT sensors, CCTV, live feeds, and analytics** for real-time warehouse monitoring.
  - Tracks parameters like **storage loss, space utilization, manpower, and profitability**.
  - Potential benefits:
    - ₹275 crore in cost savings (FCI depots).
    - ₹140 crore income augmentation (CWC warehouses).

"There is no substitute for consistency. Not coaching, not luck."

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- **Capex Allocation:**
  - ₹1,000 crore for **FCI depot upgrades**.
  - ₹280 crore for **CWC warehouse improvements**.

### Anna Mitra App

- **Target Users:** FPS Dealers, DFSO Officers, and Food Inspectors.
- **Features:**
  - **FPS Dealers:** Stock updates, sales reports, alerts.
  - **DFSO Officers:** Performance tracking, grievance handling, beneficiary insights.
  - **Inspectors:** Geo-tagged inspections, FPS ratings.
- **Rollout:** Piloted in **Assam, Uttarakhand, Tripura, and Punjab**.
- **Languages:** Hindi and English.

### Anna Sahayata Platform

- **Function:** Advanced **Grievance Redressal System** for **PMGKAY beneficiaries**.
- **Tools Used:**
  - **WhatsApp, IVRS, and Automatic Speech Recognition (ASR)**.
- **Pilot Rollout:** Covers **Gujarat, Jharkhand, Telangana, Tripura, and Uttar Pradesh**.
- **Languages:** Hindi, Gujarati, Telugu, Bangla, and English.

### Significance and Impact

- Aligns with the vision of **Digital India** and **Viksit Bharat**.
- Strengthens **nutritional security** through **fortified rice distribution**.
- Drives **smart warehousing** and **process digitisation** across food grain supply chains.
- Sets the stage for a **nationwide rollout** of digital grievance redressal and depot optimization.

PIB

## 5. Launch of Revamped OCI Portal

### Inaugurated by

- Union Home Minister **Amit Shah** on **May 19, 2025**

### Objective

- To **simplify the registration process** for **Overseas Citizens of India (OCI)** and **enhance user experience**
- To ensure **ease of travel and stay** for Indian-origin residents

### Key Features of the New OCI Portal

- Updated **user interface** for better usability
- **Advanced security** mechanisms
- Enhanced **functionality and efficiency**
- Estimated to benefit **over 5 million OCI cardholders** globally

### Background of the OCI Scheme

- Introduced via amendment to **Citizenship Act, 1955** in **2005**
- Allows registration of **Persons of Indian Origin (PIO)** as OCI
- Eligibility: Persons who were citizens of India on or after **January 26, 1950**, or were eligible to become citizens on that date
- **Not eligible:** Those who are or were citizens of **Pakistan or Bangladesh**, or whose

parents/grandparents/great-grandparents were citizens of these two countries

### Previous System Overview

- OCI services portal was launched in **2013**
- Operational in **180+ Indian missions** and **12 FRROs**
- Handled approx. **2,000 applications per day**

TH

## Banking and Finance

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### 1. Neo Banks in India

#### Context

**Super.money**, a **fintech** startup backed by Flipkart, is planning to expand its footprint across India's growing **neobanking** and **digital financial services** market. The **Bengaluru-based company** completes its **first year of operations in July 2025** and aims to become one of the **top 3–5 neobanks** in India.

#### Current Offerings

- Since its launch in July 2024, Super.money has introduced:
  - **Fixed Deposits**
  - **Personal Loans**
  - **Secured Credit Cards***(All offered in collaboration with partner banks/lenders)*

#### Neo Banks in India

The fintech wave has revolutionized India's financial ecosystem, and *neo banks* have emerged as a major disruptor. Operating without physical branches, these digital-first entities are redefining how banking is experienced—especially by tech-savvy users. Let's understand what neo banks are, how they work, and how they compare with traditional banks, digital banks, and payments banks.

#### What are Neo Banks?

- Neo banks are 100% digital financial institutions that deliver banking services exclusively through online platforms and mobile apps.

#### Key Characteristics

- No physical branches
- Partner with traditional banks for regulatory compliance
- Offer services like:
  - Instant money transfers
  - Loans and credit cards
  - Account management
  - Payment services

**Note:** Neo banks in India do not hold a banking license due to RBI norms. They operate in partnership with licensed banks.

## How are Neo Banks Different from Traditional Banks?

| Feature          | Neo Banks                    | Traditional Banks                       |
|------------------|------------------------------|-----------------------------------------|
| Branches         | No physical branches         | Multiple physical branches              |
| Banking license  | Operate under partner banks  | Have RBI-issued licenses                |
| Technology usage | AI-driven, app-based         | Mix of traditional and digital services |
| Cost             | Low overheads, minimal fees  | Higher operational costs                |
| Customer support | App-only, no personal banker | Relationship managers available         |

## Neo Banks vs Digital Banks

### Digital Banks:

- Often digital arms of legacy banks
- May have some physical presence
- Operate under the same banking license as parent bank

### Neo Banks:

- Fully independent, 100% online
- No branches at all
- Collaborate with banking partners for regulatory compliance

## Neo Banks vs Payments Banks

| Aspect          | Neo Banks                            | Payments Banks                            |
|-----------------|--------------------------------------|-------------------------------------------|
| License         | No RBI license                       | RBI licensed                              |
| Credit services | Offer credit cards & loans           | Not allowed to lend or issue credit cards |
| Risk exposure   | Higher due to credit-linked services | Virtually credit risk-free                |

## How Do Neo Banks Function?

Neo banks operate on a **tech-driven, low-cost model**:

- **No physical infrastructure**, saving operational costs
- Partner bank handles:
  - **Fund custody**
  - **Regulatory compliance**
- Neo bank handles:
  - **Customer interface**
  - **Product distribution**
  - **User experience & service**
- Services offered via **mobile apps** and **cloud platforms**

## Advantages of Neo Banks in India

- **Low Cost**: No branches = lower maintenance and service charges
- **Fast Services**: Instant money transfers, quick loans, real-time processing
- **Easy Onboarding**: Open an account within minutes via app
- **Personalized Offerings**: AI-based insights, budgeting tools, and financial analytics

## Things to Consider Before Using Neo Banks

- **Not Recognized as 'Banks'** by RBI

- **Limited Product Range** compared to full-service banks
- **Mobile-Only Interface:** No access to physical service points
- **Legal Risks:** In case of dispute, redressal may be complicated due to regulatory grey zones

#### Disadvantages of Neo Banks

- **No Physical Presence:** Lacks human interaction and offline support
- **Limited Services:** Restricted by the lack of a banking license
- **Cybersecurity Concerns:** Fully online operations make them vulnerable to digital threats

## 2. RBI Grants In-Principle Nod to Emirates NBD for Wholly Owned Subsidiary in India

### Context

**Regulatory Approval:** The **Reserve Bank of India (RBI)** has granted **in-principle approval** to **Emirates NBD Bank PJSC** to convert its existing Indian branches into a **wholly owned subsidiary (WoS)**. **Existing Operations:** The Dubai-based lender currently operates branches in **Mumbai, Chennai, and Gurugram**.

- **Next Step:** Final banking licence under WoS mode will be issued upon compliance with RBI conditions.

### Key Details

- **Strategic Move:** The conversion will enable Emirates NBD to:
  - Consolidate its Indian operations under a single corporate entity.
  - Benefit from **WoS privileges**, such as **parity with domestic banks for branch expansion** and **fewer regulatory approvals**.
- **Market Footprint:**
  - First Indian branch inaugurated in **Mumbai (2017)**.
  - Expansion with two more branches in **Chennai and Gurugram** approved by RBI in 2021.
- **Client Base & Services:**
  - Caters to **corporate, SME, institutional, and NRI clients**.
  - Offers **trade finance, treasury services, and syndicated loans**.
  - Provides **cross-border wealth management** for NRIs.

### WoS Model: RBI's Foreign Bank Policy

- **WoS Framework Benefits:**
  - Treated at par with domestic banks for branch operations.
  - **No need for branch-by-branch RBI approval**, subject to conditions.
- **Peers:** Emirates NBD joins **DBS Bank India** and **SBM India** as foreign banks operating under the WoS model.

BS

## 4. RBI Cancels Licence of HCBL Co-operative Bank Due to Capital Inadequacy

### Context

The **Reserve Bank of India (RBI)** has **cancelled the banking licence** of **HCBL Co-operative Bank**, headquartered in **Lucknow**, citing inadequate **capital** and **earning prospects**. The bank has **ceased operations** effective **May 19, 2025**.

### Key Reasons for Licence Cancellation

- **Non-compliance** with provisions of the **Banking Regulation Act, 1949**.
- Inability to **repay current depositors** in full.
- Continuation of the bank's operations deemed **prejudicial to depositor interests**.

- Lack of a **viable revival plan** or sustainable earnings model.

### Winding-up Process and Depositor Protection

- RBI has requested the **Commissioner and Registrar of Cooperative, Uttar Pradesh** to:
  - **Wind up** the bank.
  - **Appoint a liquidator** to manage the dissolution process.
- Under **Deposit Insurance and Credit Guarantee Corporation (DICGC)** provisions:
  - Depositors are **insured up to ₹5 lakh**.
  - **98.69% of depositors** are eligible to receive their **full insured deposits**.
  - As of **January 31, 2025, ₹21.24 crore** has already been paid to insured depositors.

### Implications

- The bank is now **prohibited from all banking activities**, including:
  - **Accepting new deposits**.
  - **Repaying existing deposits**.
- The RBI's action reflects its commitment to **financial stability** and **protection of small depositors**.

BS

## 5. Banks May Soon Get Individual National Calling Numbers with Incoming Facility

### Context

The Government and RBI are considering a proposal to allow **each bank its own unique national calling number**, likely under the **"1600xx" series**. These dedicated numbers would support **incoming calls**, enhancing **customer trust**, **service experience**, and **fraud prevention**.

### Current System and Issues

- Banks currently use **multiple outbound-only numbers** in the **1600xx series**.
- These do **not allow incoming calls**, making it hard for customers to verify authenticity.
- The RBI, in **January 2025**, mandated:
  - Use of **1600xx series** for **transactional communication**
  - Use of **140xx series** for **promotional purposes**

### Proposed Changes

- **Single national number** per bank with **two-way call functionality**.
- Greater **customer clarity and verification** of bank communications.
- **Custom suffixes** for individual banks in the 1600xx range.
- Possibility of exemptions for customers who **opt in** to broader communication permissions.

### Banking Sector Requests

- **Clarity on:**
  - **Inbound call facility** on 1600xx numbers.
  - **Use of third-party agents**, especially in debt recovery.
  - Exemptions for **debt servicing calls** from strict 1600xx use.
- **Requests made to:**
  - **RBI (Reserve Bank of India)**
  - **DoT (Department of Telecommunications)**
  - **TRAI (Telecom Regulatory Authority of India)**

TET

## 6. Foreign Currency Convertible Bonds (FCCBs)

### Context

**State Bank of India (SBI)** has received board approval to raise up to **\$3 billion** in **foreign currency bonds** during **FY2025–26**.

- The funds will be raised via **senior unsecured notes**, either:
  - In **single or multiple tranches**
  - Through **public offer or private placement**
  - In **USD or other major foreign currencies**

### Foreign Currency Convertible Bonds (FCCBs): Meaning, Features, and How They Work

**Foreign Currency Convertible Bonds (FCCBs)** are a hybrid financial instrument used by companies to raise capital from international markets. These instruments offer a mix of **debt and equity features**, making them attractive for both issuers and investors.

#### What is an FCCB?

- An FCCB is a **convertible bond** issued in a **foreign currency** (not the issuer's home currency).
- Functions like a regular bond by paying periodic **interest (coupons)** and **principal** at maturity.
- Offers bondholders the **option to convert the bond into equity shares** of the issuing company at a predetermined rate.

#### Key Takeaways

- **Dual Nature:** Acts as both a **debt** (bond) and an **equity** (convertible to shares) instrument.
- **Foreign Currency:** Issued in a currency different from the issuer's domestic currency.
- **Popular Among:** Multinational companies operating in multiple geographies and aiming to raise foreign capital.
- **Investor Type:** Often subscribed by **hedge funds**, **foreign nationals**, and **arbitrage investors**.

#### Why Do Companies Issue FCCBs?

- **Access to Foreign Capital:** Tap into international investor pools.
- **Lower Interest Rates:** Issuing in countries with low interest rates reduces borrowing costs.
- **Equity Conversion Option:** Reduces debt burden if bonds are converted into shares.
- **Stable Economies:** Companies prefer to issue in countries with **stable currencies** and **economic environments**.

#### How FCCBs Work

- **Coupon Payments:** Made in the foreign currency periodically.
- **Conversion Feature:** Bonds can be converted into equity at a **preset conversion price**.
- **Call/Put Options:**
  - **Call Option:** Issuer can redeem early.
  - **Put Option:** Bondholder can redeem early.

#### Advantages of FCCBs

- **Lower Cost of Capital:** Due to equity component, coupon payments are generally lower.
- **Currency Arbitrage:** If the exchange rate moves favorably, the issuer saves more.
- **Investor Benefit:** Opportunity to convert into equity and gain from share price appreciation.

#### Risks and Considerations

- **Exchange Rate Risk:** Adverse forex movement increases repayment cost.

- **Conversion Risk:** If stock underperforms, bondholders won't convert to equity, forcing issuer to repay in cash.
- **Regulatory & Political Risk:** Exposure to external country's legal and economic frameworks.
- **Equity Dilution:** If bonds are converted, existing shareholders may face dilution.

### Real-World Example

If a US-based company issues FCCBs in **Indian rupees**, the interest and principal repayments must be made in INR. If the INR appreciates, it benefits the issuer; if it depreciates, the company pays more in dollar terms.

## 7. SEBI's New Co-Investment Vehicle (CIV) Plan

### Background: SEBI's May 9 Proposal

- **Objective:** Simplify **co-investments** in Alternative Investment Funds (AIFs) by replacing the current **Portfolio Management Services (PMS)** route with a new **Co-Investment Vehicle (CIV)** framework.
- **Key Feature:** CIVs will operate *within the AIF ecosystem*, avoiding duplicative structures like PMS or SPVs.

### CIV Structural Highlights

- Separate **PAN, demat, and bank accounts** for each CIV
- Exemption from:
  - **Sponsor commitment**
  - **Diversification norms** (when co-investing in a single company with the AIF)
- Enables:
  - **Pooled governance**
  - **Unified documentation**
  - **Faster deal execution**
  - **Simplified cap table management**

### Legal and Tax Concerns Raised

- **Exit Constraints:**
  - CIV investors **cannot exit early** or **stay invested post AIF tenure** — *Vinod Joseph, Economic Law Practice*
- **Governance Risks:**
  - Conflict scenarios may weaken CIV investor protection due to reliance on **contractual rights** over **statutory safeguards** — *Ketan Mukhija, Burgeon Law*
- **Tax Ambiguity:**
  - CIV-AIF coordinated investments may be treated as an **Association of Persons (AOP)**, risking:
    - **Loss of pass-through benefits**
    - **Double taxation**
- **Accredited Investor Limitation:**
  - CIVs restricted to **accredited investors**, potentially curbing fundraising flexibility

### Operational Implications

- **Administrative Burden:**
  - Every CIV requires:
    - **Separate PAN**
    - **Bank account**



- **Demat account**

- Adds complexity for General Partners — *Brijesh Damodaran Nair, Auxano Capital*

Mint

## 8. Co-Investment Through CIVs – A Structured Opportunity by SEBI

### Context

The **Securities and Exchange Board of India (SEBI)** has proposed a formal structure for **co-investment opportunities** within **Alternative Investment Funds (AIFs)** through a regulated **Co-Investment Vehicle (CIV)**. This move aims to streamline investor participation and boost transparency in India's private equity ecosystem.

### What is Co-Investment?

- **Definition:** Co-investment refers to the option for AIF investors to invest additional capital in **unlisted securities** of companies where the AIF has already made investments.
- **Objective:** Enable **direct exposure** to high-potential companies while maintaining alignment with the fund's strategy.

### Purpose and Structure of CIVs

- CIVs will be structured as **independent schemes** under the AIF.
- **Goal:** Provide clarity, risk segregation, and formal governance for co-investment deals.
- **Benefits:**
  - Clear segregation of assets and liabilities
  - Independent operational control
  - Transparent co-investment terms

### Regulatory Safeguards & Structural Requirements

The proposed CIV framework includes:

- **Separate Books of Accounts:** Clear financial reporting for CIVs
- **Regulatory Alignment:** Compliance with **AIF norms**
- **Enhanced Governance:** Safeguards to protect co-investor rights and avoid conflicts of interest

These measures are intended to foster **transparency, accountability, and investor confidence** in co-investment arrangements.

### Relaxation in Advisory Services Norms for AIF Managers

SEBI has also proposed to:

- **Ease restrictions** on AIF managers offering **advisory services** to offshore funds.
- Remove the requirement of **prior approval**, allowing AIF managers to:
  - Advise global entities
  - Manage cross-border fund structures
- **Conditions:**
  - Mandatory disclosures
  - Compliance with prescribed norms

**Aim:** Strengthen India's position in the **global fund management industry** and boost offshore advisory competitiveness.

## 9. Ministry of Finance Clarifies Investment Rules for Stock Brokers (May 2025)

### Context

- The Ministry of Finance provided crucial clarification on **investment and fund-based activities** by stock brokers under the **Securities Contracts (Regulation) Rules (SCRR)**.
- The move offers **greater flexibility** for brokers to invest and manage funds.

### Background

- **Rule 8 of SCRR** restricts brokers from engaging in any business other than securities or commodity derivatives business, except as broker/agent without personal financial liability.
- The intent was to **protect client funds** and prohibit misuse of client money in other businesses.
- Ambiguity existed around the phrase **"any business"**, leading to interpretation challenges.

### Key Amendments:

- Brokers can now **invest from their own net worth or borrowed funds** in group companies or others **not engaged in securities business**, provided:
  - Their **liability is limited to the investment amount** (no additional financial liability).
  - These investments are **not construed as "business"** unless they involve client funds or create financial liabilities on the broker.
- Applies to **all investments**, not just group companies.

### Significance

- Allows brokers to use retained earnings more flexibly without breaching SCRR.
- Removes **"unreasonable fetters"** on broker investment activities, supporting business growth.
- Prevents regulatory penalties for brokers found non-compliant under earlier stricter interpretations.

BS

## 10. ZikZuk Receives RBI In-Principle Approval to Issue Prepaid Payment Instruments (PPIs)

### Context

Hyderabad-based fintech startup **ZikZuk** has received **in-principle authorisation** from the **Reserve Bank of India (RBI)** to issue **Prepaid Payment Instruments (PPIs)**. This approval enables ZikZuk to offer **prepaid wallets and card-based payment solutions** in India's fast-growing digital payments market.

### About PPIs:

- PPIs allow users to store money digitally and use it for various cashless transactions like purchasing goods/services, bill payments, and remittances.
- Common PPI forms include **smart cards, digital wallets, and mobile payment apps**.
- RBI permits PPIs to be used for **Unified Payments Interface (UPI) transactions** through third-party apps like Google Pay, PhonePe, and Amazon Pay.

### Significance

- ZikZuk's entry marks further diversification and innovation in India's digital payments ecosystem.
- It joins existing major PPI players such as PhonePe, Paytm, MobiKwik, and others.
- This reflects RBI's growing support for new-age fintechs, boosting India's digital economy.

BS

## Economy

### 1. Bond Yield Gap Between India and US Narrows to 22-Year Low

#### Key Highlights

- **Yield Gap:**
  - India 10-year bond yield (May 19, 2025): **6.28%**
  - US 10-year bond yield: **4.55%**
  - Yield differential: **173 basis points (bps)** — lowest since July 14, 2003
- **Historical Comparison:**
  - 22-year average yield gap: **418 bps**
  - Yield gap has shrunk **93 bps in the past one year**

#### Why the Narrow Gap Isn't Triggering Outflows

- **Macro Stability in India:**
  - **Low inflation**
  - **Improving fiscal deficit**
  - **Stable interest rate regime**
- **Foreign Portfolio Investor (FPI) Flows:**
  - **2022:** Net outflows of **\$2 billion**
  - **2023:** Net inflows of **\$8.29 billion**
  - **2024–25:** Net inflows of **\$13.3 billion** (highest since 2017)

#### Bond Prices and Yields

Understanding the relationship between **bond prices and yields** is crucial for investors navigating the **debt markets**. Bonds, though considered relatively stable, are sensitive to various economic and market dynamics that influence their value post-issuance.

#### 1. Bond Basics at Issuance

- **Face Value:** The amount returned to the investor at maturity (e.g., ₹1,000 or \$1,000).
- **Coupon Rate:** The fixed annual interest paid (e.g., 1% annually).
- **Yield at Issuance:** Matches the coupon rate if bought at face value.

**Example:** A 3-year bond with a 1% coupon rate pays ₹10 annually per ₹1,000 face value. At maturity, the full ₹1,000 is returned.

#### 2. Impact of Changing Interest Rates

- **Market Yield vs. Coupon Rate:**
  - If market rates rise, **bond prices fall** (existing bonds offer lower returns).
  - If market rates fall, **bond prices rise** (existing bonds become more attractive).

**Scenario:** You buy a bond at 1%, but new bonds offer 2%. Your bond becomes less attractive and trades below face value.

#### 3. Secondary Market Pricing

In the **secondary bond market**, prices fluctuate due to:

- **Prevailing Interest Rates**
- **Credit Quality of Issuer**
- **Time Remaining to Maturity**

### • Demand and Supply Dynamics

Thus, a bond purchased for ₹1,000 might later trade at ₹980 or ₹1,020, affecting its **yield to maturity (YTM)**.

### Key Factors Influencing Bond Prices

| Factor               | Influence                                |
|----------------------|------------------------------------------|
| Interest Rates       | Inverse relationship with bond prices    |
| Credit Quality       | Higher credit risk = lower price         |
| Term to Maturity     | Longer terms = higher interest rate risk |
| Market Demand/Supply | Greater demand pushes prices up          |

### What Is the Relationship Between Bond Price and Bond Yield?

Bond price and bond yield are inversely related. As the price of a bond goes up, the yield decreases. As the price of a bond goes down, the yield increases. **This is because the coupon rate of the bond remains fixed, so the price in secondary markets often fluctuates to align with prevailing market rates.**

### What's Driving the Yield Dynamics

- **US Side:**
  - **Spike in bond yields** due to:
    - Trump's reciprocal tariff announcements
    - Moody's downgrade of US sovereign rating (Aaa → Aa1)
  - Yield volatility: 4.79% (Jan high) → 3.99% (April low) → ~4.55% (May)
- **India Side:**
  - Yield stability attributed to:
    - Anchored inflation
    - No aggressive fiscal loosening
    - Institutional confidence amid index inclusion

Mint

## Agriculture

### 1. Government Launches Three New Multi-State Cooperative Societies to Promote Sustainability in Dairy Sector

#### Overview

- The **Government of India**, under the leadership of **Cooperation Minister Amit Shah**, has announced the establishment of **three new multi-state cooperative societies** aimed at promoting **sustainability and circular economy practices** in the dairy sector.
- This marks a major step toward the envisioned **White Revolution 2.0**, focusing not only on expansion but also on eco-friendly transformation.

#### Objectives of the Three New Cooperatives

- **Animal Feed & Health Cooperative**
  - Focus on **animal feed production, disease control**, and **artificial insemination**.
  - Aims to improve livestock productivity and health.
- **Dung Management Cooperative**
  - Develop **scientific dung management models**.

- Promote conversion of waste into biogas and organic fertilizers.
- **Dead Cattle Residue Cooperative**
  - Encourage the **circular use of dead cattle residues**.
  - Convert carcasses into bio-resources to enhance sustainability.

### Expected Impact

- Strengthen the **cooperative dairy ecosystem**.
- Boost **rural livelihoods** through innovative, sustainable dairy practices.
- Improve **resource efficiency** and support **India's carbon neutrality goals**.
- Enhance **animal welfare, waste-to-value generation, and environmental conservation**.

BS

## 2. IFFCO Partners with FDRVC to Empower Farmer Producer Organisations (FPOs)

### Context

- **Indian Farmers Fertiliser Cooperative Limited (IFFCO)** signed an MoU with the **Foundation for Development of Rural Value Chains (FDRVC)**, a Ministry of Rural Development initiative.
- The partnership aims to **empower over 800 FPOs** and benefit around **10 lakh farmers** nationwide by improving access to advanced agricultural inputs.

### Objectives and Impact:

- IFFCO will supply **innovative inputs** including:
  - Nano fertilisers
  - Bio-stimulants
  - Specialty fertilisers
  - Organic inputs (bio-fertilisers, bio-decomposers)
- These inputs will be made available through FPOs, ensuring affordable prices and extended reach, especially to **remote rural areas**.
- FDRVC will leverage its network of FPOs for **last-mile delivery, farmer education, and community-led promotion** of these inputs.
- The partnership also focuses on **building institutional capacities** of FPOs, aiming to make them **self-sustaining rural enterprises**.

### Significance

- Supports **sustainable agricultural practices** through access to advanced fertiliser technology.
- Strengthens the rural economy by empowering farmer collectives.
- Aligns with government efforts to promote **FPOs as key drivers of rural development**.

BL

## Facts To Remember

### 1. Justice Somashekar appointed Manipur HC Chief Justice

President Droupadi Murmu on Tuesday appointed Justice Kempaiah Somashekar of the Karnataka High Court as the Chief Justice of the Manipur High Court.

## 2. Jayant Narlikar, Indian astrophysicist who challenged Big Bang theory, passes away

Jayant Narlikar, one of India's most distinguished astrophysicists who combined profound theoretical insight into cosmology with a lifelong commitment to science communication, passed away at his residence in Pune. He was 86.

## 3. World Bee Day 2025 Celebrated with Grandeur by KVIC

### Event Overview

- **Occasion:** World Bee Day 20 May, 2025
- **Organized by:** Khadi and Village Industries Commission (KVIC)
- **Venue:** Maharashtra

## 4. CERT-In SAMVAAD 2025: India's Premier Cybersecurity Audit Conference

### Event Overview

- **Event Name:** CERT-In SAMVAAD 2025
- **Organizer:** Indian Computer Emergency Response Team (CERT-In), in collaboration with **SkillsDA**
- **Dates:** May 19–21, 2025

### Objectives and Significance

- Strengthen India's **cybersecurity audit ecosystem**
- Enhance **innovation in auditing, risk assessments, and capacity building**
- Support auditing of **emerging technologies** (AI, IoT, 5G/6G, quantum computing)
- Facilitate **knowledge sharing** among over 300 participants from **empanelled auditing organizations, regulators, and industry experts**

## 5. India assumes Chairmanship of Asian Productivity Organization for 2025–26

India has formally assumed the Chairmanship of the Asian Productivity Organization, APO for the 2025–26 term during the ongoing 67th Session of the Governing Body Meeting of the organisation.

## 6. PM Modi to inaugurate 103 Amrit Stations across the country tomorrow

Prime Minister Narendra Modi will inaugurate 103 Amrit Stations across the country tomorrow. The Amrit Bharat Station Scheme launched in December 2022 by the Ministry of Railways aims to transform over 1,300 stations into modern hubs with multimodal integration and future-ready facilities.

## 7. India reaffirms its commitment to global health at 78th World Health Assembly

India has reaffirmed its commitment to global health equity at the 78th World Health Assembly in Geneva today. Addressing the plenary session of the assembly, Union Health Secretary Punya Salila Srivastava emphasized on the transformative strides made under flagship initiatives like Ayushman Bharat. She

## 8. India's Adriyan Karmakar bags Silver medal at ISSF Junior World Cup in Suhl, Germany

In Shooting, Adriyan Karmakar opened India's medal account with a silver in the 50m rifle prone event at the ISSF Junior World Cup in Suhl, Germany, yesterday. The 20-year-old shot a score of 626.7, just 0.3 points behind Sweden's Jesper Johansson, who won gold.

**FIVE TO REMEMBER · 21 MAY 2025**

1. Eligibility: Persons who were citizens of India on or after **January 26, 1950**, or were eligible to become citizens on that date Launch of Revamped OCI Portal
2. First Indian branch inaugurated in **Mumbai (2017)**. RBI Grants In-Principle Nod to Emirates NBD for...
3. As of **January 31, 2025, ₹21.24 crore** has already been paid to insured depositors. RBI Cancels Licence of HCBL Co-operative Bank D...
4. India 10-year bond yield (May 19, 2025): **6.28%** Bond Yield Gap Between India and US Narrows to ...
5. **Sculpture Depicted:** A person carrying a basket containing 2–3 bodies on his head (believed to be Marulaih Odeya) Historic Epigraphic Record of Drought Deaths Fo...

**Now test yourself:** [c4scourses.in/daily-quiz/daily-quiz-21-may-2025/](https://c4scourses.in/daily-quiz/daily-quiz-21-may-2025/)



DAY 17 OF 24

**22 May 2025**

Thursday · 18 items · 5 topics

International Affairs 1 · National Affairs 5 · Banking and Finance 7 · Agriculture 1 · Facts To Remember 4

**Daily Current Affairs Quiz**  
**22 May, 2025****International Affairs****1. China–Pakistan Economic Corridor (CPEC)****Context**

China, Pakistan, and Afghanistan have agreed to expand the **China–Pakistan Economic Corridor (CPEC)** to include Afghanistan.

- **Trilateral Foreign Ministers' Meeting:** The announcement followed a meeting in Beijing among:
  - Chinese Foreign Minister Wang Yi,
  - Pakistan's Foreign Minister Ishaq Dar,
  - Afghanistan's Acting Foreign Minister Amir Khan Muttaqi.

**What is CPEC?**

The **China–Pakistan Economic Corridor (CPEC)** is a **3,000–km long infrastructure corridor** connecting **Xinjiang (China)** to **Gwadar Port (Pakistan)**.

CPEC is a bilateral project under China's **Belt and Road Initiative (BRI)**, aimed at:

- Enhancing connectivity across Pakistan via roads, railways, pipelines
- Facilitating energy, industrial, and communication infrastructure
- Providing China direct access to the **Indian Ocean, Middle East, and Africa**

**Strategic Importance of CPEC for China and Pakistan**

- **For China:**
  - Shorter and cost-effective access to Middle Eastern and African markets via Gwadar.
  - Reduction in dependency on the Malacca Strait.
  - Consolidation of China's influence in the Indian Ocean Region (IOR).
- **For Pakistan:**
  - Critical solution to energy shortages and infrastructure deficits.
  - Potential to transform Pakistan into a regional trade and manufacturing hub.
  - Strengthened strategic ties with China.

**India's Concerns and Strategic Implications****1. Sovereignty Violation**

- **Route through Gilgit–Baltistan** in Pakistan-occupied Kashmir (PoK), territory claimed by India.
- Seen as an infringement of **India's territorial integrity**.

**2. Strategic Isolation of Kashmir**

- Enhanced infrastructure in PoK could undermine **India's claim over the region**.

"What feels hard today is the easy question next month."

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- Could shift the global perception towards legitimizing Pakistan's control over Gilgit-Baltistan.

### 3. Enhanced Chinese Maritime Control

- CPEC strengthens China's **"String of Pearls" strategy** — building naval and commercial bases across the IOR:
  - Gwadar (Pakistan)
  - Hambantota (Sri Lanka)
  - Chittagong (Bangladesh)
  - Others: Maldives, Seychelles, Port Sudan

### 4. Trade Route Realignment

- CPEC offers a **shorter East-West trade corridor**.
- May divert global trade away from traditional routes like the Panama Canal.
- Allows **China to set terms for transcontinental logistics**, impacting India's trade leverage.

### 5. Export Competition

- Easier access to Chinese raw materials and logistics may strengthen Pakistan's **textile and construction exports**, directly **competing with Indian exports** in key markets like the UAE and the US.

### 6. Strengthening China's Geo-economic Clout

- A successful CPEC will reinforce China's **BRI** as a dominant global trade architecture.
- Greater Chinese influence in global platforms like the **UN**, which may **hinder India's efforts to secure a UNSC permanent seat**.

### One Belt One Road (OBOR)/Belt and Road Initiative (BRI)

- **Launched:** 2013
- **Objective:** Develop a global trade network through large-scale infrastructure investment.
- **Scope:** Links **Asia, Europe, Africa, and the Gulf** via land and maritime routes.

#### Structure:

1. **Six Economic Corridors:**
  - **New Eurasian Land Bridge** (China to Western Russia)
  - **China-Mongolia-Russia Corridor**
  - **China-Central Asia-West Asia Corridor**
  - **China-Indochina Peninsula Corridor**
  - **China-Pakistan Corridor (CPEC)**
  - **Bangladesh-China-India-Myanmar (BCIM) Corridor**
2. **Maritime Silk Road:**
  - Connects **coastal China to the Mediterranean** via:
    - Southeast Asia
    - Indian Ocean
    - Arabian Sea
    - Red Sea and Suez Canal

### India's Stand

- **India's Opposition:**
  - India has **strongly opposed CPEC** because it passes through **Pakistan-occupied Kashmir (PoK)**.
  - India also opposes China's broader **Belt and Road Initiative (BRI)**, which includes CPEC.

## National Affairs

### 1. "Poverty Decline in India after 2011–12: Bigger Picture Evidence"

#### Context:

A recent academic paper titled **"Poverty Decline in India after 2011–12: Bigger Picture Evidence"** reveals that:

- The pace of **poverty reduction** in India has **slowed considerably** since 2011–12.
- Poverty levels declined from **37% in 2004–05 to 22% in 2011–12**, but fell only **marginally to 18% by 2022–23**.
- India lacks **official poverty estimates** post-2011–12, prompting reliance on indirect estimation methods.

#### Authorship and Methodology

- **Authors:** Himanshu (JNU), Peter Lanjouw & Philipp Schirmer (Vrije University, Amsterdam)
- **Three Main Methodologies Used in Literature:**
  1. **Alternative NSSO Survey Extrapolations** (UMPCE-based estimates: 26–30% poverty in 2019–20)
  2. **PFCE-Based Scaling Approach** (Surjit Bhalla et al., 2022)
  3. **Survey-to-Survey Imputation** (used by World Bank, CMIE-based studies, and this paper)

#### Key Findings

##### National-Level Trends

- **Poverty fell sharply** between 2004–05 and 2011–12 (37% → 22%)
- **Marginal decline** thereafter (22% → 18% by 2022–23)
- **Absolute number of poor:** reduced only slightly from **250 million to 225 million**

##### State-Level Disparities

- **Uttar Pradesh** made significant progress
- **Jharkhand and Bihar** showed **slower improvements**
- **Maharashtra and Andhra Pradesh** saw **stagnation** in poverty reduction

##### Supporting Economic Indicators

- **GDP growth** slowed from **6.9% (2004–12)** to **5.7% (2012–23)**
- **Real rural wage growth** declined from **4.13% to 2.3%** during the same periods
- **Reverse migration to agriculture:**
  - 68 million workers **added to agriculture** post-2017–18
  - Signifies declining **agricultural productivity and wages**, worsening poverty

##### Policy Implications

- **Poverty reduction has lost momentum** in India post-2011–12.
- **Data transparency is critical:** lack of official poverty numbers hinders policy direction.
- Despite estimation debates, **converging evidence points to the need for urgent policy response** to reinvigorate poverty alleviation.

TH

### 2. Mission LiFE May Join India's National Climate Plan

#### Context

"What feels hard today is the easy question next month."

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The Indian government is considering integrating **Mission LiFE (Lifestyle for Environment)** into the **National Action Plan on Climate Change (NAPCC)** to promote sustainable behavior and quantify the climate-related needs of individuals and businesses. This strategic move aims to elevate environmental consciousness through a behavior-centric approach.

#### Current Status of NAPCC

- **8 active missions** targeting sectors like **energy, water, and agriculture**.
- Focused on technological and infrastructural climate action.
- Managed by the **Ministry of Environment, Forest and Climate Change (MoEFCC)**.

#### What is Mission LiFE?

- Launched in **October 2022**.
- Introduced by **Prime Minister Modi** at **COP26**.
- Goal: Mobilize **1 billion people globally** (2022–2028) for sustainable living.
- Led by MoEFCC, focused on **behavioral change** over technological interventions.

#### Three Core Shifts Targeted by Mission LiFE

1. **Demand-side change** – encouraging individuals to adopt sustainable habits.
2. **Supply-side shift** – promoting responsible business practices.
3. **Policy support** – incentivizing sustainable consumption and production.

#### Why Integrate with NAPCC?

- **Improved quantification** of sustainability efforts by individuals and businesses.
- Enables **mass awareness campaigns** to drive collective behavioral change.
- Encourages **bottom-up sustainability**, complementing tech-focused missions like solar energy.

#### Challenges in Adoption

- **Awareness ≠ Action**: Public awareness doesn't always translate into behavioral change.
- Example: Bureau of Energy Efficiency recommends **26°C as AC setpoint**, but adherence remains low.
- Unlike subsidies for rooftop solar, **Mission LiFE is self-driven**, making it harder to implement.

### 3. DoT Launches Financial Fraud Risk Indicator to Combat Cyber Fraud

#### Context:

The **Department of Telecommunications (DoT)** unveiled the **Financial Fraud Risk Indicator (FRI)**, a new advanced analytical tool designed to support financial institutions in detecting and preventing cyber fraud. This initiative is part of the broader **Digital Intelligence Platform (DIP)**.

#### What is Financial Fraud Risk Indicator (FRI)?

- A **multidimensional risk-based metric** that classifies mobile numbers into three categories based on their likelihood of involvement in financial fraud:
- **Medium Risk**
- **High Risk**
- **Very High Risk**
- Helps banks, NBFCs, and **Unified Payments Interface (UPI)** service providers prioritize fraud detection and enhance customer protection measures.

#### Functionality and Impact

- Facilitates **intelligence sharing** between telecom, banking, and digital payment sectors.
- Supports proactive fraud prevention by allowing institutions to **decline transactions linked to high-**

### risk mobile numbers.

- Example: **PhonePe** has adopted FRI to block transactions from “Very High” risk numbers and provide user alerts via its **PhonePe Protect** feature.

### Significance

- Enhances **cybersecurity** and fraud detection in the fast-growing digital payment ecosystem.
- Enables financial institutions to focus resources effectively on high-risk cases.
- Strengthens collaboration between telecom and financial sectors to curb increasing cyber fraud threats.

## 4. Labour Code Reforms in India

### Context

Recent reforms aim to **streamline labour regulations**, improve **working conditions**, and support **industrial growth**. States and Union Territories (UTs) are aligning laws with industry needs to attract investment and position themselves as **investment-friendly destinations**.

### Labour Code Reforms in India

#### Background of Labour Code Reforms (2019–2020)

Between **2019 and 2020**, Parliament passed four consolidated labour codes to replace 29 outdated central labour laws:

| Code                                                                 | Key Focus Areas                                                                                                                    |
|----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| <b>Code on Wages, 2019</b>                                           | Regulates minimum wages, bonus payments, payment timelines, and ensures equal remuneration.                                        |
| <b>Industrial Relations Code, 2020</b>                               | Covers trade unions, hiring/firing rules, industrial disputes, and employment conditions.                                          |
| <b>Code on Social Security, 2020</b>                                 | Integrates provisions on EPF, ESI, gratuity, maternity, and pension schemes; extends benefits to <b>gig and platform workers</b> . |
| <b>Occupational Safety, Health and Working Conditions Code, 2020</b> | Regulates safety standards, working hours, health, welfare, and leave policies across industries.                                  |

#### Objectives of the Labour Code Reforms:

- Simplify compliance for employers and reduce multiplicity of laws.
- Promote worker welfare and safety.
- Boost industrial productivity and formalization.
- Ensure protection for new-age workers like those in gig economy.

#### Labour Being a Concurrent Subject: State Involvement

- **Labour** falls under the **Concurrent List** of the Constitution (Seventh Schedule).
- Hence, **both Centre and States** need to draft rules for implementation.
- Several states have proactively **framed or amended their labour laws** to align with the new codes.

#### Key Amendments and Trends by States/UTs

| Reform Area                                    | States/UT Action                                                                                                    |
|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| <b>Retrenchment, Layoff, Closure Threshold</b> | <b>20 states/UTs</b> increased the threshold from <b>100 to 300 workers</b> for prior government approval.          |
| <b>Factories Act Threshold</b>                 | <b>19 states/UTs</b> raised threshold: • From 10 to 20 workers (with power) • From 20 to 40 workers (without power) |

| Reform Area                              | States/UT Action                                                                                                                               |
|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Contract Labour Act Applicability</b> | Threshold increased from <b>20 to 50 workers</b> in <b>19 states/UTs</b> .                                                                     |
| <b>Women in Night Shifts</b>             | <b>31 states/UTs</b> allowed <b>women to work night shifts</b> , with mandated safety conditions (transport, lighting, security).              |
| <b>Inspector Raj Reform</b>              | <b>All states/UTs</b> implemented rules requiring <b>compliance notice before prosecution</b> —promoting transparency and reducing harassment. |

### Implications for Employers and Workers

- **Ease of Doing Business:** Simplified norms, especially for MSMEs.
- **Gender Inclusion:** Legal backing for night shifts for women.
- **Gig Economy Recognition:** Gig/platform workers formally recognized under Social Security Code.
- **Labour Flexibility:** Relaxed thresholds aid business restructuring.
- **Worker Protection:** Codes mandate wage security, safety standards, and legal safeguards.

### Constitutional Provisions Related to Labour Rights

India's Constitution provides a strong framework for protecting labour rights:

- **Article 14** – Equality before the law for all persons.
- **Article 19(1)(c)** – Freedom to form associations or unions.
- **Article 21** – Right to life and personal liberty.
- **Article 23** – Prohibits forced labour (begar).
- **Article 24** – Prohibits employment of children below 14 years in hazardous jobs.

### Directive Principles of State Policy (DPSP)

Often considered the "Magna Carta" for India's working class:

- **Article 39(a)** – Right to adequate means of livelihood.
- **Article 39A** – Access to free legal aid.
- **Article 41** – Right to work, education, and public assistance.
- **Article 42** – Humane working conditions and maternity relief.
- **Article 43** – Right to a living wage and decent conditions.
- **Article 43A** – Workers' participation in industrial management.

### Legislative Framework

- Labour falls under the **Concurrent List** in the Constitution (Seventh Schedule), allowing both Central and State governments to enact laws.
- Over **44 central labour laws** and more than **100 state-specific laws** currently govern the Indian labour ecosystem.

### Second Labour Commission Recommendations (2002)

The Commission suggested consolidation of labour laws into five core categories:

- **Industrial Relations**
- **Wages**
- **Social Security**
- **Safety**
- **Welfare & Working Conditions**

## Key Objectives of the Labour Codes

- Promote ease of doing business.
- Ensure protection of workers' rights.
- Increase formalization of employment.
- Enable transparency and reduce compliance burden.

BS

## 5. Pradhan Mantri Awas Yojana–Urban (PMAY–U)

### Context

The Government of India has extended the completion deadline for **Pradhan Mantri Awas Yojana–Urban (PMAY–U)** to **December 31, 2025**, for housing projects sanctioned up to **March 31, 2022**. This move gives thousands of urban beneficiaries additional time to complete their affordable housing units under the flagship "**Housing for All**" scheme.

### What is PMAY–Urban?

Launched in **June 2015** by the **Ministry of Housing and Urban Affairs (MoHUA)**, PMAY–U aims to provide **affordable housing to urban families**, especially those in:

- **Economically Weaker Section (EWS)**
- **Low–Income Group (LIG)**
- **Middle–Income Group (MIG)**

### What's New Under PMAY–U 2.0?

The second phase of the scheme maintains the original funding structure but emphasizes **completion and accessibility** through four verticals:

- **Beneficiary–Led Construction (BLC)** – For families constructing homes on their own land
- **Affordable Housing in Partnership (AHP)** – Collaborative housing with public/private developers
- **Affordable Rental Housing (ARH)** – Rental units for migrant workers and urban poor
- **Interest Subsidy Scheme (ISS)** – Subsidy on home loan interest to reduce EMIs

### Eligibility Criteria for PMAY–U

To avail benefits under PMAY–U, an applicant must:

- Belong to **EWS, LIG, or MIG** category
- Be a **resident of an urban area**
- Not own a **pucca house** anywhere in India (in their or family's name)

### Offline Application Process

Applicants can apply through:

- **Common Service Centres (CSCs)**
- **Listed partner banks under PMAY–U**

*Note: A nominal service fee is applicable for assistance with form filling and document uploads.*

### Key Benefits of PMAY–U Extension

- More time to complete sanctioned housing units
- Continued eligibility for **interest subsidy on home loans**
- Access to **affordable rental housing** options
- Streamlined **online and offline application processes**



## Banking and Finance

### 1. Rapid Growth and Adoption of Mutual Funds by Household Investors

#### Context

Household investors are increasingly adopting mutual funds (MFs), investing more via **systematic investment plans (SIPs)** in a disciplined, staggered manner. Investors are holding MF portfolios for longer durations, supporting wealth creation through compounding and reduced risk.

#### Investment Trends

- **Preference for Equity Funds:** Majority of investors focus on equity funds and hybrid schemes (combining income and equity).
- **Systematic Investment Plans (SIPs):**
  - SIP accounts rose to 81.1 million by March 2025, up from 63.8 million in April 2024.
  - SIP inflows increased to ₹2.9 trillion, up from ₹2 trillion the previous year.
  - Longer-term SIPs gaining traction: 33% of regular plan SIP assets and 19% of direct plan SIP assets are held by accounts over five years old.
  - Over 60% of SIPs are held by accounts more than two years old, up significantly from five years ago.
- **Passive Index Funds:** Recorded a massive 278% year-on-year inflow growth to ₹59,306 crore in FY 2024-25.

#### Economic and Market Implications

- **Capital Access for New Businesses:** Increased equity investments improve capital availability, fostering entrepreneurship and business growth.
- **Risk Mitigation:** Professional fund management and diversified portfolios help reduce the risk of capital erosion.
- **Wealth Creation:** Equity assets' long-term returns enable substantial household wealth accumulation.

BS

### 2. SEBI's Cybersecurity and Cyber Resilience Framework (CSCRF)

#### Context

Significant rise in **spurious apps, websites, and contact numbers impersonating stockbrokers and their executives**. Investors have lost crores, with reported losses **reaching up to ₹910 crore**. Fraudsters impersonate relationship managers and prominent officials to mislead investors to fake portals. Fake WhatsApp groups offering trading advice lure gullible investors.

#### SEBI's Cybersecurity and Cyber Resilience Framework (CSCRF)

##### What is CSCRF?

SEBI's **Cybersecurity and Cyber Resilience Framework (CSCRF)** is a comprehensive regulatory mandate introduced to strengthen the **cybersecurity posture** of entities regulated by SEBI, including mutual funds, stock brokers, MIs, and credit rating agencies. The framework aims to:

- Ensure **client data protection**
- Maintain **market integrity**
- Support **secure digital transformation** across financial institutions

CSCRF **replaces older fragmented guidelines** with a unified approach, aligned with global best practices and CERT-In's Cyber Crisis Management Plan.

## Core Objectives of CSCRf

- **Anticipate** cyber threats through risk assessments
- **Withstand** and **contain** cyber incidents effectively
- **Recover** business functions swiftly
- **Evolve** practices through adaptive security controls and audits

## Key Components of CSCRf

| Category                       | Highlights                                                                                              |
|--------------------------------|---------------------------------------------------------------------------------------------------------|
| <b>Security Monitoring</b>     | Mandatory <b>Security Operations Centers (SOCs)</b> for real-time incident detection and response       |
| <b>Governance</b>              | Board-level review of cybersecurity policies; creation of cybersecurity committees                      |
| <b>Risk Management</b>         | Ongoing <b>risk assessments</b> , threat intelligence integration, and vendor risk oversight            |
| <b>Incident Response</b>       | <b>Incident Response Management Plans</b> , RCA, forensic analysis, and stakeholder updates             |
| <b>Audits &amp; Compliance</b> | Annual audits by <b>CERT-In empaneled auditors</b> , <b>Cyber Capability Index (CCI)</b> implementation |
| <b>Data Security</b>           | Encryption, compliance with <b>India's data localization laws</b> , and secure data handling            |

## Risk-Based Tiering and Applicability

SEBI classifies regulated entities into **risk-based categories**:

- **Market Infrastructure Institutions (MIIs)**: Highest compliance levels, full-scale SOC, and extensive security protocols
- **Qualified REs (QREs)**: Must maintain SOC, perform biannual external and annual internal assessments
- **Mid-Size and Smaller Entities**: Tailored requirements based on cyber risk exposure

## Role of Market Security Operations Centers (M-SOCs)

- **NSE and BSE** are mandated to establish **M-SOCs**
- These centers offer SOC-as-a-Service to **smaller entities** lacking capacity to manage their own monitoring infrastructure

## Key Compliance Requirements

- Establishing **SOCs** (in-house or third-party managed)
- Adopting **RegTech** solutions for dynamic threat adaptation
- Implementing **Cyber Capability Index (CCI)** for continuous maturity assessment
- Conducting **regular vulnerability scans** and **penetration testing**
- Filing all incident reports via SEBI's **cyber incident reporting portal**
- Developing a **Cyber Crisis Management Plan (CCMP)**

## Importance of CSCRf for Financial Institutions

- Provides a **standardized cybersecurity blueprint** for all SEBI-regulated entities
- Promotes **resilience culture** through governance, policy audits, and employee training
- Protects **critical financial infrastructure** from rising cyber threats amid rapid digitization

## Summary of Benefits

- **Unified compliance** approach under one framework
- **Improved incident response** capability and operational continuity
- **Enhanced trust** among investors, stakeholders, and consumers

"What feels hard today is the easy question next month."

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- Encourages adoption of **emerging technologies** in secure environments

### 3. IRDAI Imposes ₹1 Crore Penalty on Acko General Insurance for Statutory Violations

#### Context

The **Insurance Regulatory and Development Authority of India (IRDAI)** has imposed a **monetary penalty of ₹1 crore** on **Acko General Insurance** for multiple regulatory violations during FY 2019–20 and 2020–21.

#### Nature of Violations

- **Violation of Section 40(1) of the Insurance Act, 1938:**
  - Prohibits insurers from making payments to anyone for procuring insurance business, except licensed insurance agents or intermediaries.
- **Non-compliance with Outsourcing Guidelines:**
  - Acko was found to have **improperly outsourced core activities** to a third-party company without adhering to regulatory norms.
- **Breach of Regulations on Commission and Rewards:**
  - Involves **unauthorised payment of commission/remuneration/rewards** to entities **not licensed as agents or intermediaries**.

#### Implications

- The penalty reflects **IRDAI's stringent stance on regulatory compliance** within the insurance sector.
- Serves as a **reminder to insurers** to ensure all payments, outsourcing, and reward mechanisms are in line with **statutory and regulatory provisions**.

#### Background on Acko

- **Acko General Insurance** is a prominent digital-first insurer known for its tech-driven insurance solutions.
- This is among the first significant penalties levied on a **new-age digital insurer** by IRDAI, highlighting increasing regulatory scrutiny.

### 4. Government Notifies Payments Regulatory Board (PRB) Regulations, 2025

#### Context

The **Central Government** has notified the **Payments Regulatory Board (PRB) Regulations, 2025**, introducing a new regulatory body to replace the existing **Board for Regulation and Supervision of Payment and Settlement Systems (BPSS)**. The move marks a significant **restructuring of payment system governance** in India.

#### Background

- **BPSS** was a **committee under the RBI's central board**, overseeing regulation and supervision of payment and settlement systems.
- The new entity, **PRB**, will operate under the framework of the **Payment and Settlement Systems Act, 2007**, and be supported by the **Department of Payment and Settlement Systems (DPSS)** of the RBI.

#### Composition of the PRB

- As per Section 3 of the PSS Act:
  - **RBI Governor** – Chairperson
  - **RBI Deputy Governor** in charge of payment systems – Member
  - **One RBI officer** nominated by the central board – Member
  - **Three members nominated by the Central Government**

- Additional invitees:
  - Experts in **payments, IT, and law** can be invited.
  - The **Principal Legal Adviser** of RBI will be a **permanent invitee**.

### Governance and Voting

- Equal representation from **RBI and the Government** (3 members each).
- The **RBI Governor** will hold a **casting vote** in case of a tie.

### Implications and Industry View

- Marks **enhanced government role** in shaping the **payment ecosystem**.
- Raises questions on whether the government will appoint **bureaucrats or external experts** as nominees.
- Industry watching closely for clarity on the nature of appointments.

### Historical Context

- In **2018**, the **RBI opposed the formation of an independent PRB**, citing concerns over regulatory autonomy.

### Related Developments

- **RBI expects lower borrowing rates** from digital lenders with the new **co-lending norms**.
- **NPCI enhances UPI oversight** to prevent disruptions in digital payments.

BS

## 5. EnKash Launches India's First Unified Payment Gateway for SMBs and Startups

### Context

EnKash, a pioneer in India's spend management and fintech innovation space, has launched the **EnKash Payment Gateway** — a revolutionary platform designed specifically for over **63 million underserved small and medium businesses (SMBs) and startups**. The gateway aims to empower modern merchants with **frictionless, flexible, and future-ready payment infrastructure**.

### Why This Matters

India saw **₹14 lakh crore in UPI transactions in March 2025** alone, proving that digital payments are now mainstream. Yet, **SMBs continue to face challenges** such as:

- High transaction failure rates (20-30%) during peak hours
- Manual reconciliations causing revenue leakages
- Disconnected systems lacking unified payment-spend management

### What is a Payment Gateway?

A payment gateway is a technology used by merchants to accept debit or credit card purchases from customers. **The term includes not only the physical card-reading devices found in brick-and-mortar retail stores but also the payment processing portals found in online stores.**

### Key Features of EnKash Payment Gateway

- **Low-code/no-code SDKs & APIs** for fast integration
- **Unlimited developer sandbox** for testing
- **In-built orchestration suite** for smart routing & reconciliation
- **Real-time monitoring and analytics**
- **Zero-cost lifetime support** and high reliability during peak loads
- **Ready integration with** Shopify, WooCommerce, Magento, and custom platforms

"What feels hard today is the easy question next month."

## Target Sectors

Designed to support multiple high-growth industries including:

- **D2C brands**
- **SaaS platforms**
- **B2B commerce**
- **Healthcare, education, logistics, and hospitality**

## Unified Fintech Stack Advantage

EnKash becomes **India's first fintech** to offer a fully unified payments and spend management ecosystem, combining:

- Accounts Payable Automation
- Expense Management
- Corporate Cards
- Loyalty Programs
- Embedded Payment Gateway

## About EnKash

Founded in 2018, EnKash holds multiple **RBI-regulated licenses** (PAPG, BBPOU, PPI) and has raised **\$23M** from leading investors such as Ascent Capital, Mayfield, Axilor, and Baring Private Equity Partners India. Its platform empowers CXOs with **automation, compliance tools, and real-time financial insights**.

BS

## 6. Star Health Launches Star Flexi

### Context

Star Health and Allied Insurance, **India's largest retail health insurer**, has introduced **Star Flexi**—a customizable, multi-rider add-on under its flagship **Super Star health insurance plan**. The offering includes **three tailored variants**: *Essential*, *Preferred*, and *Secure*, each designed to address unique health coverage needs across different demographics.

### Objective

The new add-on reinforces **flexibility, personalisation, and affordability**, with specific features suited for:

- First-time buyers in Tier 2 and Tier 3 towns
- Urban families and working professionals
- Long-term policyholders seeking top-tier protection

### Star Flexi Variants

#### 1. Essential Variant

*Target Group:* First-time health insurance buyers in **Tier 2 and Tier 3 towns**

#### 2. Preferred Variant

*Target Group:* **Urban professionals and families**

#### 3. Secure Variant

*Target Group:* Experienced buyers seeking **maximum protection**

## 7. HDFC Bank Launches Biz+ Current Account Suite for Small Businesses

### Context

HDFC Bank has launched the **Biz+ current account suite**, a customized banking solution aimed at supporting **micro, small, and medium enterprises (MSMEs)**. The initiative is designed to offer

comprehensive financial services across all stages of business growth and reflects the bank's growing focus on empowering India's MSME ecosystem.

### Key Features of Biz+ Suite

- **Tailored Solutions for MSMEs:** Accounts curated to suit different business sizes and stages, from startups to growing enterprises.
- **Dedicated Banking Services:** Customized offerings to meet the evolving needs of small business owners.
- **Simplified Account Management:** Streamlined processes to facilitate seamless day-to-day banking operations.
- **Integrated Benefits:** Access to a range of value-added services like cash management, trade services, and digital banking tools.

### Strategic Importance

- **Market Focus:** MSMEs contribute over 30% to India's GDP and are vital to employment and exports.
- **Competitive Positioning:** With rising competition for MSME accounts, HDFC Bank's Biz+ suite positions it as a leader in tailored SME banking.
- **Regulatory Alignment:** The launch aligns with RBI and government priorities to enhance MSME financial inclusion and formalization.

Source: Times of India – HDFC Bank launches Biz+

## Agriculture

### 1. Empowering India's Small Farmers: Pathways to Resilience and Prosperity

#### Context

India's 85% small and marginal farmers face persistent challenges—climate stress, rising input costs, poor market access, and credit exclusion. This covers post-COVID opportunities and reforms aimed at transforming these farmers into empowered agripreneurs aligned with [sustainable development goals \(SDGs\)](#).

#### Key Challenges Faced by Small Farmers

- **Unviable Landholdings:** Average holdings under 2 hectares yield low returns; rain-dependent farming risks crop failure.
- **Market Exploitation:** Only 7% access MSP; most depend on middlemen and face price manipulation.
- **Credit Inequity:** <30% access institutional credit; informal loans lead to debt traps.
- **Policy Exclusion:** Limited say in policy decisions; dependence on subsidies over empowerment.

#### Post-COVID Opportunities & Innovations

- **Digital Marketplaces:** e-NAM, AgriBazaar, Ninjacart enabling better price discovery and reducing reliance on mandis.
- **Digital Credit Access:** Fintech lending platforms offering faster, tailored credit solutions.
- **E-commerce Linkages:** Direct-to-consumer and B2B models creating new income streams.
- **Technological Tools:** Weather forecasting, price tracking enhancing decision-making.

#### Strategic Shifts for Empowerment

- **From Farmer to Agripreneur:**
  - Emphasis on diversified, market-responsive farming.
  - Entrepreneurial training (e.g., SVEP) essential for scale and success.

"What feels hard today is the easy question next month."



- **Strengthening FPOs:**

- Only a fraction of 10,000+ FPOs are viable; need for holistic support—finance, governance, market linkages.
- FPOs key to aggregation, better bargaining, and value addition.

- **Corporate Partnerships:**

- 4P (Public–Private–Producer Partnership) model fostering traceable supply chains and shared value.
- CSR funds directed toward rural infrastructure, organic farming, and local employment.

## Organic Farming & Global Market Access

- **Organic Surge:**

- Driven by consumer demand post-COVID and global environmental consciousness.
- Initiatives like PKVY targeting 2M ha under organic cultivation by 2025.

- **Certification & Value Chains:**

- NPOP, Fairtrade boosting market credibility and premiums.
- Blockchain-enabled traceability ensuring transparency and fair returns.

## Reform Pathways for an Enabling Ecosystem

- **Rural LPG 2.0:** Focus on Localisation, Participation, and Green Growth.

- **Inclusive Financial Systems:**

- Prioritize SHGs, FPOs, and rural MSMEs.
- Simplify compliance, expand one-stop facilitation centers.

- **Digital Agriculture:** Expand access to drone tech, chatbots, and input delivery systems.

## Alignment with SDGs

- **SDG 1 & 2:** Poverty alleviation and food security through rural enterprises.
- **SDG 8 & 10:** Inclusive value chains promoting decent work and reducing inequality.
- **SDG 12 & 13:** Sustainable consumption and climate-resilient agriculture.

DTE

## Facts To Remember

### 1. Heart Lamp glows, story collection wins the Booker Prize for Banu and Deepa

Heart Lamp, a collection of 12 short stories selected from her work written between 1990 and 2023 and translated by Deepa Bhashti, won the **International Booker Prize for 2025** from a shortlist featuring books in French, Italian, Danish, and Japanese.

### 2. PM to inaugurate 103 Amrit Bharat railway stations today

Prime Minister Narendra Modi will inaugurate 103 Amrit railway stations through video conference at an event in Bikaner, Rajasthan.

### 3. Lion count grows by 32% in 5 years, expands beyond protected areas

India's lion population, exclusively concentrated in Gujarat, has risen by 32% between 2020 and 2025, with 891 lions reported, according to a report from the Gujarat Forest Department released on Wednesday. The number of adult females – a proxy for future growth – rose by 27% to 330 individuals.

“What feels hard today is the easy question next month.”

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#### 4. Indian Navy Inducts INSV Kaundinya: A Tribute to Ancient Indian Shipbuilding

On May 21, 2025, the **Indian Navy** formally inducted **INSV Kaundinya**, a **stitched sail ship** inspired by **5th-century Ajanta cave paintings**, at a ceremonial event at **Karwar Naval Base**.

##### FIVE TO REMEMBER · 22 MAY 2025

1. Launched in **June 2015** by the **Ministry of Housing and Urban Affairs (MoHUA)**, PMAY-U aims to provide **affordable housing to urban families**, especially those in: Pradhan Mantri Awas Yojana–Urban (PMAY-U)
2. **Passive Index Funds**: Recorded a massive 278% year-on-year inflow growth to ₹59,306 crore in FY 2024–25. Rapid Growth and Adoption of Mutual Funds by Ho...
3. Poverty levels declined from **37% in 2004–05 to 22% in 2011–12**, but fell only **marginally to 18% by 2022–23**. "Poverty Decline in India after 2011–12: Bigger..."
4. The **Insurance Regulatory and Development Authority of India (IRDAI)** has imposed a **monetary penalty of ₹1 crore** on **Acko General Insurance** for multiple regulatory violations during FY 2019–20 and 2020–21. IRDAI Imposes ₹1 Crore Penalty on Acko General ...
5. The new entity, **PRB**, will operate under the framework of the **Payment and Settlement Systems Act, 2007**, and be supported by the **Department of Payment and Settlement Systems (DPSS)** of the RBI. Government Notifies Payments Regulatory Board (...)

**Now test yourself:** [c4scourses.in/daily-quiz/daily-quiz-22-may-2025/](https://c4scourses.in/daily-quiz/daily-quiz-22-may-2025/)

DAY 18 OF 24

**23 May 2025**

Friday · 13 items · 5 topics

National Affairs 2 · Science &amp; Tech 1 · Banking and Finance 8 · Agriculture 1 · Facts To Remember 1

**Daily Current Affairs Quiz**  
**23 May, 2025****National Affairs****1. Santhara in Jainism****Context**

A tragic incident involving the death of a three-year-old girl in Indore, allegedly due to *Santhara* administered by a Jain monk, has reignited legal and ethical debates around this ancient Jain ritual of voluntary fasting unto death.

**What is Santhara (Sallekhana)?**

- **Definition:** Santhara or *Sallekhana* is a sacred Jain vow of voluntary and gradual fasting unto death, believed to purify the soul and help attain *moksha* (liberation).
- **Eligibility:** Undertaken by both monks and laypersons during extreme life conditions—terminal illness, old age, or famine.
- **Spiritual Process:**
  - Gradual renunciation of food and water.
  - Undertaken under spiritual guidance.
  - Marked by detachment, forgiveness, and inner reflection.

**Core Jain Doctrines Underpinning Santhara**

1. **Ahimsa (Non-violence):** Fundamental to Jainism, ensuring no harm to any living being.
2. **Satya (Truthfulness):** Practiced with compassion; never to cause harm.
3. **Asteya (Non-stealing):** Absolute respect for others' property and rights.
4. **Brahmacharya (Chastity):** Encourages celibacy or restraint.
5. **Aparigraha (Non-possessiveness):** Promotes detachment from material and emotional bonds.

**The Triratna (Three Jewels) of Jainism**

- **Samyak Darshan (Right Faith):** Belief in truth and the path to liberation.
- **Samyak Jnana (Right Knowledge):** Clarity and truth in understanding existence.
- **Samyak Charitra (Right Conduct):** Ethical living aligned with Jain teachings.

**Legal Status of Santhara in India**

- **Rajasthan High Court (2015):** Ruled Santhara as suicide under IPC Section 306.
- **Supreme Court Stay (August 2015):** Upheld Santhara as a constitutionally protected religious practice under Article 25 (freedom of religion).
- **Current Legal Position:** Recognised and protected, subject to voluntary and informed consent under religious supervision.

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## Significance in Jainism

- **Spiritual Goal:** Viewed as a dignified and non-violent passage into death, aiding in the shedding of karmic bonds.
- **Historical Precedent:** Practiced by Jain luminaries like *Bhadrabahu* and *Chandragupta Maurya* in Shravanabelagola.
- **Scriptural Backing:** Mentioned in Jain texts like *Ratnakaranda Shrivakachara* and classical Tamil literature like *Silappadikaram* and *Neelakesi*.

## Controversy and Ethical Concerns

- The recent Indore case raises questions about:
  - **Consent and age:** Can minors undertake such vows?
  - **Oversight and responsibility:** Role of religious mentors.
  - **Balance of faith and child rights:** Reconciling religious freedom with child protection laws.

## 2. Keezhadi Excavation: Ancient Tamil Urban Civilization

### Context

The Archaeological Survey of India (ASI) has requested noted archaeologist *Amarnath Ramakrishna* to revise and resubmit his report on the Keezhadi excavations. The directive highlights the need for improved scientific accuracy and refined period classification in the documentation.

### What is Keezhadi?

- **Location:** Keezhadi is situated near Madurai, along the Vaigai river basin in Tamil Nadu.
- **District:** Excavation site lies in *Pallichanthai Thidal*, Sivaganga district.
- **Discovered:** Systematic excavations began in 2015, after Vaigai valley surveys (2013–14) across 293 sites.

### Excavation Highlights

- **Scale:** Only 1 out of the estimated 100-acre site has been excavated so far.
- **Findings:**
  - Over 4,000 artefacts discovered.
  - *AMS carbon dating* of charcoal indicates urban habitation by **200 BCE**.
  - Urban features: brick structures, ring wells, water storage tanks, beads, and graffiti-marked pottery.
  - Evidence of trade links with North India and the western world during the *Sangam Age*.
  - A uniquely decorated pot, significant for its artistic and cultural value, was also found.

### Cultural and Historical Significance

- **Urban Tamil Civilization:**
  - Strong evidence of an organized, literate, and trade-oriented Tamil urban society well before the Common Era.
  - Challenges the traditionally North-centric narrative of Indian civilization.
- **Literary Correlation:**
  - Classical Tamil texts such as *Tiruvilayadal Puranam* mention settlements like *Manalur* and *Konthagai*, now linked to Keezhadi findings.
- **Craftsmanship and Literacy:**
  - Pottery with Tamil-Brahmi inscriptions points to widespread literacy.
  - Artefacts reflect advanced metallurgy, bead-making, and ceramic craftsmanship.

## Why the Report Was Recalled

- ASI cited the need for:
  - Greater scientific rigor in dating and contextual analysis.
  - Better clarity in chronological sequencing.
  - Accuracy in classifying cultural periods and artefact functions.

## Science & Tech

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### 1. Indian Scientists Discover Jarosite as a Natural Luminescent Clock for Mars and Earth

#### Context

A team of Indian researchers has revealed that **Jarosite**, a mineral prevalent on Mars, can function as a **natural luminescent clock**. This unique property allows Jarosite to record geological events occurring over the past **25,000 years**, aiding planetary dating and environmental studies.

#### About Jarosite

##### Chemical Composition & Structure

- Formula:  $\text{KFe}_3(\text{SO}_4)_2(\text{OH})_6$  (Potassium ferric sulfate hydroxide)
- Crystal system: Trigonal, brittle with basal cleavage
- Color: Dark yellow to yellow-brown
- Hardness: 2.5–3.5 on Mohs scale
- Lustre: Vitreous to dull, translucent to opaque
- Thermal Stability: Luminescence retained up to 450°C, making it suitable for Mars rover instrumentation

##### Natural Occurrence

- **On Earth:** Found in arid environments, acid mine drainage areas, Antarctica ice cores, and clay-rich acidic soils like Kachchh (India) and Sierra Peña Blanca (Mexico).
- **On Mars:** Detected by NASA's **Spirit, Opportunity, and Curiosity rovers**, indicating oxidizing and acidic surface conditions.

##### Applications

- **Planetary Dating Tool:** Jarosite acts as a **natural radiation clock** to date geological events on Mars within a 25,000-year timeframe.
- **Mars Missions:** Its stability and luminescent properties make Jarosite ideal for rover-based age detection using heaters and LEDs without damaging samples.
- **Environmental Indicator:** Used to monitor oxidation stages in mining regions and glacial environments on Earth and Mars.
- **Geological Marker:** Helpful in detecting ice age layers and reconstructing environmental history from deep Earth core samples.

## Banking and Finance

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### 1. Volatility in Financial Markets

#### Context

The **Reserve Bank of India (RBI)** sold **\$34.5 billion on a net basis** in **FY2024–25**, the highest level of dollar sales since the **global financial crisis of 2008–09**. This intervention was aimed at **curbing volatility in the**

**foreign exchange market** amid sharp depreciation of the Indian Rupee.

### Forex Market Intervention

- The RBI also reduced its **forward book** to **\$84.34 billion as of March 31, 2025**, from **\$88.75 billion in February 2025**.
- This is the **first cut in the forward book in seven months**, indicating a shift in RBI's forex strategy.

### Volatility in Financial Markets

#### Definition

- **Volatility** refers to the **degree of variation** in the price of a financial asset over time.
- It is typically measured using **standard deviation or variance** of returns.
- **Higher volatility = higher risk**, due to wider potential price swings.

#### Key Characteristics

- Indicates **uncertainty or risk** in asset price movements.
- Can occur in both upward and downward directions.
- Used to assess market sentiment and **price options contracts**.

#### How to Measure Volatility

1. **Standard Deviation ( $\sigma$ )**: Shows how much return deviates from the mean.
2. **Variance**: Average of squared deviations from the mean.
3. **Annualized Volatility Formula**:

#### Statistical Example (Monthly Data):

- Monthly prices: ₹1 to ₹10
- Mean: ₹5.5
- Variance: ₹8.25
- Standard Deviation: ₹2.87
- Interpretation: ~68% of values lie within 1 SD from the mean in a normal distribution

#### Types of Volatility

1. **Historical Volatility (HV)**:
  - Measures **past price fluctuations**
  - Calculated from **closing prices** over a fixed time period
  - Indicates how volatile an asset *has been*
2. **Implied Volatility (IV)**:
  - **Forward-looking**
  - Derived from **options prices**
  - Reflects **market expectations** of future volatility
  - Not based on historical data

#### Volatility in Options Pricing

- Higher volatility = **higher options premiums**
- Incorporated in models like **Black-Scholes** and **Binomial Tree**
- Critical in estimating **probability of an option ending in-the-money**

#### Quick Facts for Exams

- **Volatility = Risk indicator**
- **HV** is past-looking; **IV** is future-looking

- Widely used in **derivatives pricing**
- **Volatility  $\neq$  variance**, but is derived from it

### Reason for Market Volatility

- After nearly **two years of currency stability**, the **Indian Rupee depreciated sharply in H2FY25**.
- Key trigger: A **surge in the US Dollar Index to 108**, driven by:
  - Rising **inflation expectations**
  - Global uncertainty following **US President Donald Trump's return to office**

## 2. NPCI Steps up UPI Vigil to Prevent Future Disruptions in Core Network

### Context

The **National Payments Corporation of India (NPCI)** has issued a circular to strengthen its **supervisory framework** over **Unified Payments Interface (UPI)** operations. This follows a **root cause analysis** of a recent outage that revealed **excessive API calls** by banks as the cause of **core network stress**.

### Key Measures Introduced

- NPCI has outlined **operational guidelines** for 10 **critical APIs** linked to UPI.
- These APIs handle operations such as:
  - **Check transaction status**
  - **Balance enquiry**
  - **Autopay mandate execution**
  - **Account detail verification**

### Compliance Requirements

- **Payment Service Providers (PSPs)** and **acquiring banks** must:
  - **Monitor and moderate** their API usage.
  - Adhere to **API rate limits** to prevent overload.
  - **Implement guidelines by July 31, 2025**.
- **System audits** must be conducted by a **CERT-In empanelled auditor** and submitted by **August 31, 2025**.
- These audits will now be **mandatory annually**.

### Rate Limiting and Timing Rules

- NPCI may **impose rate limiters** on API call frequency.
- It has mandated **low-traffic execution windows** for certain APIs like mandate execution.
- **Defined peak hours:**
  - 10:00 AM – 1:00 PM
  - 5:30 PM – 9:30 PM
- API timing update:
  - "Check transaction status" API can now be triggered **after 45–60 seconds**, compared to 90 seconds previously.

### Enforcement and Penalties

- Non-compliance may lead to:
  - **API restrictions**
  - **Penalties**
  - **Suspension of new customer onboarding**

- Any other measure deemed appropriate by NPCI

BS

### 3. RBI Proposes Special Share Certificates for UCBs to Boost Capital Base

#### Context

To enhance capital mobilisation options for UCBs, especially Tier-4 UCBs, through innovative instruments like **Special Share Certificates (SSCs)** and **Perpetual Non-Cumulative Preference Shares (PNCPS)**.

#### Special Share Certificates (SSCs)

A share certificate is a written document signed on behalf of a corporation that serves as legal proof of ownership of the indicated number of shares. It is also referred to as a stock certificate.

- **Nature:**
  - Non-voting shares (no membership rights).
  - Issued to members/others within UCB's area of operation.
  - To be issued at **book value**, not face value.
- **Eligibility:**
  - Only **Tier-4 UCBs** (deposits > ₹10,000 crore) can issue SSCs initially.
- **Dividend:**
  - Same rate as member shares.
  - **Non-cumulative** in nature, as per RBI guidelines.
- **Redemption:**
  - Permitted after **3 years** from issuance.
- **Trading:**
  - Tier-4 UCBs can facilitate **SSC trading on their websites**.
  - Open to members and persons residing within the area of operation.
- **Restrictions:**
  - UCBs **cannot invest in SSCs** of other UCBs.
  - **No loans against SSCs** (own or other UCBs).

#### Perpetual Non-Cumulative Preference Shares (PNCPS)

Perpetual Non-Cumulative Preference Shares (PNCPS) **are a type of preference share issued by banks with no fixed maturity date and no accumulation of unpaid dividends**. They offer a fixed dividend rate and prioritize dividend payments to equity shareholders. **PNCPS are often used by banks to bolster their capital base, particularly to meet Basel III capital requirements**

- **Loan Facility:**
  - UCBs may allow loans up to **20x** the amount subscribed in PNCPS.
  - **Maximum loan limit fixed at ₹5 lakh** per subscriber.
- **Borrower Cap:**
  - PNCPS subscribers and nominal members availing credit **must not exceed 20%** of total borrowing members.

#### Rationale Behind the Proposal

- **Challenges with Current Capital Options:**
  - Issuing member shares is unattractive due to:
    - High dividend payouts.
    - No issuance at premium despite high book value.



- **Legal & Global Context:**
  - Dual-class share structures are globally common.
  - Enabled by **Banking Regulation (Amendment) Act, 2020**.
- **Expected Impact:**
  - Enhances investor interest via **tradability and flexibility**.
  - Provides **cheaper, more accessible** capital options for UCBs.
  - Addresses the problem of long tenures (e.g., 10 years) with more flexible instruments.

## 4. RBI Co-lending Guidelines Aim to Lower Digital Lending Rates

### Context

The **Reserve Bank of India (RBI)** has held consultations with top fintech bodies to review feedback on **draft colending guidelines**.

- Meeting participants included representatives from:
  - **Fintech Association for Consumer Empowerment (FACE)**
  - **Unified Fintech Forum (UFF, formerly DLAI)**
  - **Fintech Convergence Council (FCC)**

### Key Proposals in Draft Colending Guidelines

- **Blended Interest Rate Mechanism:**
  - Final lending rate = **Weighted average** of interest rates by partner lenders.
  - Aimed at **lowering borrowing costs** for end-users.
- **Expanded Scope:**
  - Includes **all regulated entities**.
  - Extended **beyond priority sector lending**.

### Co-lending Models

- **CLM 1:** Joint origination and disbursement of loans by **banks and NBFCs**.
- **CLM 2:** NBFCs disburse loans initially, and **banks reimburse up to 80%** of the loan amount later.

### Call for NBFCs on UPI Credit Line

- Fintechs urged RBI to **allow NBFCs to offer credit via UPI**, like small finance banks (SFBs).
- RBI cautious, may allow **only top-tier NBFCs** due to regulatory concerns on capital and compliance.

### Compliance Improvements

- Fintechs highlighted **enhanced compliance practices** in response to past regulatory scrutiny.
- Reference to RBI's **October 2024 action** against four NBFCs for charging excessive interest.

### Implication

- Final rules may help **regulate digital lending rates**, promote **fair lending practices**, and ensure **consumer protection**.

BS

## 5. RBI's Payments Regulatory Board (PRB)

### Context

The RBI has notified the structure and functioning of the **Payments Regulatory Board (PRB)** under the **Board for Regulation and Supervision of Payment and Settlement Systems (BPSS)**. The PRB is housed within the RBI and will oversee the **payments ecosystem** with powers of delegation and standard-

setting.

### Background

- A **2017 inter-ministerial committee** had proposed an independent PRB outside RBI control.
- **RBI opposed this**, citing the **interconnectedness of monetary policy and payment systems**.
- In a **2018 dissent note**, RBI asserted:
  - PRB must be chaired by RBI Governor
  - Government may nominate 3 members
  - Governor should hold a **casting vote**

### Board Composition

- **Chairperson:** RBI Governor
- **Other Members:**
  - One Deputy Governor
  - Up to 3 directors from RBI Central Board (nominated by Governor)
  - 2 Executive Directors (nominated by Governor)
  - RBI's Legal Adviser

### Functioning and Governance

- **Meetings:** At least **twice a year**
- **Voting:**
  - Each member gets **one vote**
  - **Majority wins** on items of business
  - Chairperson (or Deputy Governor in absence) holds **casting vote** in case of tie
- **Delegation of Powers:**
  - The PRB can delegate its powers to:
    - Chairperson or a Board member
    - Sub-committees or RBI officers
- Members **must not:**
  - Be above **70 years**
  - Be MPs or MLAs
  - Have unresolved **conflicts of interest** with payment systems

## 6. NSE Proposes Tuesday for Weekly Index Derivatives Expiry amid SEBI's New Guidelines

### Context

The **National Stock Exchange (NSE)** has proposed shifting the **weekly expiry** of its **index derivative contracts to Tuesday**, moving away from the current Thursday expiry. This move comes in light of **SEBI's proposal** to limit expiry days to only **two weekdays: Tuesdays and Thursdays**, aiming to **reduce expiry-day volatility**.

### Key Developments

- **SEBI's New Expiry Framework**
  - SEBI's **Secondary Market Advisory Committee** recently discussed limiting **weekly expiries to only two days** to curb volatility.
  - SEBI Chairman **Tuhin Kanta Pandey** confirmed a **final circular will be issued soon**.
- **NSE's Expiry Strategy Shift**
  - NSE had earlier dropped its plan to shift expiry to **Monday**.

- After internal analysis, NSE now sees **Tuesday** as the most suitable option for expiry.
- **BSE's index options already expire on Tuesdays**, making NSE's choice aligned with the current landscape.
- **Market Implications**
  - This move follows **regulatory changes** that limit **one benchmark expiry per exchange per week**, affecting NSE's derivatives volume.
  - **NSE's Q4FY25 revenue from transaction charges** fell **15% quarter-on-quarter**, reflecting a dip in cash and derivatives volumes.
  - Despite this, **NSE management stated** they don't foresee further **loss of market share** to BSE in the derivatives segment.
- **SEBI's Ongoing Work on NSE IPO**
  - SEBI is **actively resolving pending issues** around the **long-delayed NSE IPO**.
  - While no definitive timeline was given, SEBI chair said the **IPO clearance may happen soon**.

### Strategic Implications

- **Expiry Consolidation:**
  - Limiting weekly expiries could **streamline market operations, curb excessive volatility, and balance liquidity** between exchanges.
- **Market Share Battle:**
  - The expiry reshuffle follows **intensified competition** between NSE and BSE, with the latter gaining share post-regulation.
- **IPO Prospects:**
  - Resolving IPO hurdles could unlock **significant valuation for NSE** and widen **retail and institutional participation**.

BS

## 7. RBI Reviewing Bank Licensing Framework & Insurance Distribution Role: Sanjay Malhotra

### Context

In his first public remarks since taking over in December 2024, **RBI Governor Sanjay Malhotra** outlined key regulatory priorities, including a **review of the bank licensing framework**, stricter oversight on **insurance product distribution**, and **measures to enhance consumer protection**.

### Key Highlights

#### Bank Licensing and Governance

- RBI is **examining the licensing framework** to align with the **evolving economic landscape**.
- Focus on ensuring an adequate number of **strong and trustworthy banking institutions**.
- A broader review is also underway of **foreign shareholding norms** in Indian banks.

#### Mis-selling of Insurance

- The central bank is reviewing the **role of banks as distributors of insurance products**.
- Citing rising complaints of **mis-selling**, especially of investment-linked products.
- Malhotra emphasized that such complaints are valid under the **banking ombudsman scheme**.
- RBI may **introduce additional measures** if the problem persists.

#### Consumer Protection & KYC Simplification

- High priority placed on **fair practices and customer service**.
- RBI will soon release **simplified re-KYC guidelines**.

"Read less, revise more, in the last thirty days."

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- Proposal to enable **shared KYC data** access across financial institutions to improve compliance.

### Liquidity and Monetary Policy [RBI to Discuss Liquidity Management with Bankers](#)

- RBI has infused **₹9 lakh crore of durable liquidity** into the banking system.
- Aimed at **supporting credit growth** and ensuring **effective monetary policy transmission**.
- While adopting an accommodative stance, the **pace of rate cuts** will be **decided by the MPC**.

### Fiscal Outlook and Economic Growth

- Malhotra dismissed concerns over **fiscal slippage**, citing the government's credible fiscal management track record.
- India remains **well-positioned as the world's fastest-growing major economy**, driven by:
  - **Strong fundamentals**
  - **Political stability**
  - **Sound macroeconomic policies**
  - **Demographic advantages**

[TOI](#)

## 8. Offshore Derivative Instruments (ODIs)

### Context

The [Securities and Exchange Board of India \(SEBI\)](#) has extended the implementation deadline for its revised **Offshore Derivative Instruments (ODIs)** framework from May 17, 2025, to **November 17, 2025**. The move comes after market participants requested additional time to meet the new compliance requirements.

### Offshore Derivative Instruments (ODIs)

Offshore Derivative Instruments (ODIs), including Participatory Notes (P-notes), are financial instruments issued by SEBI-registered Foreign Institutional Investors (FIIs) or Foreign Portfolio Investors (FPIs) to overseas investors who wish to invest in Indian securities without direct registration with SEBI.

### Key Features

- **Purpose:** Facilitate indirect access to Indian equities and derivatives for foreign investors.
- **Issued by:** SEBI-registered FPIs/FIIs to overseas clients.
- **Underlying Assets:** Indian equity shares, equity derivatives (e.g., Nifty futures).
- **Investor Motivation:** Confidentiality, regulatory ease, and quicker market access.

### Types of ODIs

- Participatory Notes (P-notes)
- Equity-Linked Notes
- Capped Return Notes
- Participating Return Notes

### Regulatory Concerns and SEBI Actions

- **Concerns:** Lack of transparency, potential for round-tripping, and money laundering.
- **Regulatory Amendments:**
  - FPIs prohibited from issuing ODIs with derivative exposure (Dec 2024).
  - ODI issuers must disclose the ultimate beneficial ownership of investors.
  - No hedging allowed for ODIs using Indian market derivatives.
  - Enhanced disclosure norms for FPIs with segregated portfolios to prevent regulatory arbitrage.

## Key Features of the Revised ODI Framework

### 1. Enhanced Disclosure Norms:

- ODI subscribers must provide detailed disclosures if:
  - Over **50% of their equity ODI holdings** are in one Indian corporate group, or
  - Total equity ODI exposure in India **exceeds ₹25,000 crore**.
- Objective: Align ODI regulations with **Foreign Portfolio Investors (FPI)** norms and reduce **regulatory arbitrage**.

### 2. Restrictions on Derivative Usage:

- ODIs **cannot be based on derivative instruments**.
- Derivatives **cannot be used for hedging** ODI positions.
- All ODI positions must be fully backed **one-to-one by non-derivative securities**.

### 3. Separate Registration for ODI Issuers:

- FPIs issuing ODIs must obtain **a separate registration** with an **"ODI" suffix** under the same PAN.
- No new registration needed if ODIs are **solely backed by government securities**.
- This addition **won't be treated as a name change** for existing FPIs.

#### Source

The Economic Times

## Agriculture

### 1. Spices Board Launches SPICED Scheme 2025–26

#### Context

The **Spices Board of India** has introduced the **SPICED** scheme — *"Sustainability in Spice Sector through Progressive, Innovative and Collaborative Interventions for Export Development"* — for the financial year **2025–26**.

The scheme provides **financial assistance** for a wide range of components to enhance sustainability, productivity, quality, and global competitiveness in the **Indian spices sector**.

#### Key Objectives

- **Boost productivity** of small and large **cardamom**.
- **Modernize post-harvest practices** for higher quality output.
- **Promote organic, GI-tagged, and value-added spices**.
- Ensure **compliance with international food safety and phytosanitary standards**.
- Strengthen **stakeholder capacity** across the value chain.
- Support **export promotion**, especially for **first-time exporters and MSMEs**.

#### Eligibility & Application Timeline

| Category                         | Application Start | Last Date          |
|----------------------------------|-------------------|--------------------|
| Exporters (Export-related)       | May 26, 2025      | June 30, 2025      |
| Farmers & FPOs (Dev. components) | May 26, 2025      | September 30, 2025 |

#### Core Components of the SPICED Scheme

##### For Farmers and FPOs

- **Replanting & rejuvenation** of cardamom plantations
- **Water resource development** and **micro-irrigation systems**

- **Promotion of organic farming** and **Good Agricultural Practices (GAP)**
- Installation of **modern post-harvest equipment**, such as:
  - Spice polishers
  - Turmeric boilers
  - Mint distillation units
  - Threshing and grading machines
  - Dryers, slicers, and dehullers

#### For Exporters

- Support to participate in **international trade fairs, buyer-seller meets, and market linkage programs**
- **Special focus** on **first-time exporters** and **MSMEs**
- Assistance in showcasing Indian spices in **global markets**

#### Significance of the SPICED Scheme

- Reinforces **India's leadership** in sustainable spice production
- Empowers **smallholders and rural spice farmers** with infrastructure and market access
- Drives **value addition and innovation** to meet evolving global demand
- Aligns with **Make in India, export growth, and climate-smart agriculture** objectives

BL

## Facts To Remember

### 1. Ram Mohan appointed as new MPEDA director

Ram Mohan M K has been appointed as the new Director of the Marine Products Export Development Authority (MPEDA).

#### FIVE TO REMEMBER · 23 MAY 2025

1. Enabled by **Banking Regulation (Amendment) Act, 2020**. RBI Proposes Special Share Certificates for UCB...
2. A **2017 inter-ministerial committee** had proposed an independent PRB outside RBI control. RBI's Payments Regulatory Board (PRB)
3. **Planetary Dating Tool**: Jarosite acts as a **natural radiation clock** to date geological events on Mars within a 25,000-year timeframe. Indian Scientists Discover Jarosite as a Natura...
4. After nearly **two years of currency stability**, the **Indian Rupee depreciated sharply in H2FY25**. Volatility in Financial Markets
5. Aimed at **lowering borrowing costs** for end-users. RBI Co-lending Guidelines Aim to Lower Digital ...

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DAY 19 OF 24

**24 May 2025**

Saturday · 14 items · 4 topics

International Affairs 2 · National Affairs 2 · Banking and Finance 7 · Facts To Remember 3

**Daily Current Affairs Quiz**  
**24 May, 2025****International Affairs****1. India to Push for Pakistan's Re-inclusion in FATF Grey List****Context**

The **Financial Action Task Force (FATF)** is a global watchdog that monitors countries on issues related to **money laundering and terror financing**. **Pakistan was placed on the FATF grey list in 2018** and removed in **October 2022**, conditional upon implementing a robust legal and enforcement framework, including an **anti-terror law**.

**Implications****Future Actions by India****1. FATF Grey List Push:**

- India plans to submit a **dossier to the Financial Action Task Force (FATF)** ahead of its **June 2025 plenary**, urging the **re-inclusion of Pakistan in the 'grey list'** due to its non-compliance with anti-terror financing regulations.

**2. World Bank Engagement:**

- India will also **engage with the World Bank** to prevent any **further funding to Pakistan**, citing similar concerns over misuse and lack of reform.

**What are FATF Grey List and Blacklist?**

**Published by:** Financial Action Task Force (FATF)

**Purpose:** To combat global **money laundering, terrorist financing**, and **threats to international financial systems**

**FATF Blacklist**

Also known as: **Non-Cooperative Countries or Territories (NCCTs)**

**Definition:**

Countries that **actively support terror financing or money laundering** and show **no cooperation** with FATF recommendations.

**Current Blacklisted Countries (as of 2025):**

- **North Korea**
- **Iran**
- **Myanmar**

**Consequences of Blacklisting:**

- **No access to international financial aid** from:
  - International Monetary Fund (IMF)



- World Bank
- Asian Development Bank (ADB)
- European Union (EU)
- Subject to **strict economic sanctions** and **financial restrictions**
- Loss of global investor confidence
- Severe impact on international trade and economic growth

### FATF Grey List

#### Definition:

Countries that are **under increased monitoring** due to strategic deficiencies in combating **money laundering and terrorist financing**.

These are "**jurisdictions of concern**" that may later move to the blacklist if insufficient action is taken.

#### Purpose of Greylisting:

- Acts as a **warning** and **push for reforms**
- Encourages countries to work with FATF to address deficiencies

#### Consequences of Greylisting:

- Increased **scrutiny in international transactions**
- Reduced **foreign investments and capital inflow**
- Pressure from global financial institutions to **implement regulatory reforms**

### Key Differences

| Feature                  | Grey List                                | Blacklist                      |
|--------------------------|------------------------------------------|--------------------------------|
| Severity                 | Moderate risk                            | High risk                      |
| Cooperation with FATF    | Partial                                  | None                           |
| Consequences             | Increased monitoring, reduced investment | Financial isolation, sanctions |
| Example Countries (2025) | Varies (updated regularly)               | North Korea, Iran, Myanmar     |

TH

## National Affairs

### 1. Overfishing in India

#### What is Overfishing?

- **Definition:** Overfishing occurs when fish are caught faster than they can naturally replenish, leading to stock depletion.
- **Global Outlook:** According to FAO, over **33% of global fish stocks** are overexploited.
- **India's Context:** Despite harvesting 3–4 million tonnes/year, **90% of Indian fishers (small-scale)** contribute only 10% of the catch; **75% live below the poverty line**.

#### Key Causes of Overfishing in India

- **Overcapacity of Mechanised Vessels:** Trawlers and mechanised boats remove **up to 10 kg of bycatch for every 1 kg of shrimp**.
- **Destructive Fishing Gear:** Use of small-mesh nets (<25 mm) catches juvenile fish, hindering population recovery.
- **Illegal, Unreported, and Unregulated (IUU) Fishing:** Globally costs \$36.4 billion annually and weakens

sustainable practices.

- **Fragmented Regulation:** Coastal states have separate Marine Fisheries Regulation Acts, enabling loopholes.
- **Harmful Subsidies:** Fuel and vessel subsidies promote overfishing, even when economically unviable.

## Impacts of Overfishing

### On Marine Ecosystems

- **Biodiversity Loss:** Trawling depletes reef habitats; **sardine and mackerel stocks** have seen major declines.
- **Species Threat:** Sharks, rays, and turtles — one-third of which face extinction — are severely impacted.

### On Human Livelihoods

- **Economic Strain:** Small-scale fishers suffer from debt and low income; FMFO industry worsens market access.
- **Food Insecurity:** Millions depend on fish as a protein source; declining stocks endanger nutrition and employment.

### On the Environment

- **Dead Zones and Collapse:** Discards and imbalances destabilise marine food webs (e.g., Canada's 1992 cod fishery collapse).

## Sustainable Solutions to Combat Overfishing

- **Quota Management System (QMS):** Adopt a **New Zealand-style model** based on scientific stock assessments.
- **Enforce Minimum Legal Size (MLS):** Example: Kerala's MLS for threadfin bream increased catch by 41% in one season.
- **Unified National Fishing Law:** Standardise gear use, closed seasons, and size limits across all coastal states.
- **Regulate FMFO Sector:** Introduce quotas, divert bycatch for domestic aquaculture, and mandate juvenile fish release.
- **Community Co-Management:** Empower **fisher cooperatives** to manage **Marine Protected Areas (MPAs)**.
- **Consumer Awareness:** Promote **sustainable seafood** choices and discourage purchase of undersized/illegal fish.

## 2. India on Track to Exceed 2030 Emissions Intensity Target: Report

### About the Report

- **Title of Report:** Energy and Climate Change
- **Published by:** Council on Energy, Environment and Water (CEEW) and Alliance for an Energy Efficient Economy (AEEE)
- **Focus:** Tracking India's progress toward climate targets, emissions intensity, and low-carbon pathways

### Key Findings on India's Climate Progress

#### Emissions Intensity Targets

- India is projected to reduce its **emissions intensity** by **48–57% by 2030**, significantly surpassing its official NDC target of **45% reduction** from 2005 levels.
- This marks strong alignment with India's **Paris Agreement goals** and a decoupling of economic

growth from carbon emissions.

### Role of Behavioural Change – Mission LiFE

- The **Mission LiFE (Lifestyle for Environment)** initiative can contribute to:
- **Up to 10% reduction in total emissions by 2050**
- Promotes sustainable consumption and individual climate responsibility

### Renewable Energy & Power Sector Transformation

- **Non-fossil fuel sources** could constitute **60–68% of India's installed power capacity by 2035**.
- Reflects rapid transition to clean energy through solar, wind, hydro, and nuclear.

### Long-Term Net-Zero Goals

- **Key enablers for India's 2070 net-zero target:**
- **Carbon pricing** mechanisms
- **Electricity tariff reforms**
- **Accelerated clean technology investments**

### Growth and Emissions Outlook

- India's total greenhouse gas emissions may **rise with economic growth**, but:
- **Emissions intensity will continue to decline** due to energy efficiency and renewable integration

## Banking and Finance

### 1. RBI Approves Record ₹2.69 Trillion Surplus Transfer to Centre for FY25

#### Context

The **RBI Central Board** has approved a **record surplus transfer of ₹2.69 trillion** to the **Union government** for the financial year **2024–25 (FY25)**. This marks a **27% increase** over the ₹2.11 trillion transferred in **FY24**, making it the **second consecutive record payout**. The **Contingent Risk Buffer (CRB)** has been **raised to 7.5%**, the upper limit of a **newly revised CRB range (4.5%–7.5%)**.

#### RBI Act of 1934

The RBI transfers its surplus to the Central Government under **Section 47 of the Reserve Bank of India Act, 1934**. This section mandates that after providing for various reserves and deductions, the remaining profit is paid to the Central Government.

- **Section 47:** This section is the primary legal provision governing the transfer of RBI's surplus to the Central Government.

#### Economic Capital Framework (ECF) Revisions

- The RBI reviewed its **Economic Capital Framework (ECF)** after five years, as per the **Bimal Jalan Committee** recommendation.
- The CRB range, earlier fixed at **5.5%–6.5%**, has now been revised to **6% ± 1.5%**, i.e., **4.5%–7.5%**.
- Despite the CRB hike, the surplus remained high due to:
  - **Profits from massive dollar sales**
  - A **stronger income from forex reserves**

#### Foreign Exchange Operations in FY25

- **Gross dollar sales:** \$399 billion (vs \$153 billion in FY24)
- **Net dollar sales:** \$34.5 billion — **highest since the 2008 global financial crisis**

- The **historical cost of dollars** was lower than current spot prices, generating bumper forex profits.

### Fiscal Implications

- The **Union Budget 2025–26** had projected **₹2.56 trillion** as total dividend from RBI and PSUs.
- With the actual surplus exceeding projections, the **fiscal deficit could ease by ~20 bps to 4.2% of GDP**.
- Alternatively, it opens space for **additional spending of ~₹70,000 crore**.

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## 2. Centralized Public Grievance Redress and Monitoring System (CPGRAMS)

### Context

The **Union Ministry of Finance** has asked **public sector banks (PSBs)** to **strengthen customer grievance redressal** following **multiple misconduct incidents** by bank staff. **Department of Financial Services (DFS) Secretary M. Nagaraju** instructed PSB heads to:

- **Strictly follow employee conduct guidelines**
- **Review performance of branch heads regularly**

### CPGRAMS: Centralized Public Grievance Redress and Monitoring System

**Developed by:** National Informatics Centre (NIC)

**Objective:** To provide a **24x7 online platform** for citizens to lodge grievances related to government service delivery

### Key Features

- **Coverage:** Connects all **Ministries/Departments** of the Government of India and States with **role-based access**
- **Accessibility:** Citizens can:
  - Lodge complaints online
  - **Track grievance status** using a registration ID
  - File **appeals** if dissatisfied with grievance resolution
- **Languages:** Available in multiple Indian languages
- **Transparency:** Ensures timely feedback and accountability

### Governance Reforms in 2024

- **10-step reforms** implemented to improve grievance redressal efficiency
- Over **1 lakh Grievance Officers** mapped across departments
- Enhanced **data analytics** and **dashboards** for performance monitoring
- Faster grievance redressal timelines and escalation mechanism

### Significance

- Promotes **responsive governance** and **citizen-centric service delivery**
- Strengthens **digital democracy** and **transparency**
- Plays a crucial role in **public accountability** and **policy feedback**

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## 3. RBI Draft Circular: Banks Must Facilitate KYC Updates to Activate Inoperative Accounts

### Context

The **Reserve Bank of India (RBI)** has proposed that all banks must **offer KYC update facilities to customers seeking to activate inoperative accounts or unclaimed deposits**.

- This facility must be made available at **all branches**, including **non-home branches** of the bank.
- Customers can also request KYC updates through the **Video Customer Identification Process (VCIP)**, subject to the availability of this facility at the bank.
- Banks are allowed to use **authorised business correspondents** to assist customers in activating inoperative accounts.

This initiative by RBI aims to simplify the process of reactivating dormant accounts and improve customer convenience by leveraging digital and branch-based channels.

BS

#### 4. Getepay Receives RBI Approval to Operate as Online Payment Aggregator

##### About Getepay

- Jaipur-based digital payments and merchant enablement platform
- Focuses on empowering small merchants, micro-retailers, and rural businesses
- First company from **Rajasthan** to receive this RBI approval

##### RBI Authorization

- **Received final approval** from the **Reserve Bank of India (RBI)** to operate as an **Online Payment Aggregator (PA)**
- Licensed under RBI's regulatory framework for payment aggregators

##### Impact and Reach

- Currently serves **1.5 million+ merchants** across:
  - Kirana stores
  - E-commerce sellers
  - Educational institutions
  - Service providers
  - Small-scale manufacturers

##### Expansion and Strategic Plans

- Plans to **expand pan-India** with focus on **Tier 2, Tier 3, and rural regions**
- Aims to onboard **millions of MSMEs** on a unified digital payments and commerce platform

##### Key Offerings

- Beyond payment aggregation, Getepay will offer:
  - **Digital store creation**
  - **Inventory management**
  - **GST billing solutions**
- Vision to help **formalize 10 million MSMEs** in the coming years

##### Significance

- Boosts India's **digital financial infrastructure** and promotes **MSME digitalization**
- Reinforces RBI's focus on **inclusive fintech growth** and **regulatory compliance**

#### 5. IPPB–Aditya Birla Capital Strategic Partnership: Expanding Access to Credit

##### Context

India Post Payments Bank (IPPB), a Government of India enterprise, has announced a strategic partnership with **Aditya Birla Capital Limited (ABCL)**, one of the country's leading diversified financial

services firms. This collaboration aims to enhance access to loan products across India, particularly in underserved regions.

#### Purpose of the Collaboration

- Enhance access to loan products across India, especially in underserved and rural regions
- Leverage IPPB's vast postal and digital infrastructure with ABCL's diverse lending portfolio

#### Key Features of the Partnership

##### Bridging the Credit Gap

- IPPB will refer customers to ABCL for:
  - Personal loans
  - Business loans
  - Loans against property
- IPPB acts as a lead referral partner, not assuming credit risk
- Credit sanctioning and risk assessment will remain with ABCL

##### Digital-First Lending Experience

- ABCL's AI-enabled digital platforms to offer:
  - Minimal documentation
  - Swift processing
  - Tailored loan products based on customer profiles

##### Customer-Centric Delivery

- Loans will be made accessible through IPPB's post office network and digital channels
- Aimed at providing a simple, paperless, and presence-free experience

#### About India Post Payments Bank (IPPB)

- **Established:** 2018 under Department of Posts, Ministry of Communications
- **Ownership:** 100% Government of India
- **Network:**
  - ~1.65 lakh post offices
  - 3 lakh postal employees
  - Services in 13 languages
- **Reach:** Over 11 crore customers across 5.57 lakh villages and towns
- Operates on India Stack principles for digital doorstep banking

## 6. SBM Bank India and ICICI Prudential Life Insurance: Bancassurance Alliance

### Context

SBM Bank India has entered into a strategic bancassurance partnership with ICICI Prudential Life Insurance to offer a wide range of life insurance products through its branch and digital networks. The alliance aims to improve insurance accessibility, especially in the context of India's low insurance penetration rate.

#### Key Highlights

- **Purpose of Alliance:**
  - To enable SBM Bank customers to access term plans, savings products, retirement solutions, and wealth creation options from ICICI Prudential Life.
- **Insurance Penetration Context:**

- India's insurance penetration was **3.7% in FY24**, below the **global average of 7%**, indicating a large untapped market.

- **Strategic Benefits:**

- **SBM Bank** benefits from an expanded product portfolio for its clients.
- **ICICI Prudential Life** gets wider market reach through SBM's distribution network.
- Joint focus on **digital-first, customer-centric insurance solutions**.

## Institutional Profiles

### SBM Bank India

- A subsidiary of **State Bank of Mauritius (SBM)** with **22 branches in India**.
- Recent expansion includes a branch in **Naigaon, Maharashtra**.
- **Vision:** To build a '**financial supermarket**' offering end-to-end financial services.

### ICICI Prudential Life Insurance

- **Assets Under Management (AUM):** ₹3.09 lakh crore (as of March 31, 2025)

## 7. IndusInd Bank Signs MoU with DPIIT to Boost Start-up Ecosystem in India

### Context

IndusInd Bank has signed a **Memorandum of Understanding (MoU)** with the **Department for Promotion of Industry and Internal Trade (DPIIT)** to provide **customised banking and financial solutions** to India's start-ups, under the **Startup India initiative**. This public-private collaboration aims to **empower innovators, entrepreneurs, and start-ups** with easy access to capital and policy support.

### Key Features of the Partnership

- **Tailored Financial Products for Startups:**
  - Cash management services
  - Working capital solutions
  - Credit facilities for early- and growth-stage start-ups
- **Enhanced Support via CGSS (Credit Guarantee Scheme for Startups):**
  - Collateral-free loans with **guarantee cover up to ₹20 crore**
  - Concessional guarantee fees for **27 Champion Sectors**
  - Eases debt funding and promotes capital mobilisation
- **Objective:**
  - To create a **robust banking and non-banking ecosystem** for start-ups
  - Accelerate India's transformation into a **global entrepreneurship hub**

### Significance

- Encourages **investment in advanced technologies and manufacturing**
- Supports **self-sustaining growth models** for start-ups
- Aligns with government goals to foster **economic growth through innovation**
- Aims to build the **next generation of Indian unicorns**

### About IndusInd Bank

- **Established:** Over 30 years ago
- **Customer Base:** ~42 million customers as of Dec 31, 2024
- **Network:** 3,063 branches/outlets and 2,993 ATMs; presence in **1.6 lakh villages**
- **Global Footprint:** Representative offices in **London, Dubai, and Abu Dhabi**



**• Key Offerings:**

- Retail, SME, and corporate banking
- Microfinance, ESG-linked products, NRI services, vehicle finance
- 'INDIE' digital banking platform under the **Digital 2.0** strategy

## Facts To Remember

### 1. COVID isolation ward opened in Visakhapatnam hospital

The first COVID-19 case in Visakhapatnam after a long gap has caused concern amid rising cases in some Indian States and countries like Singapore and Hong Kong.

### 2. EC to provide mobile phone deposit facilities for voters outside polling stations

In fresh initiatives aimed at enhancing voter confidence, the Election Commission (EC) issued instructions for providing mobile deposit facilities outside polling stations and rationalising the norms for canvassing on voting days.

### 3. Airtel Payments Bank Eyes IPO by September 2027 Following Regulatory Mandate

**IPO Timeline:** Airtel Payments Bank must go public within three years after crossing ₹500 crore net worth in September 2024, setting a deadline of **September 2027** for listing.

#### FIVE TO REMEMBER · 24 MAY 2025

1. **Established:** 2018 under Department of Posts, Ministry of Communications IPPB–Aditya Birla Capital Strategic Partnership...
2. India is projected to reduce its **emissions intensity** by **48–57% by 2030**, significantly surpassing its official NDC target of **45% reduction** from 2005 levels. India on Track to Exceed 2030 Emissions Intensi...
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5. **Customer Base:** ~42 million customers as of Dec 31, 2024 IndusInd Bank Signs MoU with DPIIT to Boost Sta...

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DAY 20 OF 24

**26 & 27 May 2025**

32 items · 6 topics

National Affairs 8 · Banking and Finance 11 · Agriculture 1 · Economy 1 · Science &amp; Tech 2 · Facts To Remember 9

**Daily Current Affairs Quiz**  
**26 & 27 May, 2025****National Affairs****1. U.S. DIA Report 2025: India's Strategic Posture and Security Outlook****Context**

The US Defense Intelligence Agency (DIA), in its 2025 worldwide threat assessment, has stated that India views China as its primary adversary, **while treating Pakistan more as an ancillary security problem to be managed, despite the recent escalation of cross-border hostilities.**

**India's Key Security Assessments**

- **China** is viewed as India's **primary adversary**
- **Pakistan** is considered an **ancillary threat** to be managed, despite recent border skirmishes
- **Pakistan's view:** India seen as an **existential threat**

**Recent Conflict Highlights**

- Cross-border hostilities in **mid-May** between India and Pakistan
- **Pahalgam terror attack** (April 22, 2025) led to:
  - Indian military response under **Operation Sindoor**
  - Follow-up military confrontations lasting three days

**India's Defence and Foreign Policy Priorities**

- **Under PM Narendra Modi:**
  - Focus on **global leadership**, countering China, and strengthening military capabilities
- **Defence Industrial Focus:**
  - Continued promotion of **"Made in India"** initiative
  - Aims: Build domestic defence production, modernise forces, and address supply chain vulnerabilities

**Military Modernisation Highlights**

- Successful tests of:
  - **Agni-I Prime MRBM** (nuclear-capable)
  - **Agni-V MIRV** (Multiple Independently targetable Reentry Vehicle)
- Commissioning of India's **second nuclear-powered submarine**
  - Enhances **nuclear triad** and deterrence capability

**Geostrategic Engagement**

- Boosting **bilateral defence partnerships** in the **Indian Ocean Region (IOR)** via:
  - Joint exercises

"Revise today what you read yesterday. Memory is a muscle."

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- Training and information sharing
- Arms sales
- Active role in **multilateral and trilateral fora**:
  - **Quad**, **BRICS**, **SCO**, and **ASEAN**

### India–China Relations

- **October 2024 disengagement** from **Depsang and Demchok**
  - Reduced tensions but **border demarcation dispute remains unresolved**
  - Context: Lingering fallout from **2020 Galwan clash**

### India–Russia Relations

- India to maintain ties with Russia for:
  - Economic and defence strategic needs
  - Balancing growing **Russia–China cooperation**
- Procurement trends:
  - Declining Russian-origin purchases under Modi
  - Continued reliance on **Russian spare parts** for:
    - Tanks
    - Fighter aircraft

### Pakistan’s Strategic Posture

- Focused on:
  - **Military modernisation**
  - Development of **battlefield nuclear weapons**
  - Offset India’s conventional superiority
- DIA suspects Pakistan **procured WMD–relevant goods** via foreign intermediaries

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## 2. Bharat Forecasting System (BFS)

### Context

The **Bharat Forecast System (BFS)** is an indigenously developed **high-precision weather forecasting model**, officially launched by the **Ministry of Science and Technology** in May 2025. Developed by the **Indian Institute of Tropical Meteorology (IITM), Pune**, BFS is now operational after three years of rigorous testing since its inception in 2022.

### Core Features and Technology

- **Powered by ‘Arka’ Supercomputer**:
  - Processing capacity: **11.77 petaflops**
  - Storage: **33 petabytes**
- Uses data from a network of **40 Doppler Weather Radars**, expanding to **100 radars** for all-India coverage.
- Capable of providing **nowcasts**—short-term forecasts for the next **two hours**.
- **Forecasting Resolution**: 6 km × 6 km — **highest operational resolution in the world**.
- Developed by the **Indian Institute of Tropical Meteorology (IITM), Pune**.
- Tested since 2002; significant advances in predicting **heavy rainfall events**.
- **Short- and medium-range forecasts** (3-day and 7-day) expected to improve substantially.

- **Long-range forecasts** (monthly or seasonal) will remain unchanged for now.

### What Makes BFS Superior?

#### Speed:

- Previous models took **12–14 hours** to generate forecasts.
- BFS delivers predictions in **4–6 hours**, thanks to advanced high-performance computing under '**Mission Mausam**'.

#### Accuracy:

- Offers **30% improvement** in forecasting **extreme rainfall events**.
- Significantly improves **cyclone path prediction**.
- Forecasts accurate **down to village and panchayat levels**.

#### Granular Localised Predictions:

- Previous grid resolution: **12 km**
- BFS grid resolution: **6 km**
- Results in a **64% improvement** in prediction precision.

#### Strategic Impact

- Enhances preparedness for **disaster risk reduction**, especially during monsoons and cyclones.
- Supports key sectors like **agriculture, water resource management, and public safety**.
- Marks a leap in India's **meteorological self-reliance** and technological advancement.

## 3. Centre-State Relations in Focus at 10th NITI Aayog Governing Council Meeting

### Overview

- **Event:** 10th Governing Council Meeting of [NITI Aayog](#)
- **Location:** New Delhi
- **Date:** Weekend preceding May 27, 2025
- **Key Theme:** PM Modi urged for a collaborative "Team India" approach between Centre and States

### Current Challenges in Centre-State Relations

- **One-way Coordination:** States allege limited say in national-level decision-making
- **Infrequent Meetings:**
  - **NITI Aayog Council** meets only once a year
  - **GST Council** has not met for over five months (against the mandated quarterly schedule)
- **Federal Deficit:** States often use rare forums to raise individual issues rather than collaborate on national goals

### Notable State Interventions

- **Andhra Pradesh CM N. Chandrababu Naidu:**
  - Proposed **three sub-groups of States** to focus on:
    - GDP growth and investments
    - Demographic dividend
    - Governance through technology
- **Tamil Nadu CM M.K. Stalin:**
  - Proposed **increasing States' share in central taxes from 41% to 50%**
  - Highlighted inadequacy of current devolution formula in post-GST era

## Fiscal Concerns Raised by States

- **GST Shortcomings:**
  - GST revenue performance below expectations
  - Net collections only recently exceeding pre-GST indirect tax levels
- **States' Revenue Improvement:**
  - Own tax revenue-to-GSDP ratio improved from **6.6% in 2017–18 to 7.2% in 2024–25**
  - Uneven performance across States, but progress noted
- **GST Compensation Issue:**
  - Compensation ceased after 5 years as per initial agreement
  - Many States still adjusting to post-GST fiscal constraints

## Implications

- Highlights the need for:
  - **More frequent and structured inter-governmental dialogue**
  - **Revisiting tax devolution and fiscal federalism**
  - **Collaborative mechanisms** like sub-groups for targeted national outcomes

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## 4. Government Restores RodTEP Benefits for SEZs and EOUs

### Context

The **Government of India** has reinstated the benefits under the **Remission of Duties and Taxes on Exported Products (RodTEP)** scheme for goods manufactured in:

- **Special Economic Zones (SEZs)**
- **Export-Oriented Units (EOUs)**

The restoration will be effective from **June 1, 2025**.

### Background

- The **Commerce Ministry** had earlier withdrawn RodTEP benefits for SEZs and EOUs starting **February 6, 2025**.
- **RodTEP** refunds various **central and state duties, taxes, and levies on input products to exporters**.
- The scheme supports **zero-rating of exports**, thereby enhancing export competitiveness.

### Special Economic Zones (SEZs)

The main objectives of the SEZ Scheme is generation of additional **economic activity, promotion of exports of goods and services, promotion of investment from domestic and foreign sources, creation of employment opportunities along with the development of infrastructure facilities**. All laws of India are applicable in SEZs unless specifically exempted as per the **SEZ Act/ Rules**.

Each Zone is headed by a **Development Commissioner and is administered as per the SEZ Act, 2005 and SEZ Rules, 2006**. Units may be set up in the SEZ for manufacturing, trading or for service activity.

### Export-Oriented Units (EOUs)

The Export Oriented Unit (EOU) Scheme started in 1981 to promote exports and thus increase net foreign exchange earnings.

### What is the EOU or export-oriented units scheme?

EOUs are those units that undertake to export their entire goods and services. Any entity engaged in the below-mentioned activities can obtain the status of EOU:

- Manufacturing,
- Providing service,
- Software development,
- Repair, reconditioning and re-engineering of jewellery and articles,
- Units engaged in agriculture, animal husbandry, poultry, biotechnology, floriculture, horticulture,
- Other similar activities

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## 5. NITI Aayog Proposes Support Measures to Transform Medium Enterprises into Global Businesses

### Key Recommendations

- **Working Capital Support:** Up to ₹25 crore at concessional interest rates via a dedicated financing scheme under the Ministry of MSME.
- **Credit Card Facility:** Preapproved credit cards with limits up to ₹5 crore for medium enterprises.
- **Technology & Skilling:** Introduction of various technology adoption initiatives and skill development measures tailored for medium enterprises.

### Background and Rationale

- Medium enterprises currently lack dedicated schemes addressing their higher capital needs, often being grouped with MSMEs (micro, small, and medium enterprises).
- Revised FY26 Budget classification defines medium enterprises as those with:
  - Investment up to ₹125 crore.
  - Turnover up to ₹500 crore.
- Medium enterprises are viewed as potential major employment generators if given focused support.

### Proposed Financing Scheme Details

- Loans available through local retail banks.
- Fast-track loan decisions.
- Loan cap of **₹25 crore**, with **₹5 crore per request limit**.
- Loan size linked to sector-specific revenue thresholds (manufacturing/services).

### Global Best Practices

- The report cites skill development and enterprise promotion programs from countries like **Türkiye, Canada, Singapore, and Australia** as models for India's medium enterprise policy framework.

BS

## 6. Kerala Oil Spill Incident: MSC ELSA 3 Capsizes off Kochi Coast

### Context

A **Liberian-flagged cargo vessel**, *MSC ELSA 3*, sank **38 nautical miles off the Kochi coast**, raising concerns of a **hazardous oil spill** and environmental threat.

### What Happened?

- **Vessel:** *MSC ELSA 3* (Liberian-flagged)
- **Route:** Vizhinjam to Kochi
- **Incident:** Flooding in one hold led to **capsizing and sinking**
- **Cargo Details:**

- 640 containers onboard
- 13 classified as **hazardous cargo**
- 84.44 MT **diesel**
- 367.1 MT **furnace oil**
- Chemicals include **calcium carbide**, which is highly reactive with water

### What is an Oil Spill?

- **Definition:** Accidental discharge of petroleum or oil-based products into marine or coastal waters.
- **Environmental Impact:**
  - Forms a **toxic surface film**, blocks sunlight
  - Reduces oxygen levels in water, harming marine biodiversity

### Impacts of Oil Spills

#### Marine Life Damage

- Oil coats birds and mammals → disrupts thermoregulation and buoyancy
- Fish suffer from toxic exposure → affects growth, reproduction

#### Ecosystem Disruption

- Destroys **phytoplankton**, coral reefs, and **mangroves**
- Contaminates food chains and estuarine ecosystems for years

#### Economic Impact

- Hits **fisheries**, **tourism**, and **marine transport**
- Cleanup and environmental remediation are **cost-intensive**

### Legal & Regulatory Framework

#### International Conventions

- **MARPOL (1973/78):** International treaty by IMO to prevent marine pollution
- **OPRC Convention (1990):** Coordinates international response to oil pollution

#### Indian Regulations

- **Merchant Shipping Act, 1958:** Governs maritime safety and pollution control
- **National Oil Spill Disaster Contingency Plan (NOS-DCP):**
  - Managed by **Indian Coast Guard**
  - Provides monitoring, response, and emergency coordination

### Oil Spill Management Techniques

- **Skimmers:** Collect floating oil from the water surface
- **Dispersants:** Break oil into micro-droplets for faster degradation
- **Oil Booms:** Floating barriers that prevent oil from spreading
- **In-situ Burning:** Controlled burning of oil slicks
- **Bioremediation:** Use of oil-degrading microbes (e.g., TERI's *Oil Zapper*)

## 7. NITI Aayog Report: Designing a Policy for Medium Enterprises

### Context

NITI Aayog has launched a visionary policy report focused on **medium enterprises** as a key pillar for achieving **Viksit Bharat @2047**, proposing targeted reforms to unlock their industrial potential.



## What Are Medium Enterprises?

- **Definition (as of April 2025):**
  - **Investment:** Up to ₹125 crore
  - **Turnover:** Up to ₹500 crore
- **Economic Significance:**
  - Only **0.3% of all MSMEs**
  - Contribute **40% of MSME exports**
  - Act as growth drivers, innovation hubs, and employment generators

## Sectoral Overview

| Indicator        | Value/Impact                                                                    |
|------------------|---------------------------------------------------------------------------------|
| GDP Contribution | MSMEs contribute <b>29%</b> , with medium enterprises as the manufacturing core |
| Job Creation     | <b>89 jobs/unit</b> (vs. 5.7 in micro, 19.1 in small)                           |
| Export Income    | ~₹50,562 crore annually                                                         |
| R&D Spend        | <b>81% of MSME R&amp;D</b> comes from medium enterprises                        |

## Positive Insights from the Report

- **High Productivity & Employment:** Stronger ROI and job creation per enterprise
- **Export Powerhouses:** Contribute disproportionately to India's export earnings
- **Innovation-Driven:** Higher per-unit R&D spending than micro and small firms
- **Growth Potential:**
  - 20% growth in medium enterprises could yield:
    - ₹5.4 lakh crore in additional forex
    - **12 lakh new jobs**
- **Need for Policy Realignment:**
  - Current policies skewed towards micro/small enterprises
  - Medium enterprises lack tailored support

## Key Challenges Identified

- **Low Scheme Awareness:** Only 10% use government portals for support
- **Financing Gaps:**
  - No dedicated working capital facility
  - Over-reliance on personal funds
- **Tech Lag:** 82% lack Industry 4.0 tools (AI, IoT, robotics)
- **Skill Mismatch:** Generic training fails to meet enterprise-specific needs
- **R&D Neglect:** No central innovation support mechanism
- **Complex Compliance:** Burdensome paperwork and fragmented information

## Strategic Recommendations (Way Forward)

### Finance Support

- ₹5 crore **credit card facility** at market-linked rates
- Turnover-linked **working capital scheme**

### Tech & Industry 4.0 Adoption

- Upgrade Technology Centres to **SME 4.0 Competence Centres**
- Sector-specific **testing labs** under MSE-CDP scheme

## Skilling & Talent Reform

- Localised, **custom training** based on region, sector, and scale

## R&D Infrastructure

- Establish **3-tier R&D framework** with national-level funding support

## Digital Governance

- Create **AI-enabled sub-portal on Udyam**
  - For scheme discovery, compliance help, and centralised support

## Banking and Finance

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### 1. Loans Against Property (LAP)

#### Context

Banks and Non-Banking Financial Companies (NBFCs) are increasingly promoting Loans Against Property (LAP), a secured retail lending product, due to rising stress in unsecured loan segments.

#### Key Highlights:

- **MSME LAP Growth:** The LAP portfolio, especially for micro, medium, and small enterprises (MSMEs), has seen significant expansion.
  - MSME LAP market size grew over 50% in two years to ₹11.3 trillion.
  - Micro-LAP lending surged 60% to ₹1.6 trillion in the same period.
- **Mortgage Loan Growth:** Mortgage loans (which include LAP) recorded a year-on-year growth of 19%, highlighting strong portfolio potential.

#### What is a Loan Against Property?

A Loan Against Property (LAP) lets you tap into your property's value by using it as collateral to secure funds. With benefits like low-interest rates and flexible repayment options, LAP can be a suitable financial solution. To qualify, lenders typically assess factors like property value, your income and credit score.

#### Why LAP is Preferred

- LAP is secured by property collateral, reducing risk for lenders.
- Protects banks' **Net Interest Margin (NIM)** better than unsecured products.
- Less competitive and less risky compared to unsecured retail loans and home loans.
- Banks prefer LAP over home loans due to intense competition and policy push for affordable housing in the housing loan segment.

#### Challenges in the Unsecured Loan Segment

- **High Delinquencies:** Unsecured personal loans have a delinquency rate of 3.5%–3.6%, indicating rising defaults.
- **Slowdown in Growth:** Credit card dues and unsecured personal loans growth rates have declined sharply in recent years.
- **Selective Lending:** Post increase in risk weights on unsecured loans, banks are becoming selective and shifting focus to secured products backed by robust collateral.

### 2. Complaint Filed Against IndusInd Bank Over Accounting Lapses

#### Context

The **National Financial Reporting Authority (NFRA)** has received a complaint via the **CPGRAMS portal**

regarding alleged accounting lapses at **IndusInd Bank**. The issue centers on **accounting discrepancies** in IndusInd Bank's **derivatives portfolio**, which the bank disclosed on **March 10, 2025**.

#### RBI-NFRA Coordination

- **Avoiding Duplication:** NFRA is currently **consulting with the RBI** to verify if the central bank has already conducted a **forensic audit or investigation** to avoid redundant inquiries.
- **RBI's Jurisdiction:** Since RBI is the primary regulator for banks, NFRA may **defer action** if the matter is already being addressed by RBI.

#### SEBI's Involvement

- **SEBI's Parallel Check:** SEBI Chairman **Tuhin Kanta Pandey** recently stated that SEBI is examining the matter for any **securities law violations or egregious misconduct**.

#### Implications

- **Multi-agency Oversight:** With **NFRA, RBI, and SEBI** all showing interest, this case could become a **high-profile financial probe**.
- **Auditor Accountability:** If NFRA proceeds, it could scrutinize the **role and diligence of the statutory auditors**.
- **Governance Concerns:** The suspected fraud and revenue misstatements raise **serious corporate governance red flags** at IndusInd Bank.

### 3. Finance Ministry's Directives for RRB Integration and Expansion

#### IT Integration Deadline

- All **28 Regional Rural Banks (RRBs)** must **complete IT system integration** by **September 30, 2025**.
- Responsibility assigned to **sponsor banks** to ensure seamless implementation.

#### Profitability & Road Map for Loss-Making RRBs

- Sponsor banks to **handhold and support** loss-making RRBs.
- Directed to prepare a **profitability roadmap** to improve financial health.

#### Post-Amalgamation Support

- Sponsor banks to assist RRBs in:
  - **Leveraging amalgamation benefits**
  - **Strengthening core banking operations**
  - **Enhancing operational efficiency**

#### Human Resource & Customer-Centric Measures

##### HR Sensitivity

- Staff-related issues must be handled with **empathy and care**.
- **Employee grievances** should be addressed promptly and sensitively.

#### Jan Dhan Account Re-Activation

- RRBs must:
  - **Reactivate inoperative Jan Dhan accounts**
  - **Complete eKYC formalities** for dormant accounts

#### Strategic Operational Guidance

##### Product and Branch Differentiation

- RRBs advised to:

- **Differentiate product offerings**
- Ensure **geographic separation** of branches to:
  - Minimize **intra-bank competition**
  - Maximize **customer outreach**

### Background: RRB Restructuring

- Effective **May 1, 2025**, amalgamated RRBs now total:
  - **28 RRBs** across **26 states** and **2 Union Territories**
  - With **over 22,000 branches** across **700 districts**

### Objective

To ensure that RRBs:

- Function as **financially viable, tech-integrated institutions**
- Continue playing a **key role in rural credit delivery** and **financial inclusion**

### One State-One RRB

BS

## 4. Revised Economic Capital Framework (ECF) of RBI

### Context

To provide the **Reserve Bank of India (RBI)** with **greater flexibility** in determining **surplus transfers** to the government. Aimed at **smoothing transfers across years** without distorting the **government's fiscal math**.

### Contingency Risk Buffer (CRB): Revised Range

Increasing the Contingency Risk Buffer (CRB) **provides the RBI with greater flexibility, enabling it to smoothen surplus transfers to the government and prevent significant volatility in fiscal calculations**

| Period    | CRB (%)                           |
|-----------|-----------------------------------|
| FY19–FY22 | 5.5                               |
| FY23      | 6.0                               |
| FY24      | 6.5                               |
| FY25      | <b>7.5 (max of revised range)</b> |

- The **revised CRB range** is now **4.5% to 7.5%** (earlier 5.5%–6.5%).
- This allows the RBI to:
  - **Retain higher reserves** in boom years
  - **Support higher transfers** in low-earning years

### Record Surplus Transfer in FY25

- RBI transferred **₹2.69 trillion** to the government in **FY2024–25, highest ever**.
- This was done **despite maintaining CRB at 7.5%**.
- Supported by:
  - **Surge in forex transaction income** (gross dollar sales jumped from \$153 bn in FY24 to \$399 bn in FY25)
  - **Higher interest from government securities**
  - **Reduced provisioning for asset revaluation losses**

### Objective of Revised ECF

- To **align risk buffers** with emerging risks.
- Ensure **intertemporal smoothing** of surplus transfers to avoid sharp fiscal impacts.
- Maintains the RBI's **resilience and credibility** amid global financial volatility.

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## 5. Liberalised Remittance Scheme (LRS)

The **Liberalised Remittance Scheme (LRS)** is an initiative by the **Reserve Bank of India (RBI)** that allows Indian residents to remit (send) money abroad for various purposes such as **education, travel, medical expenses, investments, and more**. Since its introduction in **2004**, LRS has played a crucial role in facilitating seamless international transactions for individuals.

### What is the Liberalised Remittance Scheme (LRS)?

The **Liberalised Remittance Scheme (LRS)** was introduced by the **RBI in 2004** to simplify **foreign remittances** for Indian residents. Under this scheme, individuals can send up to **USD 250,000 per financial year (April–March)** outside India for **permissible transactions** without requiring prior approval from the RBI.

This means that Indian residents can freely remit funds for purposes like **foreign travel, overseas education, investments, gifts, donations, medical treatment, and more**—as long as they comply with RBI guidelines.

### Objectives of the Liberalised Remittance Scheme (LRS)

The **primary goals** of LRS include:

1. **Ease of Foreign Transactions** –
  - Allow Indian residents to transfer money abroad conveniently.
2. **Supporting Global Education** –
  - Enable students to pay for tuition, accommodation, and living expenses abroad.
3. **Encouraging Investments** –
  - Allow individuals to invest in **foreign stocks, bonds, mutual funds, real estate, and startups**.
4. **Facilitating International Travel & Medical Treatment** –
  - Help Indian citizens meet expenses for **foreign travel and medical emergencies**.
5. **Boosting Global Business Interactions** –
  - Support **business travel, foreign partnerships, and knowledge-sharing opportunities**.

## 6. RBI Forms Six-Member Payments Regulatory Board (PRB)

### Context

The **Payments Regulatory Board (PRB)** is established to **regulate and supervise payment systems** in India. Formed under the **Payments Regulatory Board Regulations, 2025**, the PRB replaces the earlier **Board for Regulation and Supervision of Payment and Settlement Systems (BPSS)**.

### Composition of the PRB

| Position                       | Designation              | Remarks                          |
|--------------------------------|--------------------------|----------------------------------|
| RBI Governor                   | Chairperson (Ex-officio) | Holds <b>casting vote</b>        |
| RBI Deputy Governor (Payments) | Member (Ex-officio)      | Steps in if Governor absent      |
| RBI-nominated official         | Member (Ex-officio)      | Nominated by RBI's Central Board |
| Three Government Nominees      | Members                  | Central Government appointed     |

- **Total Members:** 6
- **Decision-making:** By **majority vote**; Chairperson/Deputy Governor holds **casting vote in case of a tie**

### What is the Payments Regulatory Board (PRB)?

The **Payments Regulatory Board (PRB)** is a new six-member statutory board under the **Reserve Bank of India (RBI)**, established in 2025. It is designed to **regulate, supervise, and strengthen digital and electronic payment systems** in India, including UPI, mobile wallets, and other platforms.

### Composition of PRB

- **Chairperson:** RBI Governor (Ex-officio)
- **Member:** Deputy Governor (in charge of Payment & Settlement Systems)
- **Member:** One RBI officer nominated by the Central Board
- **Three Members:** Nominated by the Central Government

**Note:** RBI representatives are ex-officio, appointed based on their current posts.

### Why Was the PRB Introduced?

- Earlier proposal: An **independent regulator** for payment systems separate from RBI was suggested by an inter-ministerial committee.
- RBI's stance:
  - Opposed the proposal in 2018 with a '**Dissent Note**'
  - Argued payment regulation must remain with the RBI for continuity, expertise, and secure systems.
- PRB allows **government representation** while ensuring **regulatory control stays with RBI**.

### PRB vs BPSS

| Parameter           | BPSS (Earlier Body)      | PRB (New Body – 2025)                                                                |
|---------------------|--------------------------|--------------------------------------------------------------------------------------|
| Status              | Existing board under RBI | Replaces BPSS                                                                        |
| Governing Authority | RBI                      | RBI                                                                                  |
| Chairperson         | RBI Governor             | RBI Governor (Ex-officio)                                                            |
| Members             | 5 (All from RBI)         | 6 (3 RBI + 3 Govt nominees)                                                          |
| Government Role     | None                     | 3 Central Govt nominees                                                              |
| Voting Process      | Not clearly stated       | Each member has 1 vote; casting vote with Chairperson                                |
| Meeting Frequency   | As decided by RBI        | At least twice a year                                                                |
| Expert Involvement  | Not specified            | Experts from law, IT, fintech can be invited; RBI Legal Adviser is permanent invitee |

### Benefits and Significance

- **Strengthened Oversight:** Dedicated board improves **monitoring, compliance, and strategic oversight** of payment systems.
- **Balance of Power:** Equal participation from **RBI and Government** encourages informed and balanced policymaking.
- **RBI Control Retained:** RBI's leadership ensures **coherence with monetary policy and regulatory experience**.
- **Enables Innovation:** Expert involvement supports tech-led changes (e.g., **tokenization, device-based payments**).
- **Consumer Protection:** Enforces RBI-led norms on **KYC, grievance redressal, and cybersecurity**.
- **International Alignment:** Brings India in line with **global best practices** for digital payment regulation.

## 7. Partnership: Aditya Birla Sun Life Insurance & Equitas Small Finance Bank

### Partnership Objective

- ABSLI, a subsidiary of Aditya Birla Capital, has partnered with Equitas Small Finance Bank.
- **Aim:** To provide ABSLI's life insurance products through Equitas' branch network.
- **Goal:** Enhance financial protection and inclusion by making insurance products more accessible to Equitas customers.

### Product Portfolio Offered

- Protection Plans
- Savings Plans
- Retirement Solutions
- Endowment Plans
- Unit Linked Insurance Plans (ULIPs)
- New offerings: Salaried Term Plan, Nishchit Aayush Plan, Assured Savings Plan

## 8. SIDBI Report: MSME Loan Demand Up 11%, Supply Drops 11% in Jan-Mar 2025

### Context

Commercial loan demand in MSME sector rose **11% year-on-year (y-o-y)** during January-March 2025 (Q4 FY24-25). Despite demand growth, **MSME** credit supply declined by **11% y-o-y** in the same quarter. For full FY24-25, credit supply grew only **3% y-o-y** by value.

### Reasons for Credit Supply Decline

- Heightened **credit risk concerns** amid worsening external economic conditions.
- Private banks experienced the sharpest supply decline at **-14% y-o-y**.
- Drop in demand mainly from borrowers with exposure between **₹10 crore to ₹50 crore**.
- Significant fall in **medium to long-term loans (tenure >1 year)** and overdraft facilities.

### Areas of Strength & Opportunity

- New **cash credit facility loans** grew **7% y-o-y** in Q4 FY24-25, indicating robust working capital financing.
- As of May 12, 2025, **6.35 crore Udyam-registered MSMEs** exist, but only **3.68 crore have accessed credit** at least once.
- Large **untapped MSME credit market** presents growth potential.
- Opportunity for lenders to focus on the **New-to-Credit (NTC)** segment to expand MSME loan portfolios.

## 9. RBI Imposes Fines on Union Bank of India and Lendbox for Regulatory Violations

### Entities Penalized

- **Union Bank of India:** Fined ₹63.6 lakh
- **Transactree Technologies Pvt Ltd (Lendbox):** Fined ₹40 lakh

### Reasons for Penalties

#### Union Bank of India:

- Violated provisions of the **Banking Regulation Act, 1949**.
- Non-compliance with RBI directions related to **Credit Flow to Agriculture – Collateral Free Agricultural Loans**.



### Key Regulatory Violations by Lendbox

- **Lendbox (Transactree Technologies Pvt Ltd):**
  - Non-compliance with **Non-Banking Financial Company – Peer to Peer Lending Platform (Reserve Bank) Directions, 2017**.
  - Penalty Imposed Under **Section of the RBI Act, 1934**.
- **Unauthorized Routing of Funds**
  - Funds were routed through a **co-lending escrow account**, violating RBI's prescribed fund transfer norms for P2P platforms.
- **Lack of Transparency to Lenders**
  - Failed to **disclose credit assessments and borrower risk profiles** to prospective lenders.
- **Loan Disbursal Without Consent**
  - Disbursed loans **without obtaining specific approvals from individual lenders**, breaching mandatory operational protocols.

## 10. New IBC Regulation Tightens Norms for Personal Guarantors

### Context

The **Insolvency and Bankruptcy Board of India (IBBI)** introduced **Regulation 17B**. Mandates **Resolution Professionals (RPs)** to notify the **National Company Law Tribunal (NCLT)** if a personal guarantor fails to submit a repayment plan.

### Objective

- Enhance **accountability of personal guarantors**.
- Prevent delays in the **insolvency resolution process**.

### Key Provisions under Regulation 17B

- If no repayment plan is submitted under **Section 105 of the IBC**:
  - RP must file an application with creditors' approval before the NCLT.
  - RP must intimate the NCLT about the non-submission.
  - RP should seek appropriate directions from the tribunal.

### Background & Significance

- Fills a critical gap where earlier IBC rules lacked directives for repayment plan non-submission.
- Personal guarantors have a **distinct insolvency resolution process**, which runs parallel and in coordination with the **Corporate Insolvency Resolution Process (CIRP)**.
- NCLT can now issue **time-bound directions** or initiate **bankruptcy proceedings** against personal guarantors.

### Legal Context

- The **2021 Supreme Court ruling** validated inclusion of personal guarantors under IBC.
- Creditors can initiate insolvency actions against guarantors even during or after corporate debtor resolution.
- Personal guarantor framework effective since **December 2019**.
- **Regulation 17A (2024)** introduced presumption of repayment plan submission, requiring RP to present it at creditors' meetings.

## Agriculture

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### 1. Genomic and Genetic Insights into Mendel's Pea Genes

#### Background: Mendel's Groundbreaking Work on Pea Plant Inheritance

- **Gregor Johann Mendel** (1856–1865), an Austrian monk, experimented with pea plants to study trait inheritance.
- Studied **seven traits** in peas (e.g., seed shape, seed color, flower color, pod shape, pod color, flower position, plant height).
- Discovered **dominant-recessive inheritance patterns** with predictable 3:1 ratios in second-generation offspring.
- Published results in 1866; work initially ignored, rediscovered in 1900.

#### The Genetics Behind Mendel's Traits

- Mendel's traits are controlled by **genes with alleles** — different versions inherited from each parent.
- One allele often masks another, explaining dominance.
- Mendel's foundational work led to **modern genetics**, chromosome theory, and gene identification.

#### The Unresolved Mystery: Genetic Basis of Three Traits

- Despite progress by 1917, genetic causes of three traits (pod color, pod shape, flower position) remained unknown.
- Recent research published in *Nature* (Feng et al., 2025) used **next-generation sequencing** of 697 pea variants, analyzing ~60 terabases of DNA data.

#### Key Findings from the 2025 Study

- **Complex population structure:** Pea genus *Pisum* has four species but genetically divides into eight groups due to cross-breeding and admixture.
- **Additional alleles discovered:** More genetic variants influence four well-studied traits, e.g., a new variant causing white flowers to turn purple.
- **Genes identified for the last three traits:**
  - **Pod color:** DNA deletion near *ChlG* gene disrupts chlorophyll synthesis → yellow pods.
  - **Pod shape:** Variations near *MYB* gene and CLE-peptide-encoding genes → constricted pods.
  - **Flower position:** Deletion near *Clk-like-coreceptor-kinase* gene plus modifier locus → flowers at stem ends.
- Revealed **72 agriculturally relevant traits** involving seed, pod, flower, leaf, root, and plant architecture.

#### Implications for Agriculture and Genetics

- Provides a **comprehensive genetic map** of pea plant traits.
- Offers potential to **enhance crop yield, disease resistance, and environmental adaptation**.
- Opens avenues for advanced research in plant genetics and breeding.

## Economy

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### 1. India Becomes the 4th Largest Economy in the World

#### Context

India has overtaken Japan to become the **4th largest economy globally**, as confirmed by NITI Aayog CEO B.V.R. Subrahmanyam, citing data from the **IMF World Economic Outlook (April 2025)**.

## What Has Happened?

- **India's Nominal GDP (2025):** \$4.19 trillion
- **Japan's Nominal GDP (2025):** \$4.18 trillion
- **Source:** IMF World Economic Outlook (April 2025)

## India's Updated Economic Status

- **Current Global Rank (2025):** 4th
- **Previous Rank (2024):** 5th (behind Japan)
- **Top 5 Economies (2025):**
  1. United States
  2. China
  3. Germany
  4. **India**
  5. Japan

## Significance of the Achievement

### Global Confidence & Investment

- Enhances India's image as a **global economic powerhouse**
- Increases prospects for **FDI** and **bilateral partnerships**

### Strong Domestic Growth

- **GDP doubled** from \$2 trillion (2014) to \$4.19 trillion (2025)
- **Per capita income** rose from \$1,438 (2014) to \$2,880 (2025)

### Resilient Manufacturing Hub

- India remains a **cost-effective manufacturing destination**
- Attracts companies shifting from China amid **global reshoring**, e.g., Apple's diversification plans

### Policy Reforms & Governance

- Growth driven by:
  - **Digital India, Atmanirbhar Bharat**
  - Infrastructure expansion
  - Focused policy reforms and fiscal consolidation

### Future Economic Potential

- **Set to overtake Germany** within 2.5–3 years
- Likely to become the **3rd largest economy globally**, as per NITI Aayog projections

## Why This Matters

- Repositions India in **gloeconomic leadership**
- Reinforces commitment to **inclusive, innovation-driven growth**
- Establishes India as a **voice for the Global South** in international economic forums

## Science & Tech

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### 1. Google's AI Matryoshka

#### Context

At its 2025 I/O Developer Conference, Google unveiled a sweeping **AI-first transformation across its entire product suite, anchored by powerful foundational models and new privacy-challenging functionalities.**

### Key Announcements

- **Foundation Models:** Launch of **Gemini 2.5 Pro** with "Deep Think" mode and **Gemini 2.5 Flash** as the new default model
- **Hardware Backbone:** Introduction of **TPU v7 Ironwood** with 42.5 exaFLOPS per pod (10x performance boost)
- **Generative Tools:** Upgrades to **Imagen 4** (visuals), **Veo 3** (video), and **Lyria 2** (music)
- **Developer Tools:** Enhanced **Gemini API** and **Vertex AI** with **Model Context Protocol (MCP)**, "thought summaries," and Project Mariner integration
- **User Interfaces:** Upgrades to **Gemini app**, **Search with AI Mode**, **agentic commerce features**, and **Gemini-integrated Chrome**

### What is AI Matryoshka?

**AI Matryoshka** is a **multi-layered artificial intelligence ecosystem** launched by **Google**. Drawing inspiration from Russian nesting dolls (Matryoshka), the system positions Google's core AI as the **central "brain"** powering all layers—from APIs and developer tools to user-facing applications.

### Aim

- **Deeply embed AI** across Google's platforms and services.
- Build **agentic, intelligent, and autonomous systems** for real-time interactions with users, developers, and enterprises.

### Key Features of AI Matryoshka

#### 1. Gemini 2.5 Models

- **Pro Version:**
  - Excels in **complex reasoning and competitive coding**.
  - Scored top marks in the **USAMO** (USA Mathematical Olympiad).
- **Flash Version:**
  - **20–30% more efficient**, supports **multi-speaker Text-to-Speech (TTS)** in **24 languages**.

#### 2. Ironwood TPUs

- **7th-generation TPUs** offering **5 exaFLOPS** of computing power.
- Enables **deep learning at hyperscale**, advancing model performance and efficiency.

#### 3. Advanced Media & Data Models

- **Imagen 4** – High-resolution **image generation**.
- **Veo 3** – Realistic, high-quality **video synthesis**.
- **Lyria 2** – Professional-grade **music creation**.
- **SynthID tools** – Watermarks and verifies AI-generated content to **protect copyright and ensure transparency**.

#### 4. Gemini API & Vertex AI Integration

- Uses the **Model Context Protocol (MCP)** for dynamic agent interactions.
- **Thinking budgets** optimize computing resources, enabling adaptive task execution.

#### 5. User-Facing Integration

- **AI Mode in Search:**

- Provides **cited, in-depth answers** in Google Search results.
- **Gemini App:**
  - Allows **private data analysis**, but raises **privacy and surveillance concerns**.

### Significance of AI Matryoshka

#### 1. Ethics & Governance

- Sparks debate on **privacy, data rights, and AI transparency**.
- Challenges existing frameworks on **consent and user data control**.

#### 2. Digital Economy Impact

- Reshapes **commerce, content creation, and automation**.
- Empowers businesses with scalable, intelligent **AI solutions**.

#### 3. Science & Technology Advancements

- Demonstrates **scaling of AI systems** and **TPU innovation**.
- Reinforces Google's position in **global AI competitiveness**.

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## 2. New Cave-Dwelling Fish Species: *Schistura densiclava*

### Discovery Highlights

- **Species Name:** *Schistura densiclava*
- **Discovered in:** Krem Mawjymbuin cave, East Khasi Hills, Meghalaya
- **Researchers:** Kangkan Sarma & team from Gauhati University
- **Published in:** *Journal of Fish Biology*

### Taxonomy & Characteristics

- **Family:** Nemacheilidae (Loach family)
- **Type:** Troglophile loach
- Can live both in underground caves and aboveground streams
- **Key Traits:**
  - Retains **pigmentation** and **eyesight** (unlike typical cave fishes)
  - **Pale yellow-green body** with **14–20 greyish black bars**
  - **Thick stripe** near dorsal fin (Latin *densiclava* = "thick stripe")
- **Males:** Slimmer, irregular patterns, puffer cheeks
- **Females:** Sturdier, consistent markings

### Habitat Conditions

- Found **60 metres inside the cave**
- **Cool stream temperature:** ~18°C
- **Low oxygen environment**

## Facts To Remember

### 1. Indonesia, China agree to bolster relations ahead of ASEAN summit

Chinese Premier Li Qiang warned that the rise of "unilateralism and protectionism" could threaten the global economic and trade order, as he reaffirmed Beijing's ties with Jakarta during his visit to Indonesia

ahead of the ASEA regional summit in Kuala Lumpur.

## 2. Finland summons Russian envoy over suspected airspace violation

Finland's Foreign Ministry said it had summoned Russia's Ambassador over a suspected violation of Finnish airspace that took place last week.

## 3. Rupee appreciates beyond 85 per dollar but trims gains

The rupee appreciated beyond the 85 mark to 84.78 per dollar on the back of the fall in dollar index.

## 4. Containers from capsized ship spotted along Kerala coast, govt asks people to stay away

Containers from the Liberian-flagged cargo ship, MSC ELSA 3, which **capsized off the Kerala coast** on Sunday, have begun washing up ashore. Four coastal areas along Kollam and Alappuzha on Monday reported spotting containers.

## 5. MoS for Ayush, Prataprao Jadhav inaugurates Yoga Mahotsav 2025 in Puducherry

Marking the 25-day countdown to the 11th International Day of Yoga, the 'Yoga Mahotsav 2025' was organised today in Puducherry. Union Minister of State for Ayush, Prataprao Jadhav, inaugurated the event.

## 6. Govt wants to empower NE through technology & digital inclusion, says MeitY Secretary

Secretary, Ministry of Electronics and Information Technology (MeitY) S. Krishnan highlighted the ministry's commitment to empowering the Northeast through technology and digital inclusion.

## 7. ISSF Junior World Cup: Indian shooter Tejaswani claims Gold in 25m pistol event

Indian shooter Tejaswani claimed the gold medal in the women's 25m pistol event to continue the country's domination in the ISSF Junior World Cup 2025 in Suhl, Germany, here on Monday. Tejaswani aggregated 31 after firing five shots in the eight-women final.

## 8. Panchayati Raj Ministry launches Panchayat Advancement Index 2.0 portal & booklet for FY 2023-24

Ministry of Panchayati Raj today organised a two-day national write-shop on rolling out of Panchayat Advancement Index (PAI) Version 2.0 for the financial year 2023-24 in New Delhi.

## 9. FPI ₹13,835 crore in Indian equities in May, exit debt markets

Foreign investors have pumped in nearly 14,000 crore rupees into the Indian equities market so far in May. According to the depositories' data, the Foreign Portfolio investors, or FPIs, invested 13,835 crore rupees into the equities market but pulled out 7,743 crore rupees from the debt markets so far in May.

**FIVE TO REMEMBER · 26 & 27 MAY 2025**

1. BFS delivers predictions in **4–6 hours**, thanks to advanced high-performance computing under **'Mission Mausam'**. Bharat Forecasting System (BFS)
2. Own tax revenue-to-GSDP ratio improved from **6.6% in 2017–18 to 7.2% in 2024–25** Centre-State Relations in Focus at 10th NITI Aa...
3. **Working Capital Support:** Up to ₹25 crore at concessional interest rates via a dedicated financing scheme under the Ministry of MSME. NITI Aayog Proposes Support Measures to Transfo...
4. **Low Scheme Awareness:** Only 10% use government portals for support NITI Aayog Report: Designing a Policy for Mediu...
5. As of May 12, 2025, **6.35 crore Udyam-registered MSMEs** exist, but only **3.68 crore have accessed credit at least once**. SIDBI Report: MSME Loan Demand Up 11%, Supply D...

**Now test yourself:** [c4scourses.in/daily-quiz/daily-quiz-26-27-may-2025/](https://c4scourses.in/daily-quiz/daily-quiz-26-27-may-2025/)



DAY 21 OF 24

**28 May 2025**

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**28 May, 2025****International Affairs****1. EU's Carbon Border Tariff****Context**

European Union (EU) countries have agreed to significantly scale back the EU's carbon border levy. The tariff will now cover only about **10% of firms** previously targeted under the scheme. These 10% of companies account for **over 99% of the emissions** covered by the policy.

**Background of the Carbon Border Tariff**

- The EU's carbon border tariff aims to protect European producers from cheaper imports originating in countries with less stringent climate regulations.
- It imposes a fee on imports equivalent to the carbon price paid by EU-based companies under the bloc's CO2 emissions policies.

**Key Changes and Impact**

- The original proposal targeted around **200,000 importers** who would have paid the levy starting next year.
- Under the revised plan, only companies importing **more than 50 metric tons per year** of goods like steel, cement, aluminium, and fertilizers will be subject to the levy.
- This replaces earlier rules that applied to all importers with goods valued over 150 euros (~\$170).
- The change aims to reduce bureaucracy for smaller businesses without compromising environmental goals.

BS

**2. Japan Loses Status as World's Largest Creditor Nation to Germany in 2024****Context**

Japan lost its position as the world's largest creditor nation for the first time in 34 years. Germany surpassed Japan with net external assets of **569.7 trillion yen** compared to Japan's **533.05 trillion yen** at the end of 2024.

**Key Highlights:**

- China remained third with net assets of **516.3 trillion yen**.
- Japan's net external assets grew by about 13% from the previous year, marking an all-time high despite losing the top spot.

**Background**

- Japan held the top position **since 1991 after overtaking Germany**.

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- Germany's rise is due to a substantial current account surplus of **248.7 billion euros** in 2024, supported by strong trade performance.
- Japan's current account surplus was **29.4 trillion yen** (around 180 billion euros) in 2024.

### Net Foreign Assets

- Net foreign assets equal the **value of overseas assets minus domestic assets owned by foreigners, adjusted for currency changes**.
- This reflects **cumulative changes in the country's current account over time**.

## National Affairs

### 1. Early Onset of Southwest Monsoon 2025 — Causes and Uncertainties

#### Context

The India Meteorological Department (IMD) declared the monsoon onset **over Kerala on May 24, 2025**, eight days ahead of its normal date schedule of June 1. Earliest monsoon onset in over a decade (last such early arrival in **2009**)

#### What is the Southwest Monsoon?

- **Seasonal wind system** that brings ~70% of India's annual rainfall.
- Active during **June to September**.
- Crucial for **agriculture, drinking water, hydropower**, and overall economy.

#### Criteria for Monsoon Onset Over Kerala (IMD)

- **Rainfall Criterion:**
  - $\geq 2.5$  mm rainfall for **2 consecutive days** at **60% of 14 designated stations** in Kerala and Lakshadweep.
- **Wind Field Criterion:**
  - **Westerly winds** up to **600 hPa** with speeds of **15–20 knots at 925 hPa**.
- **OLR Criterion:**
  - **Outgoing Longwave Radiation (OLR) < 200 W/m<sup>2</sup>**, indicating active convection/cloud formation.

#### Causes of Early Monsoon in 2025

| Meteorological Factor                  | Impact                                                          |
|----------------------------------------|-----------------------------------------------------------------|
| <b>Madden-Julian Oscillation (MJO)</b> | Boosted convection; observed from May 13 over south Andaman Sea |
| <b>Mascarene High Intensification</b>  | Directed strong moist winds from southern Indian Ocean          |
| <b>Convection Surge</b>                | Enhanced cloud buildup and early rainfall                       |
| <b>Somali Jet Strengthening</b>        | Strengthened cross-equatorial flow towards Kerala               |
| <b>Heat Low Formation</b>              | Persistent low pressure over NW India drew in moist air         |
| <b>Monsoon Trough Activation</b>       | Triggered rainfall across central and northeast India           |

#### Implications of Early Monsoon Onset

##### Positive Outcomes:

- **Early sowing of Kharif crops** (e.g., paddy, pulses) in key states.
- **Reservoirs replenished earlier** in water-scarce regions like Karnataka, Tamil Nadu.
- **Cooler summer trends** in South India due to early rains.

**Challenges/Risks:**

- **Urban Flooding Risk:** Cities like Bengaluru may be unprepared for early heavy rainfall.
- **Forecast Uncertainty:** Early onset ≠ longer or stronger monsoon; water planning challenges.
- **Weather Pattern Shifts:** May alter seasonal temperature and rainfall distribution.

TH

**2. Draft Registration Bill, 2025****Context**

To replace the **117-year-old Registration Act, 1908** with a modern, digital-first legal framework that enhances transparency, accessibility, and ease of property registration in India.

**Key Highlights:**

- **Digital-First Approach:**
  - Enables **online registration** of immovable property and related transactions.
  - Provisions for:
    - **Electronic presentation and admission** of documents
    - **E-registration certificates**
    - **Digital maintenance of records**
- **Verification and Authentication:**
  - Supports **Aadhaar-based authentication**.
  - Also allows for **alternative verification methods** for those without Aadhaar or unwilling to use it.
- **Integration with Other Systems:**
  - Facilitates **electronic integration with other official record-keeping systems** (e.g., land records, revenue databases).
- **Citizen-Centric Reforms:**
  - Promotes the use of **plain language in legal documents**.
  - Simplifies procedures for **individual citizens and small businesses**.
  - Ensures **transparency and legal safeguards** are maintained.

**Administrative Context**

- The **Department of Land Resources** under the Ministry of Rural Development has been administering the Registration Act since **2006**.
- The **draft bill is now open for public consultation** on the department's website.

**Implications**

- Aims to **modernize India's land and property registration framework**.
- **Improves ease of doing property-related transactions**, especially for small stakeholders.
- Aligns with the government's **Digital India** and **Ease of Doing Business** initiatives.
- Helps in **curbing property frauds** and **improving legal enforceability** of property rights.

TH

**3. RoDTEP (Remission of Duties and Taxes on Exported Products)****Context**

Government Restores RoDTEP Scheme Benefits for AA, EOU, and SEZ Units.

## Key Announcement

- **Policy Change:** Restoration of **RoDTEP (Remission of Duties and Taxes on Exported Products)** scheme benefits
- **Beneficiaries:**
  - **Advance Authorisation (AA) holders**
  - **Export-Oriented Units (EOUs)**
  - **Special Economic Zone (SEZ) units**

## Background

- **RoDTEP Scheme Launch:** 2021
- **Objective:** Reimburse exporters for embedded central/state/local duties, taxes, and levies not refunded under any other scheme.
- **Scheme Suspension:** Benefits to AA, EOU, and SEZ units were **discontinued on February 5, 2025**.
- **Industry Demand:** Export bodies, led by **FIEO**, strongly lobbied for reinstatement citing competitiveness concerns.

## Impact on Export Ecosystem

- **Boost to Export Competitiveness:** Enhances India's ability to price exports more competitively in global markets.
- **Encouragement for High-Value Sectors:** Particularly beneficial for sectors operating under AA, EOU, and SEZ regimes such as pharmaceuticals, engineering goods, electronics, and textiles.
- **Promotes Policy Continuity:** Signals a commitment to **consistent and predictable trade policy**.

## 4. World Dugong Day 2025: Conservation of India's Gentle Marine Grazer

### Context

**World Dugong Day** is observed every year on **May 28** to raise awareness about **dugongs (Dugong dugon)**, marine herbivores known as "**sea cows**". Dugongs are the **only herbivorous marine mammals in India**, found in shallow coastal waters rich in **seagrass meadows**.

### Dugong: India's Sea Grazer

- **Appearance:** Resemble a cross between a **seal and a whale**; use front flippers to paddle.
- **Diet:** Feed exclusively on seagrass species such as *Cymodocea*, *Halophila*, *Thalassia*, and *Halodule*.
- **Feeding Impact:** Uproot and cloud waters while grazing; play a vital role in **seagrass ecosystem maintenance**.
- **Range:** Found in **Indo-Pacific regions**, including **Andaman & Nicobar Islands, Gulf of Mannar, Palk Bay**, and **Gulf of Kachchh**.
- **Lifespan & Reproduction:**
  - Live up to **70 years**.
  - Mature at 9–10 years, calve every 3–5 years.
  - Low population growth rate of ~5% per year.

### Conservation Status and Threats

- **IUCN Red List:** Classified as *Vulnerable* globally; **regionally endangered** in India.
- **Current Population in India:** Estimated at only **~200 individuals**.

### Major Threats:

- **Habitat loss** due to:
  - Seagrass degradation.

- Coastal development, dredging, port construction.
- Pollution from agriculture, sewage, and industry.
- **Fishing hazards:**
  - Accidental entanglement in **gillnets and trawl nets**.
  - Collisions with boats.
- **Climate change:**
  - Ocean warming and acidification.
  - More frequent **cyclones and sea-level rise**.
- **Illegal poaching** in remote regions.
- **Lack of awareness** among communities due to their elusive nature.

### Conservation Initiatives in India

- **Policy Level:**
  - India is a signatory to the **Convention on Migratory Species** (since 1983) and its **Dugong MoU** (since 2008).
- **Major Milestone:**
  - In **2022**, India announced its **first Dugong Conservation Reserve** in **Palk Bay, Tamil Nadu** (448.3 sq. km).
  - Contains 122.5 sq. km of intact seagrass — crucial for dugong survival.
- Led by **OMCAR Foundation, Wildlife Institute of India, and TN Forest Dept.**

## 5. 5th-Generation Fighter Jet – AMCA Programme

### Context

Defence Minister **Rajnath Singh** has formally approved the **execution model** for the **Advanced Medium Combat Aircraft (AMCA)** programme. The move marks a critical step in India's quest to develop an **indigenous fifth-generation stealth fighter jet**, reinforcing strategic autonomy and military self-reliance.

### Execution Model and Industry Participation

- The **Aeronautical Development Agency (ADA)** under **DRDO** will lead the project.

### About the AMCA Fighter Jet

- The **AMCA** is a **twin-engine, medium-weight multirole stealth fighter** with the following capabilities:
  - **Stealth airframe**
  - **Internal weapons bay**
  - **Sensor fusion and advanced avionics**
  - **Supercruise capability**
- **Designed for:**
  - **Deep penetration missions**
  - **Swing-role operations**
  - **Precision strikes and close air combat**
- Projected weight: **~25 tonnes**
- Will serve alongside the **Tejas Light Combat Aircraft (LCA)** as a key component of the **Indian Air Force's future fleet**.

## 6. Panchayat Advancement Index (PAI) 2.0

### Context

The two-day National Writeshop on Panchayat Advancement Index (PAI) Version 2.0 for FY 2023–24 commenced at Dr. Ambedkar International Centre, New Delhi. **During the inaugural, the PAI 2.0 Portal was launched <https://pai.gov.in/>. Local Indicator Framework (LIF) Booklet for FY 2023–24 along with the Standard Operating Procedure (SOP) was also released on this occasion.**

#### What is PAI 2.0?

- **PAI (Panchayat Advancement Index)** is a **performance tracking tool** for over **2.5 lakh Gram Panchayats** across India.
- It aligns with the **Localization of Sustainable Development Goals (LSDGs)**.
- Aims to **institutionalize transparent, accountable, and evidence-based local governance**.

#### What's New in PAI Version 2.0?

| Feature     | PAI 1.0         | PAI 2.0              |
|-------------|-----------------|----------------------|
| Indicators  | 516             | 147 (↓ 72%)          |
| Data Points | 794             | 227 (↓ 71%)          |
| Usability   | High complexity | Streamlined, focused |
| Coverage    | 2.16 lakh GPs   | Over 2.5 lakh GPs    |

- **Reduction in reporting burden** and increase in **data quality** and **clarity**.
- Supported by a **PAI 2.0 portal**: <https://pai.gov.in>
- Includes **LIF Booklet** and **Standard Operating Procedure (SOP)** for FY 2023–24.

#### Nine Thematic Areas in PAI 2.0 (LSDG-aligned)

- Poverty-Free and Enhanced Livelihoods Panchayat
- Healthy Panchayat
- Child-Friendly Panchayat
- Water-Sufficient Panchayat
- Clean and Green Panchayat
- Panchayat with Self-Sufficient Infrastructure
- Socially Just and Socially Secured Panchayat
- Panchayat with Good Governance
- Women-Friendly Panchayat

#### Significance

- **Empowers Panchayats** with self-assessment and planning tools.
- Promotes **data-backed local development**, healthy competition, and bottom-up governance.
- Will serve as a **benchmark for Viksit Bharat** vision and India's **Voluntary National Reviews (VNRs)** at global SDG forums.

PIB

## Banking and Finance

### 1. MoSPI to Monitor Impact of Mudra Loan Scheme

#### Context

The **Ministry of Statistics and Programme Implementation (MoSPI)** aims to track the utilization and impact of credit access programmes such as the **Pradhan Mantri Mudra Yojana (PMMY)**. **This initiative is**

## part of efforts to support enterprise formalisation and financial inclusion.

### Surveys Involved

- Monitoring will be integrated into:
  - Private Sector Capital Expenditure (Capex) Survey
  - Annual Survey of Unincorporated Sector Enterprises

### Objectives

- Assess how Mudra loans are used by micro and small enterprises.
- Evaluate the role of credit access programmes in promoting:
  - Enterprise formalisation
  - Financial inclusion

### Collaboration and Data User Engagement

- National Statistical Office (NSO) and Indian School of Business (ISB) jointly organized a Data Users Conference.
- The conference aimed to **enhance interaction between data producers and users for improved data relevance and survey design.**

### Significance

- This monitoring will help policymakers **understand the real impact of Mudra loans on the informal sector.**
- Supports evidence-based policymaking focused on MSME growth and formalisation.
- Aligns with India's broader economic goals of boosting digital and financial inclusion.

## 2. FM Nirmala Sitharaman Signals Boost for Fintech Sector

### Context

Finance Minister **Nirmala Sitharaman** visited **Pine Labs' Noida office**. Acknowledged **fintech's** role in enabling **secure, inclusive financial services**, especially for **merchants and MSMEs**.

### Push for Digitisation Across States

- FM emphasized that the **Centre is incentivizing states to digitize records faster**, especially through:
  - **50-year interest-free capital expenditure loans**
  - Additional incentives for **early adoption of digitization**
- Stressed that while there is existing **momentum on the ground**, efforts need to **scale up significantly**.

### Supportive Policy Plans for Fintech and Digital Exports

- **Government aims to:**
  - **Formulate fintech-friendly policies**
  - **Promote India's fintech innovations globally**
- Referenced **India's G20 Digital Public Infrastructure Taskforce report**, advocating **plug-and-play, sovereign-compliant digital systems** (e.g., API Setu, GSTN open APIs).

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## 3. CBDT Extends Income Tax Return Filing Deadline for AY 2025-26 to September 15

### Context

The **Central Board of Direct Taxes (CBDT)** has extended the last date for filing Income Tax Returns (ITR) for Assessment Year (AY) 2025-26 from **July 31, 2025 to September 15, 2025**. The extension responds to



significant revisions in ITR forms and new reporting requirements introduced by the **Finance Act, 2024**.

#### Reasons for Extension

- Extensive changes to ITR forms require more time for system readiness and rollout of updated ITR utilities.
- Tax deducted at source (TDS) credits, due by **May 31**, will only reflect from early June, limiting the practical window for return filing without the extension.

#### Key Changes in ITR Forms

- **ITR1** now includes an option to report **long-term capital gains (LTCG) up to ₹1.25 lakh**.
- **ITRs 2, 3, 5, and 6** require detailed disclosures under the **Capital Gains Schedule**.
- Reporting is split for transactions **before and after July 23, 2024**, reflecting different tax implications after changes in tax laws last year.

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### 4. Reserve Bank of India (Digital Lending) Directions, 2025 Issued by RBI

#### Context

The **Reserve Bank of India (RBI)** released new digital lending norms earlier this month impacting credit guarantee schemes for MSME loans. **Most MSME loans are currently covered under credit guarantee schemes which offer zero risk weight and encourage lending at competitive interest rates.**

#### RBI Directions on Digital Lending

The Reserve Bank of India (RBI) issued comprehensive directions to regulate the digital lending ecosystem with the aim of enhancing borrower protection, promoting transparency, and ensuring responsible digital lending practices.

#### Key Objectives

- Strengthen **borrower protection** in digital financial services
- Promote **transparency and accountability** in digital lending operations
- Ensure **responsible lending practices** among regulated entities and third-party service providers
- Prevent misuse by **unauthorized or rogue digital lending apps**

#### Definition of Digital Lending

- A **remote and automated lending process** using digital platforms for:
  - Customer acquisition
  - Credit assessment
  - Loan approval
  - Disbursement
  - Servicing and repayment
  - Recovery of loans

#### Entities Covered

The directions apply to:

- **Commercial Banks**
- **Primary (Urban)/State/Central Co-operative Banks**
- **Non-Banking Financial Companies (NBFCs)** including Housing Finance Companies
- **All-India Financial Institutions**

## Key Features and Provisions

### Mandatory Reporting of Digital Lending Apps (DLAs)

- All regulated financial entities must report their DLAs to the RBI through the **Centralized Information Management System (CIMS) Portal**
- Objective: Create a **public directory of legitimate digital lending apps** to ensure user safety and prevent fraud

### Due Diligence on Lending Service Providers (LSPs)

- Financial entities must conduct enhanced due diligence on LSPs with focus on:
  - **Technical capabilities**
  - **Data protection and privacy standards**
  - **Borrower engagement conduct**
  - **Regulatory compliance**

### Role of LSPs

- LSPs act as **agents** of financial entities and perform various digital lending functions on their behalf
- Financial entities are **fully accountable** for the actions of their LSPs

### Mandatory Disclosures to Borrowers

- Lenders and LSPs must provide upfront disclosures including:
  - Loan terms and conditions
  - Interest rates, fees, and charges
  - Privacy policies
  - Key Fact Statements (KFS)

### Grievance Redressal Mechanism

- All LSPs must appoint a **Grievance Redressal Officer (GRO)**
- Borrowers must be informed of the GRO's contact details
- Financial entities remain **responsible for resolving complaints** raised through LSPs

### Significance

- Builds **consumer trust** in digital lending platforms
- **Eliminates predatory lending** and harassment by unauthorized apps
- Aligns with RBI's goal of **secure, inclusive, and regulated fintech development**
- Supports the development of a **transparent and fair digital credit ecosystem**

### Key Regulatory Change

- RBI guidelines now prohibit regulated entities (REs), including NBFCs, from entering into **default loss guarantee (DLG) arrangements** on loans covered by credit guarantee schemes.
- DLGs are contractual agreements where a third party guarantees compensation for loan defaults up to a certain percentage (usually 5%).

### Implications for NBFCs and MSME Lending

- Without DLG protection, NBFCs must bear full loss on defaulted MSME loans, increasing their **risk exposure** and **provisioning requirements**.
- This is expected to lead to **higher lending rates** for MSMEs. For example, a loan previously priced at 12% interest might increase to around 15% due to additional loss provisions.
- NBFC officials say MSME loans, a sensitive and government-prioritized segment, will become more expensive due to loss of DLG support.

## 5. Deposit Insurance and Credit Guarantee Corporation (DICGC)

### Context

The Union government is considering increasing the bank deposit insurance limit from the current ₹5 lakh to potentially ₹10 lakh. Deposit insurance is provided by the **Deposit Insurance and Credit Guarantee Corporation (DICGC)**, covering deposits in commercial and cooperative banks.

### DICGC and the Deposit Insurance Amendment

#### Background

The **Deposit Insurance and Credit Guarantee Corporation (DICGC)**, a wholly owned subsidiary of the RBI, has initiated verification and certification of claims from 55 **insured Urban Co-operative Banks (UCBs)** placed under **All Inclusive Directions (AID)**. This is to ensure that **depositors receive insured amounts (up to ₹5 lakh)** within **90 days**, as mandated by the **DICGC (Amendment) Act, 2021**.

#### Key Objectives

- Ensure **time-bound access** to insured deposits for depositors
- Strengthen depositor confidence in **banking system stability**
- Promote **transparent resolution** in bank moratorium cases
- Prevent long delays in payment of insured deposits during liquidation or reconstruction

#### About DICGC

| Feature                | Details                                                      |
|------------------------|--------------------------------------------------------------|
| <b>Established</b>     | 15 July 1978                                                 |
| <b>Governing Act</b>   | DICGC Act, 1961                                              |
| <b>Ownership</b>       | Wholly owned by RBI                                          |
| <b>Jurisdiction</b>    | Ministry of Finance, Government of India                     |
| <b>Insurance Limit</b> | ₹5,00,000 per depositor (principal + interest)               |
| <b>Coverage</b>        | Savings, fixed, current, recurring deposits in insured banks |

#### Banks Covered by DICGC

- **Insured:**
  - All **Commercial Banks** (including foreign bank branches in India)
  - **Regional Rural Banks (RRBs)**
  - **Local Area Banks**
  - **Co-operative Banks** (urban, state, central)
- **Not Insured:**
  - **Primary Cooperative Societies**
  - Deposits of foreign governments, central/state governments
  - **Inter-bank deposits**
  - Deposits from **outside India**
  - **Land Development Banks** with state co-op banks

#### What DICGC Insures

- All domestic bank deposits except:
  - Government and interbank deposits
  - Overseas deposits
  - Deposits specifically exempted by RBI and DICGC

## Claim Settlement Procedure

1. **Moratorium/Closure Initiated:** Bank placed under moratorium or liquidation
2. **List by Liquidator:** Official liquidator must submit insured depositor list within **3 months**
3. **DICGC Payment:** Pays depositors within **2 months** of receiving verified list
4. **Bank Repayment:** Bank must repay DICGC the amount disbursed

## Key Features of DICGC (Amendment) Act, 2021

### 1. Section 18A – Interim Payments

- Allows **interim payments up to ₹5 lakh** if a bank is under restriction or moratorium
- Effective from **September 1, 2021**
- Timeline:
  - **45 days:** Bank must furnish list of depositors
  - **30 days:** DICGC verifies details and confirms depositor consent
  - **15 days:** DICGC disburses the payment

### 2. Applicability

- Applicable to **past and future restrictions** imposed under **Banking Regulation Act, 1949**
- Not applicable if:
  - RBI **lifts restrictions**
  - Bank can repay depositors without DICGC help

### 3. Extended Liability Window

- RBI may allow **90-day extension** if reconstruction/merger scheme is pending

## Premium and Repayment Provisions

| Aspect                   | Provision                                                 |
|--------------------------|-----------------------------------------------------------|
| <b>Premium</b>           | Paid by insured banks annually                            |
| <b>Cap</b>               | 0.15% of total deposits (can be raised with RBI approval) |
| <b>Repayment by Bank</b> | Must repay DICGC on terms set by Board                    |
| <b>Penal Interest</b>    | Up to <b>2% above RBI repo rate</b> for delays            |

## Economy

### 1. India's Economic Outlook Faces Trade Tariff Uncertainty, Sluggish FDI: Finance Ministry Review

#### External Risks and Trade Concerns

- The **90-day pause on the 26% US tariff on Indian exports** ends on **July 9, 2025**, posing a **renewed trade risk** for India.
- A successful **US-India trade agreement** could **offset current headwinds** by:
  - Opening new export markets
  - Boosting India's external sector
- The outcome of the **US-China reciprocal tariff pause** is also **critical for Indian trade prospects**.

#### Impact on Capital Flows

- **Prolonged global trade uncertainties** could:

- Keep **foreign portfolio investment (FPI)** flows volatile through **FY26**
- Lead to **capital flight or reduced inflows** amid tighter global financial conditions
- Deter **private investment**, as firms may adopt a cautious approach

### US Fiscal Developments: Global Spillover Risk

- The **passage of the US Budget Bill** and bond market reactions are being closely monitored, especially in light of:
  - **Moody's recent downgrade** of US sovereign credit rating
  - Potential **impact on global financial market stability**

### Foreign Direct Investment Trends

- **Net FDI inflows into India** in FY25 stood at a **subdued \$0.4 billion**
  - Driven by **profit repatriations** by foreign investors
  - Reflects **growing outward FDI** by Indian firms
- **Gross FDI inflows** remained stable at **\$81 billion**

### Concerns Over India Inc.'s Outward Focus

- **Outward FDI by Indian firms** rose by nearly **\$12.5 billion in FY25**
- The government expressed concern over:
  - India Inc.'s **growing global expansion**
  - Their **cautious approach to domestic investment**
  - The **need to reinvigorate investment confidence at home**

BS

## Agriculture

### 1. Viksit Krishi Sankalp Abhiyan

#### Context

The **Viksit Krishi Sankalp Abhiyan** campaign, initiated by Union Minister Shri Shivraj Singh Chouhan, is set to launch on **29th May 2025** from **Puri, Odisha**. The campaign will run for **15 days**, concluding on **12th June 2025**. Shri Chouhan will visit nearly **20 states**, engaging directly with farmers, scientists, and agricultural stakeholders.

#### States to be Visited

- **Odisha (launch)**
- Jammu, Rajasthan, Gujarat, Uttar Pradesh, Bihar, Maharashtra, Haryana, Punjab, Uttarakhand, Assam, Meghalaya, Karnataka, Tamil Nadu, Telangana, Andhra Pradesh, Madhya Pradesh, Delhi, Chhattisgarh

#### Campaign Objectives

- Educate farmers on **modern technologies for major Kharif crops**, tailored region-wise.
- Raise awareness of **government schemes and policies** beneficial to farmers.
- Guide farmers on using **Soil Health Cards** for crop selection and balanced fertilizer application.
- Collect farmer feedback to support **research direction and innovation** in agriculture.

#### Organizers and Participants

- Organized by **Indian Council of Agricultural Research (ICAR)** and the **Ministry of Agriculture & Farmers' Welfare** in collaboration with state governments.

- Engagement across **700+ districts** and involving:
  - All **731 Krishi Vigyan Kendras (KVKs)**
  - All **113 ICAR institutes**
  - Officials from agriculture, horticulture, animal husbandry, fisheries departments
  - Progressive farmers and other stakeholders

### Scale and Impact

- Expected to directly reach **1.5 crore farmers** across participating states.
- Supports the vision of **"Lab to Land"**, aiming to translate agricultural research into practical farming benefits.
- A key step toward achieving **developed agriculture** and the broader vision of **Viksit Bharat-2047**.

PIB

## 2. Fertiliser Industry Demands Reform in Outdated Regulatory Framework

### Context

Industry bodies have raised concerns about India's outdated fertiliser regulations, claiming they favour **Chinese imports** over **domestic manufacturers**, thereby undermining the **"Make in India"** initiative and hurting the growth of Indian startups in the sector.

### Key Highlights:

- **Regulatory Imbalance:**
  - Under the **Fertiliser Control Order (FCO), 1955**, domestic firms must obtain multiple state-level licences and maintain offices and warehouses across states.
  - Foreign suppliers, however, face **minimal compliance**, needing only import permissions to operate pan-India.
- **Discrimination Against Local Products:**
  - A **PSU tender for soluble fertilisers** explicitly excluded "Made in India" products, as per the **Soluble Fertilizer Industry Association (SFIA)**.
- **Overregulation and Harassment:**
  - **Up to 32 FCO inspectors** can monitor a single domestic unit, leading to excessive scrutiny.
  - No comparable level of inspection exists even in sectors like pharmaceuticals.
- **Impact on Innovation:**
  - Overregulation **hampers grassroots innovation** and discourages startups.
  - Fertilisers, especially **soluble ones crucial for horticulture**, remain outside the broader "Import Substitution" and "Make in India" momentum seen in electronics, defence, etc.

### Key Demands from Industry Bodies

1. **"One Nation, One Licence"** for non-subsidised fertilisers to ease market access.
2. **Capping inspector numbers** to a maximum of two per unit.
3. **Regulatory parity** between foreign and Indian manufacturers.
4. A **new legal framework** for non-subsidised fertilisers, delinking them from the **Essential Commodities Act**.
5. Permission for Indian marketers to **source in one state and sell across India**.

### Significance

- **Atmanirbhar Bharat Goal:** Reforming FCO can reduce **import dependence**, especially for fertilisers used in fruit and vegetable production (currently 5 lakh tonnes imported).

- **Boost to Domestic Production:** Simplified norms can encourage Indian manufacturers to scale up, innovate, and compete globally.
- **Urgent Need for Policy Change:** Aligning fertiliser regulations with modern industrial policy is essential for fostering **self-reliance** and **rural sector growth**.

### 3. BASF Launches Valexio and Mibelya to Boost Indian Rice Production

#### Context

BASF has introduced two new agrochemical solutions—**Valexio (insecticide)** and **Mibelya (fungicide)**—to support Indian **rice farmers** in improving **yield quality and quantity**, especially in the face of **climate-related challenges**.

#### Key Highlights:

- **Product Launch:**
  - **Valexio:** Insecticide designed to manage **rice hoppers**, a major pest affecting rice crops.
  - **Mibelya:** Fungicide aimed at controlling **sheath blight**, a common rice disease.
- **Technological Advantage:**
  - Valexio contains an **active ingredient with no known cross-resistance** to existing market products.
  - Offers **long residual control** and effectiveness across **all damaging life stages** of rice hoppers.
  - Also provides **plant health benefits**, enhancing the resilience of rice crops.

#### Significance for Indian Agriculture

- **India's Global Role:**
  - Second-largest rice producer globally.
  - Contributes to **40% of global rice trade** with an annual output of over **100 million metric tons**.
- **Climate Impact:**
  - **Erratic weather, drought, and increased pest/disease incidence** have reduced yields and quality.
  - These new products aim to **mitigate climate-related threats** to rice farming.
- **Sustainable Agriculture Push:**
  - BASF emphasizes **sustainability and resilience** through innovation.
  - The launch aligns with global efforts to ensure **food security** amid rising climate variability.

BL

## Science & Tech

### 1. India's First Gene-Edited Sheep Developed Using CRISPR-Cas9 Technology

#### Context

Scientists at **Sher-e-Kashmir University of Agricultural Sciences and Technology (SKUAST), Kashmir** have developed India's first **gene-edited sheep** using **CRISPR-Cas9** technology. The gene editing targets the **myostatin gene**, which regulates muscle growth, resulting in a sheep with **approximately 30% greater muscle mass** compared to normal sheep.

#### Key Details

- The mutated gene in the lamb enhances muscle weight, producing **heavier offspring** than non-mutated counterparts.
- The gene-edited lamb is currently **three months old**; its DNA will be sent to **foreign research labs for further verification**.



- The enhanced muscle trait is naturally absent in Indian sheep breeds but known in European breeds like the **Texel**.

### Context and Regulatory Outlook

- Recently, Union Agriculture Minister **Shivraj Singh Chouhan** released India's first gene-edited **rice varieties** developed using the same CRISPR-Cas9 technology by **ICAR scientists**.
- The gene-edited sheep contains **no foreign DNA**, differentiating it from transgenic organisms.
- This distinction facilitates regulatory approval under India's evolving **biotech policy framework**.

## Awards

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### 1. Padma Awards 2024

#### Padma Vibhushan Awardees (2nd Highest Civilian Award):

- **Justice J.S. Khehar (Retd)** – Former Chief Justice of India
- **Late Sharda Sinha** – Legendary folk singer (*posthumous*)
- **Late Kumudini Lakhia** – Renowned Kathak dancer (*posthumous*)
  - Awards received by their respective family members

#### Padma Bhushan Awardees (3rd Highest Civilian Award):

- **Shobana Chandrakumar** – Acclaimed dancer and actor
- **Nalli Kuppuswami Chetti** – Industrialist and philanthropist
- **Kailash Nath Dikshit** – Noted archaeologist
- **Jatin Goswami** – Prominent Sattriya dance exponent
- **Anant Nag** – Veteran actor
- **Sadhvi Ritambhara** – Spiritual leader
- **Late Bibek Debroy** – Economist (*posthumous*)
  - Award received by his wife
- **Late Manohar Joshi** – Former Lok Sabha Speaker & Maharashtra CM (*posthumous*)
  - Award received by his son

#### Padma Shri Awardees (for distinguished service):

- **Dr. Soniya Nityanand** – Vice-Chancellor, King George's Medical University
- **I.M. Vijayan** – Legendary Indian footballer
- **Ricky Kej** – Grammy-winning music composer
- **Ashwini Bhide Deshpande** – Hindustani classical vocalist
- **Ashok Laxman Saraf** – Popular film actor
- **Barry John** – Veteran theatre artist and mentor
- **Mamata Shankar Ghosh** – Renowned dance choreographer
- **Reba Kanta Mahanta** – Traditional mask-maker
- **Velu Aasan** – Traditional *Parai* percussionist
- **Sajjan Bhajanka** – Entrepreneur
- **Sant Ram Deswal** – Writer
- **Farooq Ahmad Mir** – Prominent figure in social service

## Facts To Remember

### 1. Anil Kumble to be named as Forest, Wildlife ambassador

Former cricketer Anil Kumble will be nominated as the Forest and Wildlife Ambassador, Forest, Biology and Environment Minister Eshwar. B. Khandre said.

### 2. Om Birla nominates three LS members to Press Council

Lok Sabha Speaker Om Birla has nominated three members to the Press Council of India, including BJP leader Sambit Patra, Shiv Sena's Naresh Mhaske, and Congress's Kali Charan Munda.

### 3. EU approves €150 billion loan to rearm amid times of uncertainty

EU countries on Tuesday formally approved a new €150-billion loan programme to help rearm in the face of Russia and worries over U.S.

### 4. Gulveer clinches India's first gold

India's best track athlete this season so far, Gulveer Singh continued his impressive performance with the country's first gold at the Asian Athletics Championships, winning the 10,000m on the opening day of the competition in Gumi, South Korea.

### 5. Rising Outward FDI and Declining Reinvested Earnings Raise Concerns for India's Net FDI

The share of **repatriation and disinvestment** in India's gross FDI inflows has surged from about **25% in 2019-20** to **63% in 2024-25**. Foreign inve

#### FIVE TO REMEMBER · 28 MAY 2025

1. To replace the **117-year-old Registration Act, 1908** with a modern, digital-first legal framework that enhances transparency, accessibility, and ease of property registration in India. Draft Registration Bill, 2025
2. **Objective:** Reimburse exporters for embedded central/state/local duties, taxes, and levies not refunded under any other scheme. RoDTEP (Remission of Duties and Taxes on Export...
3. In **2022**, India announced its **first Dugong Conservation Reserve** in **Palk Bay, Tamil Nadu** (448.3 sq. km). World Dugong Day 2025: Conservation of India's ...
4. **PAI (Panchayat Advancement Index)** is a **performance tracking tool** for over **2.5 lakh Gram Panchayats** across India. Panchayat Advancement Index (PAI) 2.0
5. **ITR1** now includes an option to report **long-term capital gains (LTCG) up to ₹1.25 lakh**. CBDT Extends Income Tax Return Filing Deadline ...

**Now test yourself:** [c4scourses.in/daily-quiz/daily-quiz-28-may-2025/](https://c4scourses.in/daily-quiz/daily-quiz-28-may-2025/)

DAY 22 OF 24

**29 May 2025**

Thursday · 21 items · 6 topics

International Affairs 1 · National Affairs 6 · Banking and Finance 7 · Economy 1 · Agriculture 2 · Facts To Remember 4

**Daily Current Affairs Quiz**  
**29 May, 2025****International Affairs****1. Interpol Issues First-Ever Silver Notice (2025)****What is a Silver Notice?**

- A **new Interpol colour-coded alert** introduced in **January 2025**.
- Designed specifically to **track, identify, and recover criminally acquired assets** (not individuals).
- Applicable in cases of **fraud, corruption, money laundering, narcotics, and environmental crimes**.

**Why It Matters**

- **First Silver Notice** issued globally was at the request of **India**.
- Linked to **Shubham Shokeen**, a former French Embassy official accused in a **visa fraud and illicit asset laundering case**.

**How Silver Notices Work**

- Requested by Interpol **member countries** (India via **CBI** – Central Bureau of Investigation).
- Reviewed by **Interpol General Secretariat** to ensure neutrality and prevent misuse.
- Shared with **195 Interpol member nations** to enable:
  - Real-time **asset tracing**
  - **Freezing, seizure, or confiscation** under national laws
  - **Cross-border cooperation** on financial investigations

**Key Features of the Silver Notice**

- **Asset-Focused Tool**: Targets **illicit wealth/assets**, unlike **Red Notice** which targets fugitives.
- **Transnational Scope**: Enables **global tracking of assets**, aiding enforcement agencies.
- **Supports Financial Crime Investigations**: Effective in probing **crypto frauds, shell companies, offshore accounts, real estate laundering**.
- **Promotes Legal Coordination**: Provides legal framework for **bilateral/multilateral asset recovery agreements**.

**Pilot Phase Protocols (Till Nov 2025)**

- Each member country can issue up to **9 Silver Notices**.
- India's usage marks a **milestone in global financial crime enforcement**.

**National Affairs**

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## 1. India's Crypto Policy 2025

### Context

India is preparing to release a discussion paper in June 2025 **outlining possible policy frameworks for regulating crypto assets**. This move reflects a cautious shift in approach amid increasing global support for **digital currencies, particularly influenced by recent developments in the United States**.

### Key Policy Developments

- **Crypto Discussion Paper Under Finalization**
  - The Government of India is likely to float the paper next month for **public comments**.
  - It will explore multiple regulatory options for **virtual digital assets (VDAs)**.
- **Global Benchmarking and References**
  - The framework will draw from the **IMF-FSB synthesis paper** on crypto regulation.
  - It will study practices across major jurisdictions to formulate India-centric regulations.
- **No Legal Status Yet**
  - In Budget FY23, India introduced a **30% tax on crypto gains**, while clarifying that this does not grant legal validity to crypto assets.
  - **Crypto exchanges** in India are required to register with the **Financial Intelligence Unit (FIU)**.
- **RBI's Caution and CBDC Push**
  - The **Reserve Bank of India** continues to flag concerns regarding crypto misuse in **money laundering** and **terror financing**.
  - RBI is promoting its **Central Bank Digital Currency (CBDC)** as a regulated alternative.

### India's Strategic Approach

- **Consultative and Gradual**
  - The Centre aims for an **in-depth consultative process** with all stakeholders before finalizing its stance.
  - A senior government official stated, "**No knee-jerk decision** would be taken in view of the wide ramifications of this industry."
- **Global Trends Accelerating Policy Consideration**
  - US President **Donald Trump's support** for cryptocurrencies is seen as a major turning point.
  - **Bharti Group Chairman Sunil Mittal** emphasized the need for India to keep pace with the changing global scenario.

### Geopolitical Context and Influence

- **US Policy Reversal**
  - The US, previously restrictive under President Biden, has pivoted towards **pro-crypto legislation**.
  - A **strategic bitcoin reserve** has been created.
  - Trump's administration **pardoned Ross Ulbricht**, founder of the Silk Road dark web marketplace.
  - US Vice President **JD Vance** urged the crypto industry to maintain pressure on Congress.
- **Pakistan's Entry**
  - Pakistan announced the creation of its **first state-backed bitcoin reserve**, inviting global crypto investment.

## 2. IMD to Launch 'Mausam GPT'

### Context

The **India Meteorological Department (IMD)** will launch '**Mausam GPT**', an AI-powered app providing

**localized weather forecasts** via **text and voice**. The app will be available **within six months** and accessible on **smartphones and basic feature phones**, especially targeting **small and marginal farmers**.

#### Key Features of Mausam GPT

- **Local Language Support:** Forecasts delivered in regional languages.
- **Text and Audio Outputs:** For accessibility, especially in **rural, semi-literate populations**.
- **Ultra-Simplified Interface:**
  - Access via **2–3 button presses** on basic phones
  - No need for internet access
- **Location-Based Forecasts:**
  - Uses **telecom towers** to auto-detect user location
  - Offers **day-wise forecast**, e.g., “Day 1 – no rain, Day 2 – no rain, Day 3 – light rain”

#### Benefits for Key User Groups

- **Farmers** (India has 145 million, with 86 million title-holding):
  - Accurate, hyperlocal weather to aid in **crop-sowing decisions**
  - Ensures **timely and actionable information**, unlike generic city forecasts
- **Travellers:**
  - Smartphone users can input **location and travel date** to receive forecasts
  - Also includes **advisories on appropriate clothing and safety tips**

#### Pilot and Development Status

- A prototype version called '**Monsoon GPT**' has been developed and is being refined.
- The upgraded **Mausam GPT** will integrate **AI models with telecom-based location services** for rural compatibility.

### 3. Government Plans to Upgrade Four Miniratna PSUs to Navratna Status

#### Context

The **Ministry of Finance** is set to promote **four Central Public Sector Enterprises (CPSEs)** from **Miniratna** to **Navratna** status in the coming months. This move is part of the government's strategy to enhance operational autonomy and boost global competitiveness of high-performing PSUs.

#### CPSEs Proposed for Navratna Status

1. **Cochin Shipyard Limited (CSL)** – Kochi, Kerala
2. **Goa Shipyard Limited (GSL)** – Goa
3. **Garden Reach Shipbuilders & Engineers Ltd (GRSE)** – Kolkata, West Bengal
4. **MOIL Limited** – Nagpur, Maharashtra

#### About the Navratna Scheme

- **Launched:** 1997 by the Government of India
- **Objective:** Identify and empower CPSEs with global potential.
- **Benefits to Navratna CPSEs:**
  - Greater **financial and administrative autonomy**
  - Authority for **capital expenditure, strategic investments**, and **M&A**
  - Flexibility in **human resource management** and forming **joint ventures**

## 4. Poverty in India: NSO Surveys and World Bank Confirm

### Major Findings from NSO Surveys (2022–23, 2023–24) & World Bank

- **Poverty Headcount Ratio:**
  - Declined from **29.5% in 2011–12** to **4.9% in 2023–24**, a **24.6 percentage point drop**.
- **Extreme Poverty (World Bank standard):**
  - Share living below **\$2.15/day (PPP)** fell from **16.2% to 2.3%**.
  - At **\$3.65/day**, poverty declined from **61.8% to 28.1%**.
- **GDP & Inflation Support:**
  - **GDP growth** at **9.2%** in 2023–24.
  - **CPI inflation** eased to **5.4%**, aiding real consumption.

### Updated Poverty Lines (Rangarajan Committee Adjusted for Inflation)

| Year    | Rural Poverty Line | Urban Poverty Line |
|---------|--------------------|--------------------|
| 2011–12 | ₹972               | ₹1,407             |
| 2022–23 | ₹1,837             | ₹2,603             |
| 2023–24 | ₹1,940             | ₹2,736             |

### Consumption & Inequality Trends

- **Gini Coefficient** (consumption-based):
  - Fell from **0.310 (2011–12)** to **0.253 (2023–24)** – indicates **reduced inequality**.
- **Poverty Distribution:**
  - **50% of the poor** live between **75%–100% of the poverty line**, enabling precision in **targeted welfare**.

### Rural vs Urban Impact

- Both rural and urban areas contributed **equally to poverty reduction**.
- **Urban inequality** fell **faster**, though **urban welfare gaps** remain.

### Survey Improvements

- New methodology adopted in 2022–23 and 2023–24:
  - **Inflation-indexed thresholds**, improved sampling.
  - Sectoral insights covering **consumption, housing, energy**, etc.

### Challenges to Sustaining Poverty Reduction

- **Vulnerability to Shocks:**
  - Many households remain **near the poverty line**, prone to **climate, health, and economic shocks**.
- **Patchy Welfare Access:**
  - **Urban poor**, gig workers, and migrants face **gaps in PDS, health coverage**.
- **Food Inflation Pressure:**
  - Food inflation rose to **7.5%** in FY24 – **disproportionately impacts poor households**.
- **Data Gaps:**
  - Informal urban workers often **underrepresented** in consumption surveys.
- **Regional Inequality:**
  - **Bihar, Jharkhand, Odisha** still lag behind national averages.

### Way Forward: Policy Recommendations

- **Targeted Support for Near-Poor:**
  - Expand **PM-GKAY**, **LPG DBTs**, and **direct cash transfers**.

- **Strengthen Rural Employment:**
  - Boost **NREGA** with **climate-resilient jobs**.
- **Urban Social Security:**
  - Establish **portable, unified safety nets** for gig workers and migrants.
- **Education & Nutrition Investment:**
  - Close gaps via **PM POSHAN, Saksham Anganwadi**.
- **Real-Time Poverty Tracking:**
  - Launch **annual, multi-dimensional poverty audits** with updated household-level data.

## 5. WMO Decadal Climate Forecast 2025–2029

### Context

The **World Meteorological Organization (WMO)** has released a new decadal climate forecast, warning that global temperatures between 2025 and 2029 are expected to remain at or above record levels, significantly increasing climate-related risks and development challenges.

### Key Highlights:

- Global mean surface temperature expected to be **1.2°C to 1.9°C above pre-industrial levels (1850–1900)**.
- **80% chance** that at least one year between 2025–2029 will surpass **2024's record heat**.
- **86% probability** one year will exceed the **1.5°C global warming threshold**.
- **70% likelihood** the **five-year average temperature (2025–2029)** will be above **1.5°C**, up from 47% in last year's forecast.
- Short-term overshoot of the **Paris Agreement's 1.5°C target** is increasingly probable, though the target refers to long-term averages.

### Key Regional Climate Changes

- **Arctic warming accelerating**, with winter temperatures projected **2.4°C above 1991–2020 average**, over 3.5 times faster than the global rate.
- Significant **sea ice decline** in the Barents, Bering, and Okhotsk seas, threatening **biodiversity and indigenous communities**.
- **Precipitation shifts:**
  - Wetter conditions forecasted for **Sahel, Alaska, and Northern Europe**.
  - Drier conditions expected in the **Amazon Basin and parts of South Asia**, increasing drought risks.
- **South Asia** may experience **continued wet years**, though precipitation will vary seasonally and regionally.

### Environmental and Socioeconomic Consequences

- **Extreme weather events** (heatwaves, floods, droughts) will intensify with every fraction of warming, impacting both **urban infrastructure and agricultural productivity**.
- **Glacial melting and sea-level rise** pose escalating risks to coastal populations.
- **Ocean warming and acidification** will degrade marine ecosystems, threatening **fisheries and global food security**.
- Climate changes jeopardize **Sustainable Development Goals (SDGs)**, particularly in areas of **food security, water availability, and public health** in vulnerable regions.

## 6. QCI (Quality Council of India)



## What is QCI?

The **Quality Council of India (QCI)** is an autonomous national accreditation body dedicated to ensuring **quality assurance** in products, services, and processes across diverse sectors through **independent third-party assessments**.

### Establishment and Governance

- Founded in **1996** based on recommendations from an **EU Expert Mission** and inter-ministerial consultations.
- Operates under the **Ministry of Commerce and Industry**, specifically the **Department for Promotion of Industry and Internal Trade (DPIIT)**.
- Headquarters located at the **World Trade Centre (WTC), New Delhi**.
- Functions under a **Public-Private Partnership (PPP)** model, involving government and industry chambers like **CII, FICCI, and ASSOCHAM**.
- Registered under the **Societies Registration Act, 1860**.
- Governed by a **39-member Governing Council** equally representing government, industry, and stakeholders.
- The **Chairperson** is nominated by the **Prime Minister of India**.

### Objectives of QCI

- Promote and maintain **quality standards** across public and private sectors.
- Provide **independent accreditation** and **third-party assessment** services.
- Enhance **quality of life** and **public service delivery** by improving governance standards.
- Serve as the nodal agency for implementing **National Quality Campaigns** aligned with **global benchmarks**.

### Key Functions of QCI

- **Accreditation Services:** Manages accreditation bodies like **NABL (labs)**, **NABH (healthcare)**, **NABET (environment)**, and **NBQP**, ensuring adherence to quality standards.
- **Third-party Assessments:** Conducts independent evaluations of services, infrastructure, and government schemes.
- **Policy Implementation Support:** Facilitates quality initiatives under flagship programs like **Swachh Bharat Abhiyan** and **Ayushman Bharat**.
- **Capacity Building:** Trains auditors and quality professionals to enhance sectoral quality performance.
- **Global Collaboration:** Aligns India's quality frameworks with **international standards** and **WTO requirements**, boosting India's global competitiveness.

## Banking and Finance

### 1. Source of Income for RBI

#### Context

The **Reserve Bank of India (RBI)** reported a **27% increase in net income for FY25**, aided by higher global interest rates and significant gains from dollar sales. This enabled the RBI to **transfer a record surplus of ₹2.69 lakh crore** to the central government, helping bridge the fiscal deficit.

#### How Does RBI Earn Profits?

The **Reserve Bank of India (RBI)** earns revenue from various operations, even though **profit-making is not its primary mandate**. Its main function is to maintain **monetary stability**, but it generates income through several financial activities.

## Foreign Currency Investments

- **Source:** Investment of India's **foreign exchange reserves**
- **Instruments:** US Treasury bonds, Euro bonds, etc.
- **Earnings:** **Interest income** on foreign securities
- **Purpose:** Stabilize the rupee and ensure forex liquidity

## Currency Trading / Forex Market Operations

- **Mechanism:**
  - Buys dollars during excess inflows (e.g., FPI inflows)
  - Sells dollars during rupee depreciation
- **Profit Source:**
  - **Trading gains** from forex transactions
  - Timing and pricing advantages in buying/selling currencies

## Interest on Domestic Assets

- **Government Bonds:**
  - Holds large amounts of **Indian G-Secs**, earns **coupon interest**
- **Lending to Banks (Repo Operations):**
  - Lends short-term funds to banks at the **Repo Rate**
  - In FY 2023–24, the repo rate was ~6.5%, boosting interest income

## Seigniorage (Currency Issuance Profit)

- **Definition:** **Profit earned by issuing currency**, i.e.,
  - **Seigniorage = Face Value of Currency – Cost of Printing/Minting**
- **Example:** If printing a ₹500 note costs ₹3, the profit is ₹497
- **Significance:** A direct income for the RBI and government, especially when currency demand is high
- **Economic Role:** Considered a **non-tax revenue** for the sovereign

## Table: RBI's Major Income Sources

| Source                            | Description                                                       |
|-----------------------------------|-------------------------------------------------------------------|
| <b>Foreign Investments</b>        | Interest on forex reserves (USD, Euro, Pound assets)              |
| <b>Currency Market Operations</b> | Trading gains from rupee-dollar stabilization                     |
| <b>Government Securities</b>      | Interest income from Indian government bonds                      |
| <b>Repo Lending to Banks</b>      | Earnings from repo rate under Liquidity Adjustment Facility (LAF) |
| <b>Seigniorage</b>                | Profit from issuing currency (Face Value – Production Cost)       |

## UPSC Prelims PYQ

### Q1. Which of the following are the sources of income for the Reserve Bank of India ? (UPSC Prelims – 2025)

- Buying and selling Government bonds
- Buying and selling foreign currency
- Pension fund management
- Lending to private companies
- Printing and distributing currency notes

**Select the correct answer using the code given below:**

I and II only

III, III and IV

I, III, IV and V

I, II and V

## 2. Insider Trading

### Context

The Securities and Exchange Board of India (SEBI) has **barred five former senior executives of IndusInd Bank**, including ex-MD & CEO **Sumant Kathpalia** and former Deputy CEO **Arun Khurana**, for alleged **insider trading violations**. The market regulator also directed them to **disgorge ₹19.78 crore**, representing losses avoided by trading shares based on **unpublished price-sensitive information (UPSI)**.

### What is Insider Trading?

#### Definition:

Insider trading refers to **buying or selling securities** of a publicly listed company by individuals who possess **Unpublished Price Sensitive Information (UPSI)**.

#### Types of Insiders:

- Employees or directors of the company
- Immediate relatives of connected persons
- Officials at stock exchanges or clearing houses
- Trustees, AMC board members, or officials in mutual fund companies
- Executives in holding or associate companies

### Legal vs Illegal Insider Trading

| Legal Insider Trading                                    | Illegal Insider Trading                                       |
|----------------------------------------------------------|---------------------------------------------------------------|
| Occurs when insiders trade <b>without</b> using any UPSI | Occurs when trades are based on <b>UPSI</b>                   |
| Must be <b>disclosed</b> to the stock exchange           | <b>Hidden and unfair</b> , violates SEBI norms                |
| Common among employees owning shares                     | Examples include trading before earnings or M&A announcements |

#### Example:

An employee sells company stock after retirement, based on a pre-planned timeline — **Legal**.  
If they sell after receiving UPSI about a major acquisition — **Illegal**.

### SEBI's Regulation Against Insider Trading

#### Key Regulations:

- **SEBI (Prohibition of Insider Trading) Regulations, 1992**  
Updated in **2015** and later in **2019** to strengthen compliance.

#### Objectives

- Promote **fairness and transparency** in the securities market
- Prevent **information asymmetry**
- Ensure **equal access** to market-relevant information

#### Prohibited Activities:

- Dealing in shares while in possession of UPSI
- Communicating UPSI to outsiders (except legal requirements)

### Examples of Unpublished Price Sensitive Information (UPSI)

- Declaration of dividends
- Quarterly or annual financial results
- Buyback of securities or issuance of new shares
- Mergers, acquisitions, or takeovers
- Major strategic business changes

### Section 11(2)(e) of Companies Act, 1956

This section prohibits insider trading with an aim to:

- Prevent market manipulation
- Promote a level playing field for investors
- Safeguard investor interest and confidence

### 2019 Update to SEBI Regulations

- Companies must implement a **code of conduct** for handling UPSI
- Establish mechanisms to **prevent and detect information leaks**
- Ensure **compliance and accountability** at all organizational levels

### Penalties for Insider Trading

- **Monetary fines** by SEBI
- **Imprisonment** (up to 10 years)
- **Debarment** from accessing capital markets
- Loss of **reputation and professional standing**

### Regulatory Significance

- The action signals SEBI's **strict enforcement** of insider trading norms and **zero tolerance for misuse of sensitive financial information** by senior corporate officers.
- Reinforces the importance of **transparent trading plans** and **compliance with UPSI disclosure norms** under SEBI (Prohibition of Insider Trading) Regulations.

BS

## 3. FM Sitharaman Urges PSU Insurers to Innovate for Emerging Risks

### Context

Union Finance Minister **Nirmala Sitharaman**, while chairing a review meeting with **Public Sector General Insurance Companies (PSGICs)** in New Delhi, instructed insurers to **develop innovative products**, strengthen **underwriting practices**, and embrace **digital transformation** to enhance customer satisfaction and financial resilience.

### Key Highlights

- **Innovation and Risk Alignment**
  - Directed PSGICs to design products tailored to **emerging risks**, such as **cyber fraud** and **new-age consumer needs**.
  - Emphasis on **diversifying the insurance portfolio** in response to evolving risk profiles.
- **Underwriting and Profitability**
  - Advised alignment of **combined ratios** with **global benchmarks** to ensure long-term **profitability and financial stability**.
  - Stressed the need for **portfolio optimization** and robust **underwriting discipline**.

"Trust the process, but check the tracker."

- **Customer Experience and Digitization**

- PSGICs were instructed to:
  - **Promptly address customer grievances**
  - **Enhance social media engagement**
  - Ensure seamless integration with the **Account Aggregator system**
  - Implement **end-to-end digital Know Your Customer (KYC)** processes

- **Partnerships and Outreach**

- Encouraged strategic **collaborations with intermediaries, fintechs, and insurtech firms**.
- Aim is to **broaden service access**, expand **market reach**, and **deepen insurance penetration** across diverse demographics.

BS

#### 4. Kotak811 Launches New Campaign Targeting India's Digital Banking Generation

##### Context

**Kotak Mahindra Bank** has launched a new campaign to promote **Kotak811**, its flagship **digital banking platform**. The campaign aiming to resonate with **India's digital-first generation** through bold, engaging communication.

##### Key Features of Kotak811

- **Instant digital account onboarding** in under **5 minutes**.
- **Seamless UPI transactions** for fast and secure payments.
- **Smart investment tools** to help users manage and grow their finances.
- **Cashback rewards** on transactions.
- Backed by **Kotak Mahindra Bank's trust and credibility**.

##### Strategic Context and Market Opportunity

- India has **over 1 billion mobile connections**, with a growing base of **tech-savvy users** demanding fast, secure, and intuitive financial services.
- Consumers expect **speed, simplicity, security**, and a **feature-rich** experience from banking platforms.
- Kotak811 is positioned as a **full-service mobile bank**, aiming to capture India's expanding **digital banking market**.

##### Campaign Objective

- Reposition Kotak811 as a **frictionless, user-first digital bank** for young, mobile-first Indians.
- Align with the evolving expectations of the **next generation of banking consumers** through a **vibrant, tech-driven brand presence**.

#### 5. SEBI Approves JioBlackRock to Launch Mutual Fund Operations in India

##### Context

The **Securities and Exchange Board of India (SEBI)** has granted regulatory approval to **JioBlackRock Asset Management Pvt Ltd** to begin operations as an **investment manager for mutual funds** in India. This marks the formal entry of a major new player into India's mutual fund landscape.

##### About JioBlackRock

- A **50:50 joint venture** between:
  - **Jio Financial Services Ltd (JFSL)** – part of the Reliance Group
  - **BlackRock Inc** – the world's largest asset manager

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"Trust the process, but check the tracker."

- Aimed at leveraging **global asset management expertise** with **local financial scale and reach**.

### Strategic Objectives

- Offer **innovative, technology-driven investment products** for:
  - **Retail mutual fund investors**
  - **Institutional investors**
- Leverage **BlackRock's data-driven investing capabilities** to differentiate in a competitive market.
- Expand financial inclusion by increasing mutual fund participation across India.

### Significance for India's Mutual Fund Industry

- Enhances **competition and innovation** in the asset management space.
- Encourages greater **retail investor participation** in capital markets.
- Aligns with broader efforts to deepen **India's financial markets and investment ecosystem**.

## 6. Display of Only Verified Bank Account Holder Names on UPI Apps

### Context

The **National Payments Corporation of India (NPCI)** has mandated that all **Unified Payments Interface (UPI)** applications must display **only the verified bank account holder's name** from **June 30, 2025**. **Custom or user-defined names** will no longer be allowed on UPI platforms.

### Applicability

- The rule is binding on **all UPI apps** including:
  - **PhonePe**
  - **Google Pay**
  - **Paytm**
  - **BHIM**
  - And other NPCI-authorized UPI apps.

### Objective of the Mandate

- **To reduce digital payment frauds** by:
  - Eliminating **fake or misleading display names** that scammers use to deceive users.
  - Ensuring **only bank-verified names** appear on the recipient side of a transaction.

### Rationale Behind the Move

- Fraudsters previously used **fake aliases or misleading names** in payment apps to trick users.
- This update aims to:
  - **Enhance trust** in UPI transactions.
  - **Prevent accidental or fraudulent payments** to incorrect recipients.
  - Improve **transaction transparency and security** for millions of digital users in India.

## Economy

### 1. Maharashtra Leads FDI Equity Inflows in FY25

#### Context

According to data released by the **Department for Promotion of Industry and Internal Trade (DPIIT)**, **Maharashtra** has retained its top position in **FDI equity inflows** during FY25, while **Gujarat** dropped two positions to the fourth rank. **Karnataka, Delhi, and Tamil Nadu** moved up one rank each, reflecting

changes in foreign investor preferences and state-level economic dynamics.

### Top 5 States by FDI Equity Inflow in FY25

| Rank | State       | FY24 Rank | FDI Inflow (FY24, \$ bn) | FDI Inflow (FY25, \$ bn) | YoY % Change   |
|------|-------------|-----------|--------------------------|--------------------------|----------------|
| 1    | Maharashtra | 1         | 15.1                     | 19.6                     | <b>+29.8%</b>  |
| 2    | Karnataka   | 3         | 6.57                     | 6.62                     | <b>+0.76%</b>  |
| 3    | Delhi       | 4         | 6.5                      | 6.1                      | <b>-6.15%</b>  |
| 4    | Gujarat     | 2         | 7.3                      | 5.7                      | <b>-21.92%</b> |
| 5    | Tamil Nadu  | 6         | 2.4                      | 3.7                      | <b>+54.17%</b> |

### Key Trends and Insights

- **Maharashtra** continues to dominate with **\$19.6 billion** in FDI equity inflow, showing the highest absolute and percentage growth.
- **Gujarat** witnessed a **21.9% decline**, falling to fourth position.
- **Karnataka** overtook Gujarat to become the **second-largest FDI recipient**, with stable inflows and marginal growth.
- **Tamil Nadu** saw the **highest YoY growth in percentage terms** (+54.1%), signaling growing investor interest in the southern state.
- **Delhi** experienced a moderate decline of **6.1%**, though it moved up to the third position.
- Despite a **96% drop in net FDI inflows** to just **\$0.35 billion**, **gross FDI inflows grew 14% to \$81 billion**, reflecting strong reinvested earnings and equity inflows.

### Long-Term Cumulative FDI (Oct 2019 to Mar 2025)

(Selected States, in \$ million)

- Maharashtra: **\$61,310.0**
- Haryana: **\$57,649.98**
- Goa: **\$44,912.44**
- Gujarat: **\$37,807.30**
- Rajasthan: **\$14,619.34**
- Andhra Pradesh: **\$12,877.13**
- Uttar Pradesh: **\$10,768.04**
- Karnataka: **\$1,375.19** (appears understated; cross-verification needed)
- Tamil Nadu: **\$1,121.27**

### Implications

- States like **Tamil Nadu and Maharashtra** have positioned themselves as FDI-friendly through **infrastructure development, ease-of-doing-business reforms, and sector-specific policies**.
- The fall in net FDI inflows warrants closer examination of **capital repatriation, disinvestment trends, and M&A activities**.
- **Gujarat's drop** reflects the need for policy recalibration to retain its competitive edge in industrial investments.

## Agriculture

### 1. CCEA Approves Revised MSP for 14 Kharif Crops

"Trust the process, but check the tracker."

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### What is Minimum Support Price (MSP)?

- MSP is the **minimum guaranteed price** set by the government to protect farmers from distress sales and ensure **income stability**, even if market prices fall.
- Recommended by the **Commission for Agricultural Costs and Prices (CACP)** and approved by the **Cabinet Committee on Economic Affairs (CCEA)**.
- Introduced in **1966–67** during the Green Revolution, initially for wheat and paddy.

### MSP Calculation Formula

- Based on **A2+FL method**:
  - A2 = Paid-out costs (labour, seeds, irrigation, etc.)
  - FL = Imputed value of family labour
- Government mandates a **minimum 50% margin** over the production cost to ensure farmer profitability.
- Since **Budget 2018–19**, MSP is fixed at **5 times the cost of production (A2+FL)** to guarantee fair returns.

### Crops Covered Under MSP

- **Kharif Crops**:
  - Cereals: Paddy, Jowar, Bajra, Ragi, Maize
  - Pulses: Tur (Arhar), Moong, Urad
  - Oilseeds: Groundnut, Sunflower, Soyabean, Sesamum, Niger-seed
  - Commercial: Cotton
- **Rabi Crops**: Wheat, Barley, Gram, Lentil (Masur), Rapeseed & Mustard, Safflower
- **Commercial Crops**: Copra, Jute, Toria, De-husked Coconut

### Key Features and Objectives of MSP

- **Biannual Announcement**: Declared before Kharif and Rabi sowing seasons to guide farmers' crop choices.
- **Farmer Protection**: Shields farmers from price fluctuations and prevents exploitation during harvest.
- **Crop Diversification**: Higher MSPs for pulses and oilseeds promote a shift away from water-intensive cereals.
- **Nutritional Security**: Encourages cultivation of millets and **Shree Anna** crops for healthier diets and climate resilience.

BS

## 2. Dr. Panjabrao Deshmukh Krishi Vidyapeeth (PDKV), Akola: Key Highlights (May 2025)

### Context

PDKV received central government approval for the release of **three new crop varieties, enhancing regional agricultural productivity**:

- **AKAW 5100 (Wheat)**
  - Traits: Rust-resistant, drought-tolerant, high-yielding
  - Uses: Suitable for bread and chapati
  - Released for: Maharashtra, Karnataka, Telangana, Andhra Pradesh, Tamil Nadu
- **CSV 65 (Yellow Sorghum)**
  - Bio-fortified with 23.2 ppm Zinc & 30.8 ppm Iron
  - Suitable for kharif season
- **Super Jaki (AKG 1402 Chickpea)**
  - High-yielding variety for rainfed regions

"Trust the process, but check the tracker."

- Early maturing and suited for timely sowing

### Extension of Existing Crop Varieties to New States

Three previously released varieties are now approved for wider cultivation:

- **PDKV Amba (Soybean)**
  - Now approved for: Gujarat
  - Traits: Early maturing (94–96 days), high-yielding, disease-resistant
- **PDKV Purva (Soybean)**
  - Now approved for: Assam, Meghalaya, and Northeast India
  - Traits: High yield (22–25 q/ha), suitable for diverse agro-climatic conditions
- **TAG 73 (Groundnut)**
  - Now approved for: Gujarat
  - Traits: High oil content, good yield potential

### Pre-Kharif Farmers' Fair 2025

Held by the Directorate of Extension Education, PDKV:

- **Key Proposal:**
  - MLA Randhir Savarkar proposed creation of a **Millet Board** within Maharashtra's agri universities
  - Aim: Boost millet cultivation and marketing
- **PDKV's Strategy:**
  - Emphasis on integrated farming, intercropping, and organic techniques
  - Focus on blending traditional knowledge with new technologies
- **Participation & Impact:**
  - 1,400+ farmers attended
  - ₹1.7 crore worth of seeds and inputs sold
  - Technical guidance provided on pest management, weather patterns, and cropping systems

## Facts To Remember

### 1. Kerala govt. planning law to allow culling of wild boars

The Kerala Cabinet on Wednesday examined the legal prospects of introducing a Bill in the next session of the Assembly to sanction well-regulated and scientific culling of wild animals, primarily feral boars, which endanger human life, menace human habitations, and destroy farmlands in the State.

### 2. PM says govt addresses various agriculture-related issues, including fair prices for farmers' produce

Prime Minister Narendra Modi highlighted the importance of developing the country's agriculture sector as a key step toward making India a developed nation. In a video message on his social media account at the launch of the Viksit Krishi Sankalp Abhiyan in Odisha.

### 3. Asian Athletics Championships: India clinches Six medals with three Gold today

In athletics, India's Jyothi Yarraji and Avinash Sable delivered standout performances to win gold in their respective events at the 26th Asian Athletics Championships at GUMI, South Korea.

### 4. First batch of 17 female cadets graduated from National Defence Academy

In a landmark moment in the country's military history, the National Defence Academy (NDA), Pune, held the Passing Out Parade of its 148th course this morning at the iconic Khetarpal Ground, marked by the

commissioning of the first-ever batch of women cadets into the Indian Armed Forces.

#### FIVE TO REMEMBER · 29 MAY 2025

1. Founded in **1996** based on recommendations from an **EU Expert Mission** and inter-ministerial consultations. QCI (Quality Council of India)
2. **Launched:** 1997 by the Government of India Government Plans to Upgrade Four Miniratna PSUs...
3. Declined from **29.5% in 2011–12** to **4.9% in 2023–24**, a **24.6 percentage point drop**. Poverty in India: NSO Surveys and World Bank Co...
4. **80% chance** that at least one year between 2025–2029 will surpass **2024's record heat**. WMO Decadal Climate Forecast 2025–2029
5. Reposition Kotak811 as a **frictionless, user-first digital bank** for young, mobile-first Indians. Kotak811 Launches New Campaign Targeting India'...

**Now test yourself:** [c4scourses.in/daily-quiz/daily-quiz-29-may-2025/](https://c4scourses.in/daily-quiz/daily-quiz-29-may-2025/)

DAY 23 OF 24

**30 May 2025**

Friday · 16 items · 4 topics

National Affairs 4 · Banking and Finance 6 · Agriculture 1 · Facts To Remember 5

**Daily Current Affairs Quiz**  
**30 May, 2025****National Affairs****1. Nurdle Spill in Thiruvananthapuram****What Are Nurdles?**

- **Definition:** Tiny plastic pellets (1 mm to 5 mm in diameter), classified as *primary microplastics*
- **Material Type:**
  - **Low-Density Polyethylene (LDPE)**
  - **High-Density Polyethylene (HDPE)**
- **Usage:**
  - Common in packaging, plastic bags, detergent bottles, automotive parts, medical equipment, etc.
- **Recyclability:** LDPE is **difficult to recycle**

**Environmental and Ecological Impact**

- **Short-term Hazards:**
  - Beach and habitat contamination
  - Immediate threat to marine and coastal ecosystems
- **Long-term Risks:**
  - Breakdown into micro- and nano-plastics
  - Bioaccumulation in marine food chains
  - Entry into the **human food system** via seafood consumption

**Government & Community Response**

- **Volunteer Mobilization:**
  - State government has deployed volunteers for beach cleanup
- **Monitoring Efforts:**
  - **Drones** used by police to assess pellet spread
  - **Rapid Response Teams** under State Pollution Control Board active on the ground
- **Emergency Measures:**
  - Mitigation of **oil slicks and hazardous materials**
  - Protection of **fisherfolk livelihoods** and **marine biodiversity**

**2. Discovery of a New Detection Code in Quantum Materials****Context**

Scientists have found a new way of spotting a property of topological space called topological invariant in quantum materials, that remains unchanged under continuous deformations or transformations.

"Make notes you will actually read again."

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### Key Scientific Discovery

- **Focus Area:** Topological quantum materials
- **Core Achievement:**
  - Discovered a **new method to detect “topological invariants”** using a property called the **spectral function**
  - Analysis based on **momentum-space spectral function (SPSF)**

### Importance of Topological Invariants

- **Definition:** Properties that **remain unchanged** under continuous transformations of a material's structure at the quantum level
- **Examples:** Winding numbers, Chern numbers
- **Function:** These determine **how particles like electrons behave** in topological materials

### Significance in Technology

- **Applications of Topological Materials:**
  - Quantum computing
  - Fault-tolerant electronics
  - Energy-efficient devices
- **Challenge:** Exotic properties are hard to detect
- **Breakthrough:** New method offers a **universal detection tool** for classifying and exploring such materials

### Potential

- May accelerate **discovery and design of next-gen quantum devices**
- Can aid in **material classification**, development of **robust quantum circuits**, and **low-power electronics**

PIB

## 3. E-Hansa: India's Indigenous Two-Seater Electric Trainer Aircraft

### Overview

- **Project Initiation:** India has commenced development of **E-Hansa**, a two-seater electric trainer aircraft.
- **Developer:** Designed and built by **CSIR-National Aerospace Laboratories (CSIR-NAL)**, Bengaluru.
- **Announcement:** Made by Dr. Jitendra Singh, highlighting a step forward in green aviation and indigenous aerospace innovation.
- **Cost:** Approximately ₹2 crore, about **50% cheaper** than imported trainer aircraft.

### Key Highlights

- **Aircraft Type:** Two-seater electric trainer designed for pilot training.
- **Program:** Developed under the **HANSA-3 (Next Generation) trainer program** by CSIR-NAL.
- **Price Advantage:** Substantially reduces cost compared to imported trainers, enhancing affordability.
- **Purpose:** To offer an eco-friendly and cost-effective flight training platform supporting sustainable aviation.

### Strategic Significance

- **Carbon Reduction:** Supports India's commitment to green aviation by promoting **zero-emission operations**.

- **Import Substitution:** Reduces dependence on foreign trainer aircraft, enhancing **self-reliance in aerospace technology**.
- **Indigenous Innovation:** Encourages the development of **homegrown aerospace capabilities** with emphasis on cost-effective manufacturing.

#### 4. Tata Elxsi and Partners Launch Battery Aadhaar Initiative at Battery Summit 2025

##### Overview

- **Event:** Battery Summit 2025
- **Partners:** Tata Elxsi, Tata Motors, Tata AutoComp Systems, IIT Kharagpur
- **Project:** Battery Aadhaar – a digital identification system for batteries
- **Alignment:** Supports India's green mobility goals and circular economy principles

##### What is Battery Aadhaar?

- A **digital ID system** for batteries enabling **full lifecycle traceability**
- Uses **secure blockchain-backed technology** for data integrity
- Developed via Tata Elxsi's **MOBIUS+ platform**, in collaboration with Tata Motors, Tata AutoComp, and IIT Kharagpur

##### Objectives

- Assign **unique digital identities** to individual batteries
- Enable **safe use**, regulated **reuse**, and efficient **disposal**
- Ensure compliance with **national and global battery regulations**, including the **EU Battery Regulation**

##### Key Features

- **Blockchain Integration:**
  - Tamper-proof, real-time data logging of each battery unit
- **Lifecycle Transparency:**
  - Tracks manufacturing details, usage history, and material composition
- **Regulatory Compliance:**
  - Automated reporting aligned with Indian and international policies
- **Sustainability Link:**
  - Facilitates circular economy by minimizing battery waste and environmental hazards

##### Significance and Impact

- Prevents **unsafe reuse** of degraded or old batteries, enhancing EV safety
- Improves **visibility and traceability** in India's battery supply chain
- Supports **sustainability and environmental protection** through responsible battery management
- Promotes **eco-friendly innovation** in mobility, energy storage, and electronics sectors
- Reinforces India's leadership in **green technology** and supports the **National Electric Mobility Mission Plan (NEMMP)**

## Banking and Finance

### 1. SEBI Tightens Oversight of Derivatives Market With New Risk-Based Rules

#### Context

The Securities and Exchange Board of India (SEBI) has issued a comprehensive circular introducing

sweeping changes to the regulatory framework of the equity derivatives market.

### Objective

- To **enhance market integrity** and **curb excessive speculation** in the equity derivatives segment.
- To align **derivatives risk measurement** more closely with **underlying cash market activity**.
- To prevent **market manipulation**, especially during F&O ban periods.

### Key Changes Announced by SEBI

#### Futures Equivalent Open Interest (New Method for OI Calculation)

- Replaces the current **notional value method** with a **delta-based model**.
- Will compute **Open Interest (OI)** based on **Futures Equivalent Open Interest**, factoring in the **sensitivity (delta)** of each option/future to the underlying stock/index.
- Seen as a **more accurate reflection of market risk exposure**.

#### Tighter Position Limits in Single-Stock Derivatives

- **Market-Wide Position Limits (MWPL)** for single-stock F&O will now be tied to the **cash market delivery volume**.
- Prevents **artificial inflation** of MWPL due to **far-out-of-the-money options** with negligible value.
- Aims to **reduce F&O ban misuse** and manipulation in **illiquid stocks**.

#### Stricter F&O Ban Rules

- Once a stock enters the F&O ban list:
  - Any further trading in its derivatives must **reduce exposure** by **end of day**.
  - **Clearing Corporations** will impose **penalties** for violations.

#### New Position Limits in Index Derivatives (Effective July 1, 2025)

- **Index Options:**
  - Net basis cap: ₹1,500 crore per entity.
  - Gross basis cap: ₹10,000 crore per entity.
- **Index Futures:**
  - Limits will be based on **type of market participant** (detailed categorization to follow).
- **Passive breaches** due to market changes **won't be penalized**.

#### Extended Pre-Open Session

- **Pre-open window** now includes:
  - **Current-month futures** on stocks and indices.
  - **Next-month contracts** during the **last 5 trading days before expiry**.
- Aim: Ensure **smooth rollover** and **better price discovery**.

### Implementation

- Most provisions, including index F&O limits, take effect from **July 1, 2025**.
- Pre-open session changes will be operational before the next **expiry cycle**.

TET

## 2. Alternative Investment Funds

### Context

In FY25, **Category III Alternative Investment Funds (AIFs)** grew nearly **3x faster** than **Portfolio Management Services (PMS)**.



- **AIF Commitments:** ₹2.3 trillion (↑58% YoY)
- **PMS AUM:** ₹4.3 trillion (↑19% YoY)
- Data Source: SEBI & Association of Portfolio Managers in India (APMI)

### What Are Alternative Investment Funds (AIFs)?

Alternative Investment Funds (AIFs) are **privately pooled investment vehicles** that differ from traditional investment options such as stocks and mutual funds. These funds are typically **preferred by High-Net-Worth Individuals (HNIs) and institutional investors** due to the high capital requirement.

AIFs operate under the **SEBI (Alternative Investment Funds) Regulations, 2012** and can be structured as **a company, Limited Liability Partnership (LLP), trust, or other legal entities**.

### Types of AIFs in India

SEBI classifies AIFs into three categories based on their investment objectives:

#### Category 1: Growth-Oriented and Impact Investments

These funds primarily invest in start-ups, SMEs, and socially responsible businesses.

- **Venture Capital Funds (VCFs)**
  - Provide financing to new-age startups with high growth potential.
  - Suitable for investors with a **high-risk, high-return** mindset.
- **Angel Funds**
  - Invest in early-stage start-ups that lack access to venture capital.
  - Minimum investment per angel investor: **₹25 lakh**.
- **Infrastructure Funds**
  - Focus on companies involved in **railway, port, and urban development projects**.
  - Attract investors optimistic about India's infrastructure growth.
- **Social Venture Funds**
  - Invest in businesses with **social impact objectives**, such as healthcare and education.
  - Offer **philanthropic benefits** while aiming for moderate returns.

#### Category 2: Private and Debt-Focused Investments

These funds invest in a range of private and debt instruments without leveraging.

- **Private Equity (PE) Funds**
  - Invest in **unlisted private companies** with high growth potential.
  - Typically have a **lock-in period of 4-7 years**.
- **Debt Funds**
  - Primarily invest in **debt securities of unlisted firms**.
  - Target companies with **strong corporate governance but lower credit ratings**.
  - SEBI guidelines prohibit the use of funds for direct lending.
- **Fund of Funds (FoFs)**
  - Invest in **other AIFs** rather than directly into securities.
  - Suitable for investors seeking **diversified exposure**.

#### Category 3: Market-Driven and High-Risk Investments

These funds employ aggressive strategies and often invest in listed securities.

- **Private Investment in Public Equity (PIPE) Funds**
  - Acquire **publicly traded shares at discounted rates**.
  - Less regulatory burden than traditional secondary issues.

- **Hedge Funds**

- Invest in **both domestic and global equity & debt markets**.
- Use **complex strategies** like derivatives and leverage for high returns.
- Typically **charge high fees** (e.g., **2% management fee + 20% of profits**).

### Who Can Invest in AIFs?

AIFs cater to sophisticated investors with substantial capital.

- Eligible investors: **Resident Indians, NRIs, and foreign nationals**.
- **Minimum investment**: ₹1 crore (₹25 lakh for fund managers, employees, and directors).
- **Lock-in period**: Minimum **3 years**.
- **Investor cap per scheme**: Maximum **1,000 investors** (except Angel Funds, which allow up to 49).

### Benefits of Investing in AIFs

- **High Return Potential** – AIFs enable fund managers to deploy **strategic, high-growth investment models**.
- **Lower Volatility** – These funds are **less affected by stock market fluctuations**, making them more stable.
- **Diversification** – AIFs provide exposure to **alternative assets**, reducing risk during market downturns.

## 3. SEBI's Investor Protection and Market Integrity Measures

### UPI-linked Fraud Prevention System

- **New UPI System Underway**:
  - Investor funds will **only be transferred to pre-registered bank accounts**
  - Objective: Prevent cyber fraud, misrouting of funds, and scams via fake trading platforms
- **Whitelist Mechanism**:
  - Only **approved financial apps** will remain on Play Store
  - Non-whitelisted/unregulated apps to be pulled down

### Crackdown on Unregulated 'Finfluencers'

- **Action Taken**:
  - SEBI has removed **70,000 unregistered finfluencers**
  - Ongoing removal rate: **5,000 per month**
- **New Advertisement Restriction**:
  - **No SEBI-regulated entity** is allowed to advertise via **unregistered finfluencers**
  - Aim: **Dismantle the business model** of misinformation-based market promotion

### Combatting Misinformation by Listed Companies

- **Verification System in Progress**:
  - Exchanges to verify **disclosures and claims** made by listed companies
  - False or misleading disclosures will be **flagged quickly** to protect retail investors

### Cybersecurity and Inter-agency Coordination

- **Collaborations Planned**:
  - Coordination with **state police, cybercrime units, ED, and CBI**
  - Plan to build **multi-agency response systems** for financial cybercrimes
- **Investor Education Push**:
  - Focus on **portfolio allocation awareness**, especially among F&O retail investors

- SEBI emphasizes that **“overnight wealth through trading” is a gambling illusion**

## 4. SEBI's New Risk Monitoring Framework & Position Limits Update

### Context

The Securities and Exchange Board of India (SEBI) has come up with a new framework for risk monitoring and increased the position limits for futures and options. In its latest circular, the markets watchdog said it had changed the method to calculate the value of **open interest (OI)** from notional value-based to delta-based. The new method will weigh OI by the price sensitivity making it impossible to manipulate trades.

### Key Highlights:

- **Change in Open Interest (OI) Calculation:**
  - Shift from **notional value-based** to **delta-based** method
  - Delta-based OI weights positions by **price sensitivity** of derivatives
  - Objective: Make trade manipulation **impossible** by more accurate risk measurement
- **Increase in Position Limits:**
  - SEBI has raised the **maximum permissible limits** for futures and options positions
  - Intended to **enhance market liquidity and participation**
- **Significance:**
  - Improved **risk monitoring** to strengthen market integrity
  - Reflects SEBI's push for **robust derivatives market regulation**

## 5. RBI Guidelines on Gold Loan Portfolio Monitoring and Risk Management

### Context

The Reserve Bank of India (RBI) has issued directives to banks and non-banking finance companies (NBFCs) to strengthen monitoring and controls over gold loan portfolios, especially concerning outsourced activities and third-party service providers.

### Key Findings from RBI's Supervisory Review

- **Irregularities detected include:**
  - Lapses in monitoring **Loan-to-Value (LTV)** ratios
  - Incorrect application of **risk weights**
  - Weak controls on third-party loan sourcing and appraisal
  - Inadequate **due diligence** and **end-use monitoring**
  - Lack of transparency during **gold ornament auctions**

### RBI Directives to Banks and NBFCs

- Conduct comprehensive reviews of policies, processes, and practices related to gold loans
- Identify operational gaps and implement **time-bound remedial measures**
- Strengthen oversight on outsourced activities and third-party involvement in gold loans

### Draft Guidelines on Loans Against Gold (April 2025)

- Maintain an **LTV ceiling of 75%** throughout the loan tenure, including principal and accrued interest
- Expected impact:
  - Reduction in gold loan disbursement to **55–60%** from current **65–68%** for bullet repayment loans
  - Higher LTV may be allowed for **EMI-based loans**, facilitating faster loan portfolio reduction

## Portfolio Risk Management Requirements

- Establish and periodically review a **ceiling on gold-backed loans** as a percentage of total loans and advances
- Factors to consider for setting limits:
  - Portfolio granularity
  - Collection efficiency
  - Auction-based realisation performance
  - Economic capital adequacy
  - Concentration risks

## Significance and Implications

- The RBI aims to **mitigate risks in gold loan portfolios** and enhance transparency
- The **75% LTV cap** prevents excessive leveraging on gold assets
- Enhanced supervision of **third-party sourcing** reduces operational and credit risks
- Regular portfolio reviews help maintain **financial stability** and reduce potential defaults

## 6. Parliamentary Committee Flags Ambiguities in Insolvency and Bankruptcy Code (IBC)

### Context

A parliamentary Standing Committee on Finance reviewed concerns related to the [Insolvency and Bankruptcy Code \(IBC\)](#), highlighting ambiguities and potential amendments. The review follows the Supreme Court's recent judgment rescinding JSW Steel's resolution plan for Bhushan Power and Steel Ltd (BPSL), sparking debates on the insolvency mechanism's efficiency.

### Key Highlights from the Committee Deliberations

- **Supreme Court Judgment:**
  - SC rescinded JSW Steel's resolution plan for BPSL.
  - Put a status quo on BPSL's liquidation after JSW Steel's plea citing damage to the company, lenders, and employees.
- **Issues Raised:**
  - Ambiguities and inadequacies in the IBC, especially delays in the resolution process.
  - Reference to prior committee (headed by Jayant Sinha) that also highlighted legal gaps and recommended amendments.
  - Initial government amendments accommodated some prior recommendations.
- **Government's Stance:**
  - Actively addressing concerns related to the IBC.
  - Potential for **further amendments** to improve the code.
  - IBC recognized as a useful tool for distressed companies and creditors.

### About the Insolvency and Bankruptcy Code (IBC)

- **Enacted:** 2016
- **Purpose:**
  - Provide a clear legal framework for insolvency resolution of individuals, partnership firms, and corporate entities.
  - Facilitate **timely revival** of financially distressed businesses.
  - Enable creditors to recover dues efficiently.
- **Central Goals:**
  - Streamline insolvency resolution processes.

- Protect stakeholder interests.
- Enhance overall efficiency and health of the Indian economy.

### Significance and Implications

- IBC continues to evolve as a **dynamic law** responding to practical challenges.
- Amendments aim to reduce delays, clarify ambiguities, and strengthen insolvency resolution mechanisms.
- The parliamentary review and judicial interventions reflect efforts to balance creditor rights with company revival.
- Ongoing reforms could improve investor confidence and financial stability in India's corporate sector.

## Agriculture

### 1. Union Cabinet Approves Continuation of Modified Interest Subvention Scheme (MISS) for FY 2025–26

#### Context

MISS is a **central sector scheme** designed to provide **concessional short-term crop loans** to farmers through the **Kisan Credit Card (KCC)** system.

- It aims to make **agricultural credit affordable**, encouraging **timely loan repayment** and reducing rural indebtedness.
- Launched in **2006–07**, it is implemented jointly by the **Reserve Bank of India (RBI)** and **NABARD** via Public Sector Banks, Regional Rural Banks (RRBs), Cooperative Banks, and Private Banks.
- The **Ministry of Agriculture and Farmers' Welfare** is the nodal ministry overseeing the scheme.

#### Objectives of MISS

- Enhance the **flow of credit** to agriculture and allied sectors like dairy, animal husbandry, and fisheries.
- Provide **working capital** support for farming activities.
- Reduce **borrowing costs** for small and marginal farmers.
- Incentivize **prompt repayment** via interest discounts.
- Offer **financial relief during natural calamities**.

#### Key Features of MISS for FY 2025–26

- **Interest Rate Subsidy:**
  - Farmers receive loans up to ₹3 lakh at an interest rate of 7%.
  - Lending institutions get an **interest subvention of 1.5%** from the government.
  - A **Prompt Repayment Incentive (PRI) of 3%** reduces the effective interest rate to **4%** for farmers who repay promptly.
- **Sectoral Coverage:** Applies to **crop loans, animal husbandry, and fisheries loans** (up to ₹2 lakh).
- **Loan Limit Enhancement:** Budget 2025–26 proposes increasing the loan limit to **₹5 lakh** to cover broader agricultural needs.
- **Calamity Support:** A **2% interest subvention** is available on restructured loans in case of natural disasters.
- **Wide Reach:** Over **7.75 crore KCC accounts** benefit nationwide, promoting rural financial inclusion.
- **Digital Innovation:** Introduction of the **Kisan Rin Portal (KRP)** in 2023 enables faster, transparent claim processing under the scheme.

## Facts To Remember

### 1. Mixed relay team wins second gold for India

Reigning champion India successfully defended its title in the 4x400m mixed relay for the country's second gold at the Asian Athletics Championships on day two of the competition in Gumi, South Korea.

### 2. Kerala government declares Kochi shipwreck a State disaster

The Kerala government has declared the shipwreck that occurred 14.6 nautical miles off its coast on May 24 a "State-specific disaster".

### 3. China launches Tianwen-2 to collect asteroid samples by 2027

China launched early the Tianwen-2 spacecraft to collect samples from near-Earth asteroid 2016HO3 and explore main-belt comet 311P.

### 4. Ngũgĩ wa Thiong'o, famed Kenyan novelist and dissident, dies aged 87

Ngũgĩ wa Thiong'o, the revered Kenyan man of letters and voice of dissent who in dozens of fiction and non-fiction books traced his country's history from British imperialism to home-ruled tyranny and challenged not only the stories told but the language used to tell them, died at 87.

### 5. Jyothi, Sable and women's 4x400m quartet make it a golden day for India

Some of the country's biggest medal hopes duly delivered on the big stage as India added six medals to its tally including three gold on day three of the Asian Athletics Championships in Gumi, South Korea

#### FIVE TO REMEMBER · 30 MAY 2025

1. Launched in **2006-07**, it is implemented jointly by the **Reserve Bank of India (RBI)** and **NABARD** via Public Sector Banks, Regional Rural Banks (RRBs), Cooperative Banks, and Private Banks. Union Cabinet Approves Continuation of Modified...
2. **Investor cap per scheme:** Maximum **1,000 investors** (except Angel Funds, which allow up to 49). Alternative Investment Funds
3. Most provisions, including index F&O limits, take effect from **July 1, 2025**. SEBI Tightens Oversight of Derivatives Market W...
4. **Cost:** Approximately ₹2 crore, about **50% cheaper** than imported trainer aircraft. E-Hansa: India's Indigenous Two-Seater Electric...
5. SEBI has removed **70,000 unregistered finfluencers** SEBI's Investor Protection and Market Integrity...

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DAY 24 OF 24

**31 May 2025**

Saturday · 21 items · 5 topics

International Affairs 1 · National Affairs 8 · Banking and Finance 7 · Agriculture 3 · Facts To Remember 2

**Daily Current Affairs Quiz****31 May, 2025****International Affairs****1. Catastrophic Glacier Collapse: Climate Change****Context**

A colossal glacier collapse in the **Swiss Alps** has wrought severe destruction on the village of **Blatten**, **burying nearly 90% of the settlement under a thick mudslide**. Triggered by the sudden disintegration of a massive portion of the Birch Glacier, the landslide blocked the Lonza River and has left one man missing as rescue operations continue. **The event highlights the escalating threat posed by glacier retreat in Alpine regions, driven largely by climate change.**

**What is Glacier Meltdown?**

Glacier meltdown, also known as glacial retreat, occurs when glaciers lose ice faster than they accumulate new snow and ice. This leads to shrinking ice cover and the formation of glacial lakes. Glacier meltdown is a significant indicator of global climate change, impacting water resources, ecosystems, and increasing disaster risks.

**Reasons Behind Glacier Meltdown**

- **Rising Global Temperatures:** The eastern Himalayas are warming at a rate faster than the global average, approximately 0.1°–0.8°C per decade, accelerating ice melt.
- **Increased Carbon Emissions:** Enhanced greenhouse gases cause atmospheric warming, speeding up glacier melting.
- **Changing Precipitation Patterns:** More rainfall instead of snowfall disrupts the natural accumulation of glacier ice.
- **Anthropogenic Activities:** Human activities like deforestation, infrastructure development, and tourism contribute to local warming around glaciers.
- **Black Carbon Deposits:** Soot and particles from fossil fuel burning reduce glacier reflectivity (albedo), causing greater heat absorption and faster melting.

**Impacts of Glacier Meltdown**

- **Glacial Lake Outburst Floods (GLOFs):** Melting glaciers form lakes whose rising water levels can trigger catastrophic floods downstream.
- **Disruption of River Systems:** Rivers fed by glaciers such as the Teesta and Brahmaputra face irregular and unpredictable flows, impacting agriculture and hydroelectric power generation.
- **Threat to Biodiversity and Ecosystems:** Reduced glaciers affect plant and animal species dependent on glacier-fed water sources, disturbing ecosystems.
- **Water Scarcity and Food Security:** Decreased availability of glacier meltwater threatens irrigation, drinking water supplies, and overall food production.

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## Climate Change and Glacier

- Switzerland, home to **Europe's largest glacier reserves**, is witnessing accelerating glacier loss due to **rising temperatures**.
- In 2023, the country experienced a **4% reduction in glacier volume**, marking the **second-largest annual decline after a 6% loss in 2022**.
- The retreat of glaciers destabilizes mountain slopes, increasing the risk of landslides, floods, and other natural disasters.

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## National Affairs

### 1. Government Eases Rules Under Advance Authorisation (AA) Scheme for Exporters

#### Context

The government has relaxed norms under the **Advance Authorisation (AA) Scheme** to benefit exporters. Exporters can now claim **duty-free benefits** even if goods were shipped **before licence issuance**, provided the **Bill of Entry** is filed **after the licence date**.

#### About the Advance Authorisation Scheme

- **Purpose:** Allows duty-free import of inputs used in manufacturing export products to reduce input costs and enhance the competitiveness of Indian exports globally.
- **Administered by:** Directorate General of Foreign Trade (DGFT), Ministry of Commerce and Industry.

#### Key Features

- **Duty-Free Import:** Raw materials, packaging materials, fuel, oil, and catalysts can be imported without customs duty.
- **Standard Input-Output Norms (SION):** Sector-specific norms guide the permissible input quantities; ad-hoc norms can be applied if SIONs do not exist.
- **Eligibility:** Manufacturer exporters and merchant exporters linked with supporting manufacturers.
- **Physical Incorporation Principle:** Inputs must be physically used or consumed in the final export product.

#### Recent Relaxation in Rules

- **Previous Norm:** Duty exemption was denied if goods were shipped before the AA licence was issued, even if the Bill of Entry was filed later.
- **New Norm:** Exporters can claim duty-free benefits if the Bill of Entry is filed **after licence issuance**, regardless of shipment date.
- **Restriction:** This relaxation **does not apply** to restricted or canalised goods unless special approval from DGFT is obtained.

#### Impact

- Resolves ambiguity around shipment and licence dates.
- Streamlines Customs clearance processes for exporters.
- Enhances exporter confidence amid logistical challenges and delays.

### 2. Launch of Swachh Survekshan Grameen (SSG) 2025

#### Context

Union Minister of Jal Shakti Shri C R Patil launched Swachh Survekshan Grameen (SSG) 2025, a

nationwide **rural sanitation survey by the Department of Drinking Water and Sanitation (DDWS), Ministry of Jal Shakti today in Delhi in the presence of Minister of State of Jal Shakti Shri V. Somanna.**

- **Scope:** Survey covers **21,000 villages** across **761 districts** in **34 States/UTs**.
- **Purpose:** To assess rural sanitation progress and sustainability of ODF Plus outcomes under **Swachh Bharat Mission (Gramin) Phase-II**.

### Ministry

- **Conducted by:** Department of Drinking Water and Sanitation (DDWS), Ministry of Jal Shakti.
- **Verification:** Independent agency engaged for authentic and transparent field verification.

### Key Features

- **Geo-fencing Enabled Data Collection:**
  - Ensures data authenticity with location-verified entries during surveys.
- **Swachhata Green Leaf Rating (SGLR):**
  - Tracks the quality and effectiveness of sanitation services delivered.
- **Best Practices Documentation:**
  - Launch of *Swachhata Chronicles Vol. III* to compile and showcase successful State sanitation interventions.
- **Technology Integration:**
  - Use of mobile applications for real-time feedback collection and data monitoring to enhance transparency.
- **Inclusivity & Capacity Building:**
  - Mobilisation of Swachhagrahis (local sanitation volunteers), training units, and local governance bodies for sustained impact.

### Survey Criteria and Components

**SSG 2025 evaluates rural sanitation through four main components:**

- **Service-Level Progress (SLP):**
  - District self-assessment and desktop validation of ODF Plus Model Verified Villages.
- **Direct Observation of Sanitation Status:**
  - Field visits to households, schools, Common Service Centres (CSCs), Panchayat Bhavans to verify cleanliness and sanitation practices.
- **Direct Observation – Infrastructure Functionality:**
  - Evaluation of Plastic Waste Management Units (PWMU), Faecal Sludge Management (FSM) plants, GOBARDhan units, etc.
- **Citizen Feedback:**
  - Collected through mobile apps and face-to-face surveys to ensure inclusive participation and transparency.

## 3. PadhAI Conclave on AI in Education

### Context

Union Minister for Education, Shri Dharmendra Pradhan, delivered the valedictory address at the concluding session of **'PadhAI: Conclave on AI in Education'**, organised by the Center of Policy Research and Governance (CPRG), in New Delhi.

### Key Highlights from Shri Dharmendra Pradhan's Address:

- **AI as a Force Multiplier:**

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- AI is not merely technology but a catalyst for innovation, bridging empathy with technology.
- **India's AI Leadership:**
  - Emphasized the need for India's human intelligence to lead the ongoing AI revolution.
- **Government Initiatives on AI:**
  - Establishment of Centre of Excellence in AI.
  - Promoting AI integration in Indian languages.
  - Encouraging critical thinking in classrooms.
  - Transitioning education from traditional chalkboards to digital chipsets.
- **AI in School Education:**
  - Integration of AI in education is no longer optional but essential.
- **Call to Action:**
  - Urged academicians and technology experts to collaborate and provide policy recommendations on AI in education.

#### About the PadhAI Conclave

- **Duration:** Two-day event
- **Focus:** Exploring the role of AI in transforming Indian education
- **Themes Discussed:**
  - Expanding learning beyond classrooms
  - AI's role in higher education transformation
  - Challenges and bottlenecks in existing educational institutions

## 4. Union Minister Launches Ayush Suraksha Portal

### Context

In a historic move to boost consumer safety and regulatory governance in India's traditional medicine sector, **Shri Prataprao Jadhav**, Union Minister of State (Independent Charge) for Ayush and Minister of State for Health & Family Welfare, launched the **Ayush Suraksha Portal** at **Ayush Bhawan, New Delhi**. The launch aligns with the Supreme Court's directive to establish a centralized mechanism for monitoring **misleading advertisements** and **adverse drug reactions (ADRs)** in Ayush systems.

### Key Objectives of the Ayush Suraksha Portal

- Serve as a **centralized digital platform** to report and monitor misleading Ayush advertisements and ADRs
- Ensure **real-time tracking**, status updates, and regulatory action by State and Central authorities
- **Empower citizens, professionals, and regulators** through an integrated surveillance ecosystem
- Promote **evidence-based practices** and enhance transparency in Ayush product monitoring

### Supreme Court Directive

- The portal was launched in compliance with **SC Order dated July 30, 2024**, in Writ Petition (Civil) No. 645/2022
- The Court mandated the creation of a **central dashboard** for reporting and inter-agency coordination by **June 2025**

### Key Functional Features

- **Public Access:** Citizens can directly report misleading ads and ADRs
- **Real-Time Updates:** Status tracking and case monitoring by officials and public
- **Inter-State Coordination:** Facilitates referrals and action sharing among SLAs

- **Transparent Governance:** Public dashboard ensures accountability and visibility of actions taken

### Significance

- Reinforces the **Ministry of Ayush's commitment** to safe, credible, and quality-assured traditional medicine
- Enhances **regulatory efficiency**, ensures **public health safety**, and deters unethical marketing practices
- Supports the vision of **Digital India** and **responsible governance in healthcare**

## 5. India-Chile Comprehensive Economic Partnership Agreement (CEPA)

### Context

On **8 May 2025**, India and Chile signed the **Terms of Reference (ToR)** for negotiating a **Comprehensive Economic Partnership Agreement (CEPA)**. The first round of negotiations began on **26 May 2025** in New Delhi. Commitment reaffirmed during the **State Visit of Chilean President Gabriel Boric Font** to India in April 2025.

### Objectives and Vision

- To foster **deeper economic integration** and **strengthen global value chains** between the two countries.
- To develop a **balanced, ambitious, and mutually beneficial** CEPA.
- To enhance bilateral **trade diversification, investment promotion, and employment generation**.

### Key Highlights of the First Round

- Indian delegation led by **Shri Vimal Anand**, Joint Secretary, Department of Commerce.
- Chilean team headed by **Mr. Pablo Urria**, Director for Asia & Oceanic, Chile's Ministry of Foreign Affairs.
- Negotiations covered **17 thematic tracks**, including:
  - **Trade in Goods & Services**
  - **Movement of Natural Persons**
  - **Rules of Origin (RoO)**
  - **Sanitary & Phytosanitary Measures (SPS)**
  - **Technical Barriers to Trade (TBT)**
  - **Customs, Transparency, Dispute Settlement**
  - **Economic Cooperation, MSMEs, Women's Empowerment**
  - **Sustainable Development, Strategic Minerals Trade**
  - **Intellectual Property Rights (IPR), Investment Cooperation**

## 6. India Launches DHRUVA Policy for Digital Addressing System

### Key Highlights

- The **Department of Posts** is implementing a **national geo-coded addressing system** to modernize public and private service delivery in India.
- The initiative includes two key milestones:
  - **DIGIPIN** (Digital Postal Index Number): A standardized, public-domain **National Addressing Grid**.
  - **DHRUVA** (Digital Hub for Reference and Unique Virtual Address): A comprehensive **Digital Address Public Infrastructure (DPI)** policy framework.

### What is DIGIPIN?

- DIGIPIN is a **geo-coded address identifier** that enables:

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- Logical naming of locations with **directional and spatial coherence**
- Public and private service efficiency
- **Improved emergency response and logistics**

#### What is DHRUVA?

- DHRUVA outlines the **Digital Address DPI policy** built on:
  - **Standardization, interoperability, and geocoding** of address data
  - **Address-as-a-Service (AaaS)** to manage and share address data securely
  - **User autonomy and consent-based data sharing**
  - Robust digital foundations for **governance, e-commerce, logistics, and financial services**

#### Policy Objectives

- **Establish address data as foundational public infrastructure**
- Enhance **service delivery and citizen experience**
- Promote **collaboration between public and private stakeholders**
- Encourage **broad adoption** by ministries, state governments, and businesses
- Enable innovation through **secure, user-centric digital solutions**

### 7. Indian Navy's Anti-Submarine Warfare Capabilities Strengthened

#### Context

On **29 May 2025**, the **keel laying** ceremony for the **8th and final Anti-Submarine Warfare Shallow Water Craft (ASW SWC)**, designated **BY 530**, was held at **Cochin Shipyard Limited (CSL), Kochi**. Ceremony attended by **Vice Admiral Rajaram Swaminathan (CWP&A)** and senior officials from the **Indian Navy** and **CSL**.

#### Project Highlights

- The vessel is part of the **'Mahe' class** of ASW SWCs.
- Contract for **8 ships awarded to CSL on 30 April 2019** by the **Ministry of Defence**.
- All ships are in **advanced stages of production**.

#### Strategic and Indigenous Importance

- Vessels have **over 80% indigenous content**, supporting **Aatmanirbhar Bharat** and **Make in India** initiatives.
- Equipped with **indigenously developed state-of-the-art Underwater Sensors**.
- Designed for:
  - **Anti-Submarine Warfare (ASW)**
  - **Low Intensity Maritime Operations (LIMO)**
  - **Mine Laying Operations**

### 8. Swachh Survekshan Grameen (SSG) 2025 Launched by Jal Shakti Ministry

#### Context

Union Minister of Jal Shakti, **Shri C R Patil**, officially launched **Swachh Survekshan Grameen (SSG) 2025**, a nationwide **rural sanitation survey** under the **Department of Drinking Water and Sanitation (DDWS)**, Ministry of Jal Shakti. The launch event took place in **New Delhi** in the presence of **Minister of State Shri V. Somanna**, senior officials from **DDWS**, and **state-level sanitation mission directors**.

#### Key Objectives

- Provide a **national ranking of States, UTs, and Districts** on rural sanitation indicators

- Sustain and assess **ODF Plus Model villages** under **SBM-G Phase II**
- Encourage **data-driven governance** through structured monitoring
- Foster **Jan Bhagidari** and **community-led sanitation practices**

### Strategic Features of SSG 2025

- **Anchored in SBM-G Phase II:** Focused on strengthening rural sanitation outcomes
- **Independent Agency Survey:** Structured evaluation through trained personnel and verified data
- **Four Evaluation Components:**
  - **Service-Level Progress (SLP):** Based on district self-assessment and desktop verification
  - **Direct Observation:** Field-based survey of villages, households, schools, and public spaces
  - **Functionality Check:** Assessment of **PWMUs, FSM units, GOBARDhan Plants**
  - **Citizen Feedback:** Real-time input through a **dedicated mobile app** and in-person surveys

## Banking and Finance

### 1. RBI Directive on Default Loss Guarantee (DLG)

#### What is Default Loss Guarantee (DLG)?

- A **contractual arrangement** where a fintech entity guarantees to compensate lenders (banks or NBFCs) for losses arising from loan defaults.
- Typically covers losses **up to 5%** of the loan portfolio.
- Acts as a risk mitigation tool for lenders partnering with fintechs in loan origination.

#### Key Highlights of RBI's Directive

- **NPA Recognition and Provisioning:**
  - Lenders **must exclude DLG cover** while recognizing Non-Performing Assets (NPAs) and making provisions.
  - DLG invocation **does not affect borrower liability** on the underlying loan.
  - The DLG amount invoked **cannot be set off against the underlying individual loans**.
  - Lenders are required to **recognize NPAs and make provisions independently**, irrespective of DLG coverage.
- **Recovery and Invocation:**
  - Recovery proceeds from loans with invoked DLG may be **shared with the DLG provider** as per contract terms.
  - Once invoked, the DLG **cannot be reinstated**, even if loan recoveries occur later.
- **Rationale and Impact:**
  - Intended to address **overreliance of fintechs on DLG** for credit risk management.
  - Places **full responsibility for NPA recognition and provisioning on lenders**, enhancing prudence.
  - Expected to lead to **reduced co-origination partnerships** between banks and fintechs due to increased lender risk exposure.
  - Seen as a **credit tightening measure** by RBI to ensure caution in lender-fintech partnerships.

#### Additional Recent Update (May 2025)

- RBI is seeking approval to allow **domestic banks and their foreign branches to lend Indian Rupees to overseas borrowers** for the first time, marking a significant move in international banking operations.



## Implications

- Strengthens risk management discipline among lenders and fintechs.
- Could reshape fintech lending business models that depend on DLG.
- Enhances transparency and accountability in loan loss provisioning.
- May impact fintech-bank collaborations, influencing credit availability in certain segments.

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## 2. Niveshak Shivr by IEPFA and SEBI

### Context

The **Investor Education and Protection Fund Authority (IEPFA)**, under the **Ministry of Corporate Affairs**, in collaboration with **SEBI**, has launched **Niveshak Shivr**, a pilot investor facilitation camp. The first camp will be held in **Pune on June 1, 2025**, aimed at providing a one-stop solution for resolving issues related to **unclaimed dividends, shares**, and other investor services.

### Key Objectives

- Facilitate direct investor grievance redressal without intermediaries
- Provide on-site resolution of long-pending IEPFA claims
- Ensure timely disbursement of **unclaimed dividends and shares**
- Promote financial literacy and investor empowerment

### Services Offered

- **Direct assistance** in claiming dividends held for 6–7 years
- **On-the-spot KYC and nomination updates**
- **Instant claim resolution** for pending IEPFA cases
- **Stakeholder engagement:** Companies with high volumes of unclaimed investor accounts to set up helpdesks

### Significance and Impact

- Builds a transparent, investor-centric financial ecosystem
- Reduces reliance on intermediaries in claim processes
- Encourages participation from high-impact regions with unclaimed investments
- Enhances investor trust through proactive government facilitation

### About IEPFA

The **Investor Education and Protection Fund Authority** is a statutory body dedicated to **investor awareness, protection, and education** in India. It works through nationwide campaigns, digital tools, and strategic partnerships to build a financially informed citizenry.

## 3. Cassette-Swap Model for ATMs

### Context

India's transition to a **cassette-swap model for ATM cash replenishment**, aimed at improving security and operational efficiency, has **missed its fourth consecutive deadline**, originally set for **FY21** and now extended beyond **FY25**. Initiated in **2018** following recommendations of the **D.K. Mohanty Committee on Currency Movement**, the plan was to phase out **open-tray replenishment** at ATMs in favor of a more secure **lockable cassette mechanism**.

### What is the Cassette-Swap Model?

- Involves **preloaded, lockable cash cassettes** prepared by **cash-in-transit (CIT) firms**



- Reduces **risks of counterfeit currency**, theft, and human error
- **Simplifies reconciliation** of cash balances from previous replenishments
- Minimizes physical handling of cash inside ATMs by service personnel

### Timeline and Implementation Phases

The implementation was to occur in **four phases** across 30 cities:

- **By June 2023:** Delhi, Mumbai, Bangalore, Chennai, Kolkata
- **By September 2023:** Ahmedabad, Hyderabad, Pune, Jaipur, Raipur, Lucknow, Bhubaneswar, Coimbatore
- **By December 2023:** Vizag, Patna, Vadodara, Ludhiana, Bhopal, Chandigarh, Vijayawada, Agra, Guwahati
- **By March 2024:** Surat, Nagpur, Indore, Goa, Jamshedpur, Cochin, Kanpur, Ranchi

### RBI's Position and Regulatory Push

- RBI initiated the mandate on **April 12, 2018**, post the D.K. Mohanty panel's recommendations
- RBI **excluded Cash Recycler Machines (CRMs)** and **onsite ATMs** from the mandate
- A **stock-taking meeting** with the **Cash Logistics Association (CLA)** was held in 2024 after banks requested an extension
- CLA submitted a **confidential update**, and RBI set up an **internal monitoring committee**

### Challenges in Implementation

- **High cost of cassettes:** ₹12,000–₹15,000 per unit
- **Capital expenditure burden** not yet resolved between banks and CIT firms
- **Logistical limitations** in Tier-2/3 cities: cash vans cannot accommodate both cassettes and currency
- Lack of consensus on **interchange fee sharing** (recently hiked from ₹17 to ₹19) between banks and CIT providers
- **Legacy ATM infrastructure** is still dominant, with only 25–30% ATMs being CRMs

### Why the Cassette-Swap Model Matters

- **Enhances security** and reduces risks of cash fraud
- Ensures **better cash audit trail and accountability**
- Aligns with international **best practices in cash logistics**
- Intended to modernize ATM infrastructure amid rising **digital payments**

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## 4. RBI Annual Report 2024 Highlights Shift to EBLR in Indian Bank Loans

### Context

The [Reserve Bank of India \(RBI\)](#) Annual Report for FY2023–24 reveals a major shift in the Indian lending landscape, with a growing proportion of loans now linked to external benchmarks. This transition enhances transparency and strengthens monetary policy transmission.

### Key Data (as of December 2024)

- **61% of total loans** in the banking system are linked to an **External Benchmark Lending Rate (EBLR)**.
- Loans benchmarked to **MCLR (Marginal Cost of Funds Based Lending Rate)** have declined to **36%**.

### Institution-wise Distribution of Floating Rate Loans

- **Public Sector Banks (PSBs):**
  - **44.6%** of floating rate loans are linked to **EBLR**.

- A **high share of MCLR and other legacy rate-linked loans** persists, indicating slower transition.
- **Private Sector Banks:**
  - **85.9%** of floating rate loans are linked to **EBLR**, reflecting quicker adoption of the benchmarked system.
  - **Minimal reliance** on MCLR and older benchmark systems.

### What is EBLR?

The **External Benchmark Lending Rate (EBLR)** is a type of **floating lending rate** linked to an external, publicly available benchmark like the **RBI Repo Rate, 3-month/6-month Treasury Bill Yield**, or any other benchmark published by **FBIL (Financial Benchmarks India Ltd)**.

### Key Components of EBLR:

- **Benchmark Rate** –
  - Set by an external institution like RBI or FBIL
- **Spread/Margin** –
  - Fixed at loan origination; includes operational cost, credit risk premium, etc.
- **Risk Premium** –
  - May vary depending on the borrower's credit profile

### Comparative Insights:

| Parameter                       | Public Sector Banks (PSBs) | Private Sector Banks |
|---------------------------------|----------------------------|----------------------|
| Share of EBLR-linked loans      | 44.6%                      | 85.9%                |
| Share of MCLR/legacy rate loans | Higher                     | Significantly lower  |

### Implications for Indian Banking:

- The **EBLR regime** improves transparency and facilitates faster **monetary policy transmission**.
- **Private sector banks** are leading the transition to modern lending practices.
- **Public sector banks** need to accelerate the migration from MCLR to EBLR for better alignment with RBI's policy framework.

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## 5. India's Record Remittances in FY24

### Context

India received a **record \$118.7 billion in inward remittances in 2023–24**, surpassing foreign direct investment (FDI) inflows and financing over **half of the merchandise trade deficit**. The **RBI's Sixth Round of India's Remittances Survey** (released March 2025) reveals critical trends in the **composition, value, and mode of remittances**, underlining their rising importance in India's external sector balance.

### Key Highlights

- **Total Inward Remittances (FY24):** \$118.7 billion (new record)
- **Comparison with FDI:** Higher than total FDI inflows in FY24
- **Macroeconomic Role:** Financed >50% of merchandise trade deficit
- **Stability Factor:** Key stabilising force amid global economic uncertainty

### Structural Shifts in Remittance Sources

- **Rise of Advanced Economies (AEs):**
  - U.S. share: 27.7% (up from 23.4% in 2020–21)

- Combined share of U.S., U.K., Canada, Australia, Singapore: 51.2%
- GCC nations' share declined to 37.9%
- **Implication:** Reflects a shift in migrant profile — from low-skilled workers in GCC to high-skilled professionals and students in AEs

### Impact of Migrant Profile Evolution

- **High-skilled migrants** in AEs:
  - Tend to have stable incomes and remit consistently
  - Likely to integrate abroad, reducing long-term remittance intensity
- **Concentration Risk:**
  - Transactions above ₹5 lakh accounted for 29% of total value, though only 1.4% of volume
  - Suggests a growing reliance on fewer, high-value remitters

### Digital Transformation of Remittance Channels

- **Digital share of transactions (FY24):** 73.5%
- **Average transaction cost for \$200:** 4.9% (below global average of 6.65%)
- **SDG benchmark target:** 3%
- **Drivers:** Rise of fintech and app-based platforms

### Corridor Disparities in Digital Adoption:

| Country      | Digital Share (%) |
|--------------|-------------------|
| UAE          | 76.1              |
| Saudi Arabia | 92.7              |
| Canada       | 40.0              |
| Germany      | 55.1              |
| Italy        | 35.0              |

- **Policy Challenge:** Improve **cross-border digital payment infrastructure** and harmonize regulatory environments

### Regional Disparities in Remittance Receipts:

- **High-receiving States:** Maharashtra, Kerala, Tamil Nadu (51% of total)
- **Low-receiving States:** Bihar, Uttar Pradesh, Rajasthan (<6% combined)
- **Underlying Cause:** Unequal access to migration-enabling systems (language training, foreign credentialing, job linkages)
- **Policy Need:** Make skilling missions more **state-responsive** to reduce regional inequality in remittance potential

### Missing Dimensions: Household-Level Data:

- No current data on **end-use of remittances** at household level
- Limits insight into **developmental potential** (consumption vs. savings/investment)
- Policy opportunity:
  - Develop **savings-linked remittance products**
  - Promote **financial literacy for migrant families**
  - Encourage **productive asset formation**

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## 6. RBI Strengthens Foreign Exchange Reserves

### Context

The Reserve Bank of India (RBI) reported an 8.2% growth in its balance sheet, reaching Rs 76 lakh crore in FY25. A key focus of the central bank is to bolster resilience in its foreign exchange reserves, which now constitute over 74% of its total assets. This comes amid rising concerns over the “weaponisation of reserves,” where countries face financial sanctions freezing foreign-held assets during geopolitical conflicts.

### RBI's Foreign Exchange Reserves and Risk Management

- **Current Reserves Size:** India's forex reserves rose by 3.4% in FY25 to \$668 billion, following an 11.7% increase the previous year.
- **Diversification Strategy:** To mitigate risks associated with global conflicts and financial market shocks, RBI emphasizes diversification across asset classes, currencies, and jurisdictions. Currently, a large share of India's reserves is invested in US dollar assets, primarily US Treasuries.
- **Objective:** The diversification aims to ensure safety, liquidity, and adequate returns while protecting reserves from geopolitical and market vulnerabilities.

### Digital Infrastructure and Data Security Initiatives

- RBI plans to launch the **Indian Financial Services (IFS) Cloud in 2025–26**, developed by its subsidiary IFTAS.
- This community cloud service, designed exclusively for RBI and regulated financial institutions, aims to enhance data security, operational efficiency, and compliance with India's data localisation regulations.
- This move comes in response to increasing cyberattack threats targeting domestic financial data.

### Promotion of the Indian Rupee in International Trade

- To reduce dependency on major currencies like the US dollar, **RBI encourages exporters and importers to settle trade transactions in Indian rupees.**
- Special emphasis is placed on using the rupee through mechanisms such as the Asian Clearing Union.

## 7. Non-Food Credit Growth Slows to 11.2% in April 2025: RBI Sectoral Deployment Data

### Context

**Non-food credit growth** of Scheduled Commercial Banks (SCBs) **slowed sharply to 11.2%** (y-o-y) in the fortnight ending **April 18, 2025**, compared to **15.3%** in the same period last year. The decline was **broad-based across sectors** including agriculture, services, personal loans, and industry.

### Sector-wise Credit Trends

- **Agriculture & Allied Activities**
  - Growth declined to **9.2% y-o-y** (vs. 19.8% last year).
- **Services Sector**
  - Credit growth slowed to **11.2% y-o-y** (vs. 19.5%).
  - Mainly due to reduced lending to **NBFCs**.
  - However, credit to **trade** and **computer software** remained strong.
- **Personal Loans**
  - Slowed to **14.5% y-o-y** (vs. 17.0%).
  - Deceleration due to weaker growth in:
    - **Other personal loans**
    - **Vehicle loans**

- **Credit card outstanding**

- **Industry**

- Recorded a modest rise of **6.7% y-o-y** (vs. 6.9%).
- Notable uptick in:
  - **Basic metal and metal products**
  - **All engineering**
  - **Vehicles & transport equipment**
  - **Textiles**
  - **Construction**
- **Infrastructure credit growth** slowed.

### **RBI's Observations (FY25 Annual Report)**

- Despite the moderation, **bank credit growth remains in double digits**.
- RBI noted that **robust bank balance sheets** and potential **revival in private investments** may support credit demand going forward.

### **Non-Food Credit**

Non-food credit in the context of bank lending refers to **the total amount of credit extended by banks to sectors other than food procurement**. It's essentially the credit that's not directed towards supporting the Food Corporation of India (FCI) for purchasing food grains.

- **What it is:**
  - Non-food credit represents the majority of bank lending in India and includes loans for various sectors like agriculture, industry, services, and personal loans.
- **Why it's important:**
  - Non-food credit is a key indicator of economic activity and can help gauge the demand for loans in different sectors, providing insights into the overall health of the Indian economy.
- **What it includes:**
  - **Agriculture and allied activities:** Loans for farming, livestock, and related industries.
  - **Industry:** Loans for manufacturing, production, and other industrial activities.
  - **Services:** Loans for businesses in the service sector, including finance, transportation, and retail.
  - **Personal loans:** Loans for individual purposes, such as housing, education, and consumption.

## **Agriculture**

### **1. Kisan Credit card Scheme Update**

#### **Context**

The **Kisan Credit Card (KCC) scheme** provides a **single-window facility** offering both **working capital** and **investment credit** to farmers engaged in cultivation, animal husbandry, and fisheries.

#### **Key Statistics for FY24-25 (FY25)**

- **Operative KCCs:**
  - Declined by **2.7%** compared to the previous financial year.
- **Outstanding Credit Amount:**
  - Increased by **4.5%**, crossing ₹6 trillion.

## Significance

- The **KCC scheme** supports farmers by providing timely credit for agricultural activities and allied sectors.
- Despite a dip in the number of active KCCs, the rise in outstanding credit indicates increased utilisation or higher credit limits per card.
- Monitoring this trend helps assess credit accessibility and financial inclusion in rural India's agricultural economy.

## 2. India's Move to Restrict Import of GM Alfalfa (Lucerne) Seeds

### Context

India plans to **restrict the import of genetically modified (GM) alfalfa seeds**, despite U.S. pressure to reduce import duties and allow market access. The move aligns with India's precautionary approach to GM organisms and its emphasis on **domestic seed self-sufficiency**.

### Why Is the Restriction Being Considered?

- **Concerns over GM contamination** of domestic seed stocks.
- India has **not approved GM alfalfa** for commercial cultivation.
- Domestic alfalfa seed is available at ₹500–800/kg, while imported GM seeds are costlier due to duties.
- India already **imports Berseem fodder seed** from Egypt and CIS nations, but not alfalfa.

### Government Measures Under Consideration

- **Development of test kits** to verify genetic modification status before unloading.
- **Use of powers under the Environment (Protection) Act, 1986** to regulate GM imports.
- Ensuring protection of **indigenous biodiversity** and **seed sovereignty**.

### About Alfalfa (Lucerne)

- **Scientific Name:** *Medicago sativa*
- Also known as **buffalo herb**, **purple medic**, or **Queen of Forages**.
- **Native to:** Southwestern Asia
- **Uses:**
  - High-protein **livestock fodder**
  - **Hay, silage, and green manure**
  - Improves **soil nitrogen** via symbiosis with *Sinorhizobium meliloti*
- **Benefits:**
  - Long lifespan (4–8 years), drought-resistance
  - Enhances **agricultural efficiency** through **nitrogen fixation**
- **Pollination:** Insect-pollinated with purple flowers

### GM Alfalfa: Key Features & Issue

- **Genetic Traits:**
  - Herbicide resistance (especially to **glyphosate**)
  - Reduced lignin content for **better digestibility**
- **Developer:** Monsanto (patent holder)
- **Concerns:**
  - Risk of cross-contamination with non-GM varieties
  - Dependence on patented seeds
  - Environmental risks like herbicide resistance in weeds

### Legal & Policy Framework in India

- **Environment (Protection) Act, 1986** regulates GM organism imports.
- **No GM food crop** has received commercial cultivation approval in India, barring GM cotton.

### 3. Belagavi-Based SBOF Agrosmart Launches India's First AI-Powered All-in-One Agriculture App

#### Context

SBOF Agrosmart Private Limited, headquartered in Belagavi, has introduced **SBOF Agrosmart**, India's first AI-driven comprehensive agriculture app aimed at empowering farmers with real-time, data-driven insights and solutions. The app promises to revolutionize Indian agriculture by addressing key challenges such as climate unpredictability, pest outbreaks, market volatility, and access to government schemes.

#### Key Features of SBOF Agrosmart App

- **Artificial Intelligence & IoT Powered:** Offers precise, region-specific advisory and farming recommendations.
- **All-in-One Platform:** Provides solutions for crop management, pest control, weather updates, soil health, and government scheme information.
- **Multilingual Chatbot Support:** 24/7 assistance available in multiple regional languages for wider accessibility.
- **Data-Driven Agriculture:** Combines decade-long expertise in fertiliser manufacturing and agri-inputs with smart technology.

#### Challenges Addressed

Indian farmers currently face growing uncertainties from climate change, market price fluctuations, pest and disease outbreaks, poor quality inputs, and difficulties in accessing timely and reliable information.

### Facts To Remember

#### 1. Holy Relics of Lord Buddha to Return to India After Historic Vietnam Tour

- The **Holy Relics of Lord Buddha** will return to India on **2nd June 2025**, aboard an **Indian Air Force aircraft**.
- The relics will arrive at **Delhi's Palam Air Force Station** around **10:00 PM**.
- The relics are escorted by a **Government of India delegation** led by **Dr. Hari Babu Kambhampati**, Governor of Odisha.

#### 2. Justices Anjaria, Vijay Bishnoi, Chandurkar take oath as SC judges

Justices Anjaria, Bishnoi and Chandurkar were welcomed with warm handshakes by Chief Justice Gavai after they were read their oath of office.



**FIVE TO REMEMBER · 31 MAY 2025**

1. **Use of powers under the Environment (Protection) Act, 1986** to regulate GM imports. India's Move to Restrict Import of GM Alfalfa (...)
2. In 2023, the country experienced a **4% reduction in glacier volume, marking the second-largest annual decline after a 6% loss in 2022**. Catastrophic Glacier Collapse: Climate Change
3. Contract for **8 ships awarded to CSL on 30 April 2019** by the **Ministry of Defence**. Indian Navy's Anti-Submarine Warfare Capabiliti...
4. U.S. share: 27.7% (up from 23.4% in 2020–21) India's Record Remittances in FY24
5. **Scope**: Survey covers **21,000 villages** across **761 districts** in **34 States/UTs**. Launch of Swachh Survekshan Grameen (SSG) 2025

**Now test yourself:** [c4scourses.in/daily-quiz/daily-quiz-31-may-2025/](https://c4scourses.in/daily-quiz/daily-quiz-31-may-2025/)

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