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DAILY CURRENT AFFAIRS

FOR UPSC CIVIL SERVICE EXAMINATION

DATE: 18/08/2025 (MONDAY)

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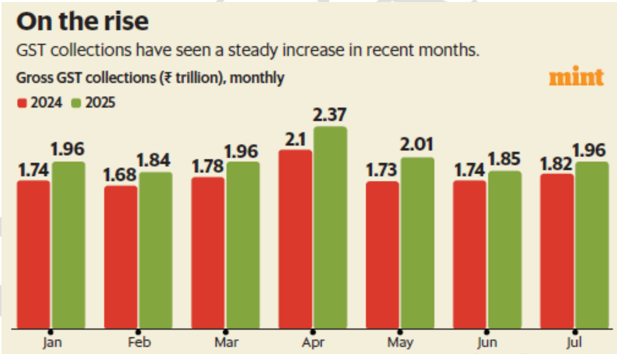
I. GST Reforms and Efficiency Post GST 2.0

1. Background and Significance of GST

- Goods and Services Tax (GST) was proposed by the **Kelkar Task Force on Indirect Taxes (2000)** and implemented on **1 July 2017**.
- It subsumed multiple indirect taxes (excise, VAT, service tax), created a **uniform tax system**, and reduced cascading effects.
- GST has improved compliance, logistics, and the **ease of doing business**; collections increased from **₹0.92 trillion (July 2017)** to **₹1.96 trillion (July 2025)**.
- GST is regarded as the **biggest indirect tax reform** in India's fiscal federalism framework.

2. Shortcomings of the Earlier GST Regime



- To accommodate states' concerns, GST introduced **multiple tax slabs** (5%, 12%, 18%, 28%) along with **special carve-outs** (0.25% for diamonds, 3% for precious metals) and a **compensation cess**.
- This led to an **inverted duty structure**, increased complexity, and reduced the simplicity and transparency initially promised.
- States' dependence on compensation cess highlighted **federal tensions** within GST implementation.

3. Key Proposed Reforms in GST 2.0

- **Rationalisation of tax rates**: Only **two major GST rates** (5% and 18%), elimination of 12% & 28% slabs.
- **Special provisions**: Introduction of **40% slab for sin goods** (tobacco, pan masala, luxury cars); continuation of **0.25% & 3% carve-outs** for diamonds and precious metals.
- **Process reforms**: Faster registration within **3 days**, automated refunds to improve liquidity and reduce manual intervention.
- **Phasing out of compensation cess** to simplify taxation.

4. Economic and Administrative Implications

- Fewer slabs will remove **inverted duty structure**, improve transparency, and strengthen taxpayer confidence.
- Lower rates can **boost demand** and support growth, especially when India faces **global trade challenges (e.g., US tariffs)**.
- Short-term fiscal impact expected but compensated by **higher consumption and growth multiplier effects**.
- Enhanced **ease of doing business**, faster entrepreneurial entry, and efficient compliance mechanisms.

5. Constitutional and Legal Provisions

- GST introduced through the **101st Constitutional Amendment Act, 2016**, inserting **Articles 246A, 269A, and 279A**.
- Established the **GST Council (Art. 279A)** for cooperative federal decision-making.
- **Compensation to States Act, 2017** provided revenue assurance for 5 years, now proposed to be phased out.
- GST embodies the principle of **"One Nation, One Tax, One Market"**, balancing Union–State fiscal relations.

6. Conclusion and UPSC Relevance

- GST 2.0 aims to address structural inefficiencies of the first phase by **rate rationalisation, simplified compliance, and automated processes**.
- It will enhance transparency, improve taxpayer confidence, and strengthen India's indirect tax system in line with **global best practices**.
- **UPSC Relevance**:
  - Important for **GS-3 (Indian Economy – Taxation, Growth, and Fiscal Policy)**.
  - Links to **GS-2 (Federalism and Centre-State relations)** due to GST Council's role.
  - Can be quoted in answers on **reforms in Indian taxation system, ease of doing business, cooperative federalism, and fiscal consolidation**.

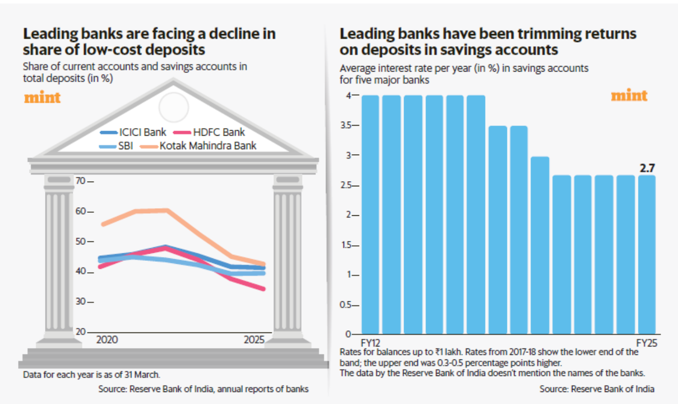
2. The Story Behind ICICI's Minimum Balance Hike

1. Background and Policy Shift

- In 2025, **ICICI Bank increased minimum balance requirement** for new accounts by 4–5 times, up to ₹50,000 in metros/urban areas, though later partly rolled back to ₹15,000 after public backlash.
- Move seen as a strategy to improve **CASA (Current Account–Savings Account) ratio**, which provides low-cost funds for banks.
- CASA deposits are crucial since **current accounts pay no interest** and savings accounts pay nominal rates; higher CASA share reduces cost of funds.

2. Pressure on Margins and Profitability

- ICICI Bank's **net interest margin (NIM)** fell from **4.53% (FY24) to 4.32% (FY25)**, only the second dip in eight years.
- Cost of deposits rose from **4.61% to 4.91%**, with higher reliance on term deposits (costlier than CASA).
- CASA ratio slipped further to **41.2% by June 2025**, signaling declining low-cost deposits.



- Raising minimum balance is a measure to secure more **captive deposits and higher-value customers**.

3. Industry Trends and Public Backlash

- Since **2011**, when RBI allowed **savings deposit rates to be market-determined**, banks have trimmed returns on savings. ICICI offers **2.5% on savings accounts** (average 2.23% in FY25).
- Public Sector Banks (PSBs) collected **₹8,844 crore (FY21–25)** as penalties for non-maintenance of minimum balance (SBI waived since March 2020).
- Critics argue that with **90% of Indians earning less than ₹25,000/month**, such hikes are exclusionary and anti-financial inclusion.

4. Branch Expansion and Urban Strategy

- ICICI expanded from **595 branches (2006) to 6,903 branches (2025)**, with **51% in metro/urban areas** (down from 72%).
- Metro/urban branches, though fewer in proportion, contribute larger deposits; hence, bank targeted these areas for higher minimum balance.
- Strategic intent: **prioritizing quality over quantity** in customer acquisition, reflecting a shift in private banking approach.

5. Constitutional, Legal, and Regulatory Context

- Regulated by **Banking Regulation Act, 1949**, and overseen by **Reserve Bank of India (RBI)** under **Section 21 & 35A** (powers to control rates and direct banks).
- Linked with **Financial Inclusion policies** under **RBI's Basic Savings Bank Deposit Accounts (BSBDA)** and **Pradhan Mantri Jan Dhan Yojana (PMJDY)**, which prohibit such minimum balance conditions.
- Raises questions on balancing **banking profitability with social obligations** enshrined in **Directive Principles of State Policy (Article 38 – welfare of people, Article 39 – economic justice)**.

6. Conclusion and UPSC Relevance

- ICICI's move highlights the **tension between profitability and financial inclusion** in India's banking sector.
- While commercially rational (to protect margins, boost CASA ratio), it risks **exclusion of low-income customers** and contradicts financial inclusion efforts.
- **UPSC Relevance**:
    - **GS-3 (Indian Economy, Banking, Financial Inclusion, RBI regulation)**.
    - **GS-2 (Government policies, welfare vs. market liberalization, DPSPs)**.
    - Case study for **Essay/Ethics** on balancing corporate profit motives with **social responsibility in essential services like banking**.

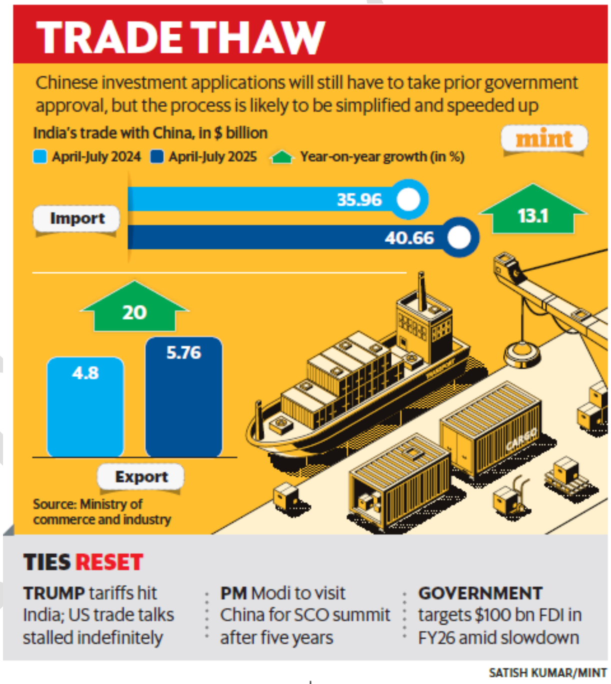
3. India May Lower Its Chinese Trade Wall

1. **Background and Current Trade Scenario**

- India is considering **relaxing restrictions on Chinese investments** in **non-sensitive sectors** (manufacturing, renewable energy, consumer goods) through a simplified approval process.
- Sensitive areas like **defence, telecom, and critical digital infrastructure** will remain restricted to safeguard national security.
- India imposed restrictions under **Press Note 3 (April 2020)**, mandating **government approval for FDI from countries sharing a land border with India** after the **Galwan Valley clash**.

2. Trade Dependence and Imbalances

- Despite restrictions, **India's imports from China rose** from **$94.57 billion (FY22)** to **$113.45 billion (FY25)**, while **exports fell** from **$21.26 billion to $14.25 billion** in the same period.
- April–July 2025 imports from China: **$40.66 billion (↑13.1%)**; exports: **$5.76 billion (↑20%)**.
- India depends on China for **pharma raw materials, electronics parts, rare earth magnets, and tunnel-boring machines (TBMs)**. This strategic dependence creates economic vulnerability.



3. China's Leverage and Strategic Pressure

- China holds a **near-monopoly on rare earth magnets** and critical inputs, using this as leverage in trade relations.
- Control over TBMs has delayed major infrastructure projects in India.
- Withdrawal of Chinese professionals from Indian units has disrupted supply chains.
- Such strategic dominance underscores the challenge of balancing **economic needs with security risks**.

4. Diplomatic and Policy Measures

- India is engaging in **diplomatic talks** to restore ties while protecting **sovereignty and security interests**.
- No rollback of Press Note 3: Chinese investments will continue only via **government approval route, not automatic route**.
- Measures like **resumption of tourist visas (after 5 years)** and **restarting direct flights to Beijing** signal a calibrated reset in bilateral relations.

5. Constitutional, Legal, and Strategic Context

- Governed under **Foreign Exchange Management Act (FEMA), 1999** and **FDI policy**, with **Press Notes** issued by DPIIT.
- National security considerations derive from **Article 73 & 246** (executive and legislative powers) and **Entry 41, Union List** (trade and commerce with foreign nations).
- India's approach reflects **strategic autonomy**, balancing security (border tensions) with economic pragmatism (supply chains).

- Aligned with **Atmanirbhar Bharat and Make in India** goals to reduce external dependence in critical sectors.

6. Conclusion and UPSC Relevance

- India's move reflects a **pragmatic recalibration**: securing economic benefits in non-sensitive areas while safeguarding strategic sectors.
- Trade dependency on China highlights vulnerabilities, but easing rules may provide a cushion against **global trade uncertainties (e.g., US tariffs)**.
- **UPSC Relevance**:
    - **GS-2**: India–China relations, foreign policy, national security vs. economic diplomacy.
    - **GS-3**: Economy, trade policy, FDI rules, Atmanirbhar Bharat.
    - Case study for **Essay/Ethics**: balancing **economic interdependence and strategic sovereignty**.

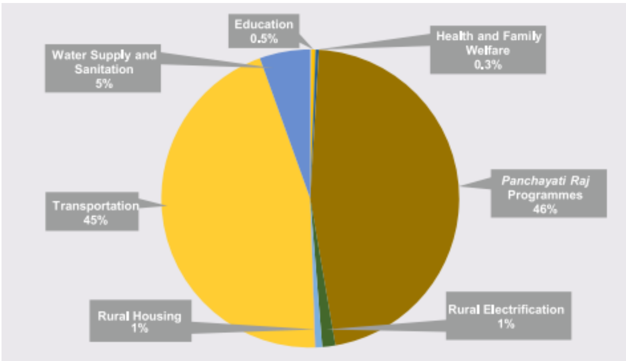
4. Financial Autonomy for Panchayats Eyed

1. Background and Policy Initiative

- The Union Ministry of Panchayati Raj is working on a **framework for Own Source of Revenue (OSR)** to enable panchayats to achieve **financial autonomy**.
- A committee of senior state officials has been set up to draft a **model OSR framework** that will guide states and Union Territories (UTs) in formulating or amending their OSR rules.
- The objective is to help **village councils (panchayats)** generate revenue independently, reducing reliance on Central and State funds for development works.

2. Concept of OSR (Own Source of Revenue)

- **Definition**: OSR refers to revenues generated by panchayats from local sources.
- **Key sources**: property tax, water charges, market fees, trade license fees, building permit fees, and other service charges.
- **Purpose**: Enhances fiscal capacity of panchayats, ensures better accountability, and strengthens local governance.



3. Current Challenges

- About **12 states/UTs lack OSR rules**, limiting panchayats' ability to raise funds.
- The **22 states/UTs with OSR rules** need to update them to fill regulatory gaps.
- Heavy dependence on **central and state transfers** undermines the spirit of decentralisation envisaged under the Constitution.

4. Constitutional and Legal Provisions

- **73rd Constitutional Amendment Act, 1992** gave constitutional status to Panchayati Raj Institutions (PRIs).
- **Article 243H** empowers state legislatures to authorise panchayats to levy, collect, and appropriate taxes, duties, tolls, and fees.
- **Eleventh Schedule (Article 243G)** outlines 29 functional areas for panchayats, including local infrastructure, health, education, and sanitation.
- **Finance Commissions (Art. 243-I, 280)** recommend fiscal transfers and grants to strengthen PRIs.

5. Importance of Financial Autonomy

- Strengthens **grassroots democracy** and the principle of **subsidiarity** by enabling local solutions to local problems.
- Reduces bureaucratic delays in fund transfers and enhances **accountability and transparency**.
- Encourages **participatory governance** and ensures that resources are mobilised according to local needs.
- Aligns with **SDG 16 (strong institutions)** and **SDG 11 (sustainable communities)**.

6. Conclusion and UPSC Relevance

- Financial autonomy for panchayats is crucial to realising the vision of **"Gram Swaraj"** as articulated by Mahatma Gandhi.
- A robust OSR framework will empower panchayats to become **self-reliant, efficient, and development-oriented** institutions of local governance.
- **UPSC Relevance**:
  - **GS-2**: Local governance, devolution of powers, Panchayati Raj Institutions.
  - **GS-3**: Fiscal decentralisation, inclusive development, financial management.
  - Useful for **Essay/Ethics** on decentralisation, grassroots empowerment, and democratic deepening.

5. States to Ease Off-Budget Borrowings – Summary

- **Definition and Background**: *Off-Budget Borrowings (OBBs)* are loans raised by state-owned entities or special purpose vehicles, where repayment is guaranteed from state budgets but not shown in the fiscal deficit figures. These were heavily used during the COVID-19 pandemic to finance emergency spending, peaking at ₹67,181 crore in FY21. In FY25, OBBs stood at ₹29,335 crore, up from ₹21,251 crore in FY24.

- **Shift Towards Fiscal Discipline**: States are expected to keep OBBs largely flat in FY26, marking a shift towards greater transparency and fiscal prudence. The Centre has already discontinued its own OBBs since FY23 and tightened rules by including such borrowings under states' borrowing limits as per **Article 293(3) of the Constitution** (which regulates states' borrowing powers).

- **Centre's Conditional Support**: Access to the Centre's 50-year interest-free loans (under schemes like **Special Assistance to States for Capital Investment – SASCI**) comes with conditions requiring fiscal discipline. This incentivizes states to adopt prudent borrowing and reduce reliance on hidden liabilities.
- **Fiscal Indicators**: A **CareEdge Ratings** report highlights that 13 major states (83% of India's GDP) project an aggregate fiscal deficit of 3.2% of GSDP in FY26, broadly similar to FY25. Richer states (e.g., Maharashtra, Tamil Nadu, Karnataka, Telangana) finance most of their budgets from **own revenues**, whereas others (e.g., UP, MP, WB) rely heavily on central transfers.
- **Significance**: Controlling OBBs improves fiscal credibility, reassures investors and rating agencies, and reduces the long-term debt burden. It also ensures borrowing space is preserved for priority development in infrastructure and welfare. This aligns with **FRBM Act (2003)** targets for fiscal consolidation and sustainable public finance management.
- **Constitutional & Legal Provisions**:
  - **Article 293(3)**: Restricts states from borrowing without Centre's consent if they owe outstanding loans to the Union.
  - **FRBM Act, 2003**: Provides the framework for fiscal discipline and transparency.
  - **Finance Commission recommendations**: Guide Centre-state fiscal transfers and debt sustainability.

Conclusion: By reducing off-budget borrowings, states are moving towards cleaner fiscal accounting, aligning with the Centre's post-pandemic reforms. This enhances transparency, reduces fiscal risks, and strengthens investor confidence.

UPSC Relevance:

- **GS Paper III – Economy**: Issues related to budgeting, public debt, fiscal policy, FRBM Act.
- **GS Paper II – Polity**: Centre-State financial relations, constitutional borrowing powers (Art. 293).
- **Current Affairs**: Post-pandemic fiscal management, federal fiscal discipline, SASCI scheme.

6. India Confident of Meeting Fiscal Deficit Target Despite Tax Cuts

- **Fiscal Deficit Target**: India aims to maintain the fiscal deficit at **4.4% of GDP in FY26**, despite announcing GST rate cuts on essentials and electronics. Fiscal deficit refers to the gap between the government's total expenditure and total revenue (excluding borrowings).

- **GST Overhaul**: The government has announced the **biggest reform since GST's introduction in 2017**, simplifying the tax structure and reducing rates on essential items and electronics to boost consumption and ease inflationary pressure.
- **Revenue Management**: Authorities indicated that **federal and state governments have options** to

offset revenue losses caused by tax cuts. This may include widening the tax base, improving compliance, or rationalizing expenditures.

- **End of Compensation Cess**: The government plans to **discontinue GST compensation cess by December**, which was earlier imposed to compensate states for losses arising from the GST rollout. This indicates fiscal transition towards greater state-level revenue autonomy.
- **Constitutional & Legal Provisions**:
    - **Article 265** – No tax shall be levied or collected except by authority of law.
    - **101st Constitutional Amendment Act, 2016** – Introduced GST and provisions for **compensation to states for 5 years**.
    - **FRBM Act, 2003** – Provides a framework for fiscal deficit management, guiding India's commitment to fiscal prudence.
- **Key Concerns**: While GST cuts may stimulate demand, the challenge lies in balancing **fiscal consolidation with welfare expenditure**. Stronger tax compliance and rationalized subsidies will be crucial to maintain credibility with investors and rating agencies.

Conclusion: India's confidence in meeting its fiscal deficit target despite tax cuts reflects an attempt to balance **growth stimulus and fiscal discipline**. Ending compensation cess will further push states towards fiscal self-reliance.

UPSC Relevance: Important for **GS-3 (Indian Economy – Budgeting, Fiscal Policy, Tax Reforms, GST, FRBM Act)** and **GS-2 (Federalism – Centre-State Fiscal Relations)**. It links to themes of **tax reforms, cooperative federalism, and fiscal consolidation**.

7. One Nation, One Election: An Indian Way of Thinking?

- **Concept and Historical Context**: The idea of *One Nation, One Election (ONOE)* seeks to synchronize Lok Sabha and State Assembly elections to enhance efficiency. Independent India initially had simultaneous elections, but political instability and premature dissolutions of State Assemblies broke this synchrony. The *Constitution (129th Amendment) Bill, 2024* seeks to revive this model.
- **Uniformity Drive in India**: ONOE reflects a broader Indian policy trend toward standardization seen in reforms like *One Nation, One Tax (GST, 2017)*, *Aadhaar (2009–2016)*, and *national entrance examinations (JEE, NEET, UPSC, CLAT, CAT)*. This has been supported across party lines, showing bipartisan continuity in centralizing reforms.
- **Arguments in Favour**: Proponents highlight efficiency, reduction in election expenditure, continuity of governance, and less frequent application of the Model Code of Conduct (MCC). This is similar to the GST argument of "efficiency and simplification" in taxation.
- **Concerns and Counterarguments**: Critics (e.g., Milan Vaishnav et al.) argue projected cost savings may be overstated, while risks include undermining federalism, reducing political accountability, and weakening regional diversity. India's democratic process, marked by complexity and adaptability, may be compromised if electoral cycles are standardized.
- **Indian Way of Thinking – Context Sensitivity**: Referencing A.K. Ramanujan, Indian traditions emphasize *contextual flexibility over universal uniformity*. Examples include diverse *land laws* under

the Constitution's *State List (Seventh Schedule)* that respect regional histories, tribal rights, and community variations. ONOE, by contrast, risks imposing rigid uniformity on a diverse polity.

- **Constitutional and Legal Aspects**: Implementing ONOE requires constitutional amendments under *Article 368* affecting Articles 83, 172, 356 and provisions related to dissolution of legislatures. It also touches upon *federalism*, a part of the *Basic Structure* doctrine (Kesavananda Bharati case, 1973), raising concerns of judicial scrutiny.

Conclusion: While ONOE promises efficiency, India's democratic ethos values diversity, adaptability, and regional autonomy. Imposing uniformity could weaken the very strengths that sustain Indian democracy. Balancing efficiency with federal flexibility remains crucial.

UPSC Relevance:

- **GS2 (Polity & Governance):** Federalism, Constitutional Amendments, Electoral Reforms.
- **GS1 (Society):** Diversity and traditions shaping governance.
- **GS4 (Ethics):** Values of inclusiveness, accountability, and contextual justice.
- **Essay/Interview:** "Uniformity vs Diversity in Indian Democracy," "Is efficiency the ultimate goal of governance?"

8. A Conservation Manual, Drafted by the Ordinary Citizen

- **Background and Current Issues in Conservation**
    - The Archaeological Survey of India (ASI) manages around 3,600 protected monuments under frameworks rooted in colonial conservation approaches (e.g., John Marshall's *Conservation Manual, 1923*).
    - The colonial focus was on repair and aesthetic upkeep, often isolating monuments from their social and ecological context.
    - Despite existing laws (Ancient Monuments and Archaeological Sites and Remains Act, 1958; 2010 amendment) and conservation policy (2014), many monuments are in neglect, as audit reports and field surveys show.
    - Increasing reliance on corporate adoption of monuments reflects gaps in state capacity.
- **Key Constitutional & Legal Provisions**
    - **Article 49**: Duty of the State to protect monuments of national importance.
    - **Article 51A(f)**: Fundamental Duty of citizens to value and preserve the rich heritage of composite culture.
    - **7th Schedule – Union List (Entry 67)**: Union's exclusive power to protect monuments of national importance.
    - International obligations: **UNESCO World Heritage Convention (1972)**, India being a signatory.
- **Proposed Holistic Approach**
    - Inspired by Gandhian principles (*Sarvodaya*), conservation should not only focus on structures but also improve the lives of communities around them.

- Interdisciplinary perspectives—translators, economists, biologists, mycologists—can help reconceptualize conservation as contextual, dynamic, and inclusive.
- Emphasis on sustainable use of monuments (e.g., water conservation links, ecological surroundings, traditional ventilation systems) rather than cosmetic restoration.

- **Role of Citizens in Heritage Preservation**
  - Citizens must be active stakeholders in heritage conservation, not passive observers.
  - Local community participation can enhance sustainable conservation, create livelihoods, and safeguard cultural memory.
  - Public awareness and heritage literacy (learning to interpret monuments, inscriptions, materials) can democratize conservation.
- **Conceptual Shifts Highlighted**
  - Moving from **isolationist conservation → integrated socio-ecological conservation**.
  - Recognizing monuments as "living heritage" connected to local economies, traditions, and environments.
  - Re-imagining conservation not as "repairing ruins" but as "preserving stories, values, and social functions."
- **Conclusion and UPSC Relevance**
  - Conservation in India requires a paradigm shift from colonial and purely technical approaches to community-centered, interdisciplinary, and sustainable frameworks.
  - For UPSC, this topic links to **GS I (Indian Heritage and Culture), GS II (Constitutional provisions, governance), GS III (environment, sustainable development), and GS IV (ethical dimensions of heritage preservation)**.
  - With heritage being both a constitutional obligation and a cultural responsibility, conservation policy reform is crucial for safeguarding India's civilizational legacy.

9. India's New Approach to Engage Africa – The Namibia Case Study

1. Grounded Cultural Diplomacy

- PM Narendra Modi's address in Namibia highlighted cultural sensitivity by quoting local poets, invoking national symbols (Welwitschia plant, Springbok), and using Oshiwambo phrases.

- This reflects India's *soft power diplomacy* and stands in contrast to Western aid-based engagement often tied to conditions like migration control.
- **Definition – Soft Power:** The ability of a country to persuade others to do what it wants without force or coercion, relying on culture, diplomacy, and values.

2. Three-Step Logic of Engagement

- **Historical Solidarity:** India supported Namibia's liberation struggle (hosting SWAPO's first diplomatic office, Indian officer in UN peacekeeping).

- **Present Cooperation:** Bilateral trade of $800 million, IT and education initiatives (India-Namibia Centre of Excellence, $12 million grant for University projects).
- **Future-Oriented Roadmap:** Tech diplomacy through UPI adoption, institutional knowledge transfer, and capacity-building in digital governance.

3. Strategic Advantage of Namibia

- Politically stable, resource-rich (notably uranium), and technology-ready.
- Namibia echoes India's call for reform in global economic and financial systems, aligning with the **South-South Cooperation** model.
- **Definition – South-South Cooperation:** Exchange of resources, technology, and knowledge between developing nations to achieve common development goals.

4. Challenges and Gaps

- Lack of major agreements on critical minerals, despite Namibia being a leading uranium supplier, reflects *missed strategic opportunities*.
- India's Africa engagement historically suffers from uneven follow-through and long gaps in high-level visits (first PM visit in nearly three decades).

5. Institutionalising Partnership

- Upcoming **India-Africa Forum Summit** could formalise cooperation in biofuels, disaster resilience, and digital innovation.
- Need to move beyond symbolism to concrete frameworks in trade, resource-sharing, and infrastructure.
- Constitutional Basis: Article 51 of the Directive Principles directs India to promote international peace, just global order, and cooperation.

6. UPSC Relevance & Conclusion

- India's approach to Namibia showcases a *shift from aid-driven to partnership-driven diplomacy*, rooted in trust, shared history, and technology transfer.
- Key themes: soft power, South-South cooperation, digital diplomacy, resource strategy, and Global South solidarity.
- **Conclusion:** India's success in Africa will depend not only on cultural gestures but on sustained political will, institutional capacity, and strategic clarity. Its credibility as a Global South leader will rest on consistent follow-through and long-term commitments.

UPSC Relevance: Important for **GS Paper 2 (International Relations, India & Africa, South-South Cooperation, Diaspora Diplomacy)** and **Essay Paper** (Themes: Global South, Foreign Policy, Soft Power).

10. India's Patent Landscape: Universities as Changemakers

1. Transformation in Patent Filings

- India has shifted from being a *consumer of global technology* to becoming a *creator*, with Indian-origin filings crossing 57% in 2023.

- For the first time, domestic filings outpaced those from any single foreign country; India also became the **second-largest recipient of granted patents (2021)**, overtaking the U.S.
- Definition: *Patent* – A statutory right granted to an inventor to exclude others from making, using, or selling an invention for a limited period (generally 20 years).

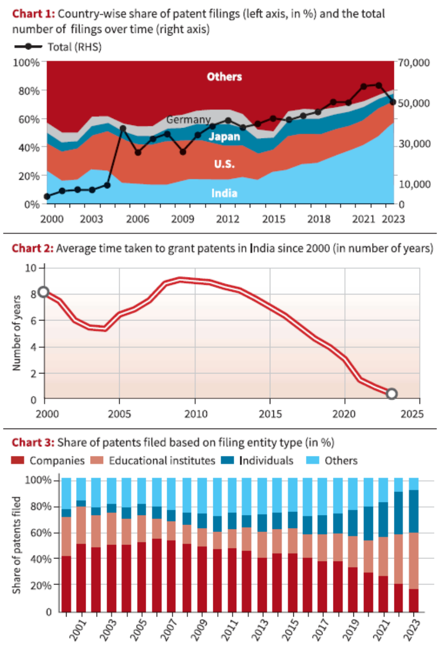
2. Role of Government Policies and Reforms

- **National IPR Policy (2016)** and **Atal Innovation Mission (2016)** boosted startup and academic innovation.
- Reforms: expedited examinations, simplified timelines, **80% fee reduction** for educational institutions/MSMEs/startups, and **digitalisation of filing**.
- **KAPILA Programme (2020)** promoted IP literacy in higher education institutions.

3. Changing Patent Ecosystem

- **Shift in sectors**: Computer science patents rose from 1.27% (2000) → 26.5% (2023); biomedical patents from 0.6% → 10%.
- **Shift in applicants**: University filings grew from <10% (2000) → ~43% (2023); companies' share declined from 43% → 17%.
- Institutions like **IIT Madras and IIT Bombay** have emerged as leaders in academic patenting.

4. Challenges and Opportunities



Twincle Halder and Vidhya Soundararajan are affiliated with Centre for Advanced Financial Research and Learning

- Nearly **80% of filings await decision**, reflecting bureaucratic and legal complexities.
- Patent processing timelines improved from **8–10 years** (2000s) to **2–3 years** today.
- Low **R&D expenditure** (0.67% of GDP) compared to U.S. (3.5%) and China (2.5%) remains a bottleneck.

5. Constitutional and Legal Framework

- **Article 51A(h) & (j)**: Fundamental duties to develop scientific temper and strive for excellence.
- **Article 300A**: Right to property applies indirectly to intellectual property.
- **Patents Act, 1970** (amended 2005) aligns with TRIPS Agreement under WTO.
- Promotion of innovation is in line with **Directive Principles (Article 38 & 39)** – ensuring scientific and technological advancement for national development.

6. Way Forward

- Increase R&D spending to ~2% of GDP.
- Strengthen university–industry linkages for commercialization of patents.
- Incentivise researchers, provide legal/financial support for IP monetisation.

- Position India as a **global knowledge leader** amid rising trade uncertainties.

Conclusion
India's patent landscape reflects a remarkable shift from dependence to self-reliance in technology creation. Universities have emerged as central changemakers, aided by government reforms and innovation missions. However, without scaling up R&D investments and institutional support, India's innovation momentum may stall. Strengthening academia-industry partnerships and patent commercialization is key for India's long-term growth.

UPSC Relevance

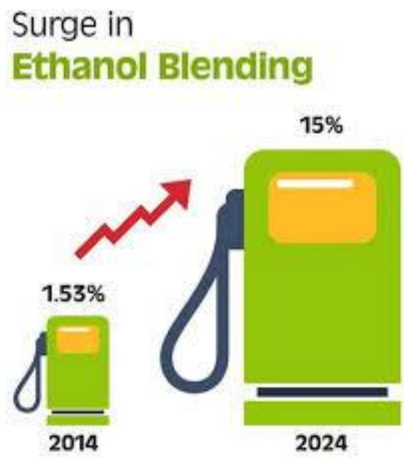
- **GS-3 (Science & Technology, Economy)**: Innovation ecosystem, IPR policy, R&D investments.
- **GS-2 (Governance, Policies)**: Role of government in promoting startups and higher education reforms.
- **Essay/Interview**: "India's journey from consumer to creator of technology" or "Universities as engines of innovation."

11. Ethanol Blending in India – Key Summary

- **Definition & Policy Framework**
  Ethanol blending refers to mixing ethanol (an alcohol derived from crops like sugarcane, maize, or rice) with petrol to reduce fossil fuel consumption. India achieved 20% blending (E20) in 2025, five years ahead of target under the **National Policy on Biofuels, 2018**. It aims to cut emissions, reduce import dependency, and enhance farmer incomes.

- **Impact on Vehicle Owners**
  Since April 2023, new vehicles come with **E20 compatibility stickers**. However, 2/3rd of surveyed petrol vehicle owners oppose the E20 mandate due to **reduced mileage, higher maintenance costs**, and lack of consumer choice. While the government admits to a **"marginal drop" in efficiency**, NITI Aayog has recommended **tax incentives** to compensate consumers.

- **Agricultural & Environmental Concerns**
  Ethanol supply rose from **40 crore litres (2014)** to **670 crore litres (2024)**, mostly from sugarcane. But sugarcane is highly water-intensive (60-70 tonnes of water per tonne of crop). This has worsened groundwater depletion, especially in **Maharashtra**, contributing to **land degradation (30% of India's land)**. Diversification into rice and maize-based ethanol is underway, but has led to **increased imports of corn (6x rise in 2024-25)**.



- **Economic & International Dimensions**
  India saved **₹1.4 lakh crore in foreign exchange** since 2014 due to ethanol blending. However, PSUs (IOC, BPCL, ONGC) largely retained profits instead of reducing retail fuel prices.
  Internationally, the **U.S. has raised concerns**, terming India's restrictions on ethanol imports as a "trade barrier" in its **2025 National Trade Estimate Report**. The Indian Sugar Mills Association opposes liberalisation, fearing harm to domestic producers.

- **Ethanol vs. EVs – Comparative Transition**
  E20 blending has reduced **700 lakh tonnes of CO_2 emissions**, but EVs offer **greater decarbonisation potential**, as seen in Beijing's success. India lags in EV adoption (**7.6% sales in**

2024 vs. 30% global targets) due to high costs, charging infrastructure gaps, and **dependence on Rare Earth Elements (REEs)**, mostly controlled by China. Recent supply chain disruptions have already delayed EV rollouts (e.g., Maruti Suzuki's e-Vitara).

- **Constitutional & Legal Provisions**
  Article **48A** (Directive Principles) obligates the State to protect and improve the environment. Article **51A(g)** places a **fundamental duty** on citizens to safeguard natural resources. Ethanol blending aligns with India's commitments under the **Paris Agreement (2015)** and **Nationally Determined Contributions (NDCs)** for reducing carbon emissions.

Conclusion & UPSC Relevance

Ethanol blending has brought economic and strategic benefits by reducing oil imports and boosting farmer incomes, but its over-reliance on **sugarcane** is environmentally unsustainable. While the U.S. pressures for import liberalisation, India must balance domestic capacity building with global trade obligations. For long-term sustainability, ethanol must act as a **bridge fuel** alongside rapid scaling up of **EV adoption, renewable energy, and green hydrogen**.

UPSC Relevance:

- GS-2: Government policies & international trade issues.
- GS-3: Energy security, environmental conservation, agricultural sustainability, and climate change mitigation.
- GS-4 (Ethics): Balancing development with intergenerational equity.

12. Jan Vishwas (Amendment) Bill, 2025 – Key Summary

- **Definition & Objective**
  The **Jan Vishwas (Amendment) Bill, 2025** seeks to **decriminalise minor offences** across multiple legislations to promote **ease of living and doing business**. It amends over **350 provisions** across several Acts, removing imprisonment for trivial violations and substituting them with fines or penalties. The Bill is part of the broader push for **trust-based governance**.
- **Background & Evolution**
  The first reform step was the **Jan Vishwas (Amendment) Act, 2023**, which decriminalised **183 provisions across 42 Central Acts** administered by 19 Ministries. It replaced certain criminal punishments with monetary penalties, thereby reducing harassment of citizens and businesses. The 2025 Bill is a continuation of this reform drive.
- **Government's Broader Reform Agenda**
  The government has already abolished **40,000 unnecessary compliances** and scrapped over **1,500 obsolete laws** to reduce the regulatory burden. This aligns with PM Modi's Independence Day commitment (2023) to eliminate outdated provisions that unnecessarily criminalise citizens for minor matters.

- **Economic & Governance Implications**
  Decriminalisation is expected to:
  - Improve **Ease of Doing Business** rankings.
  - Reduce judicial backlog by preventing minor offences from reaching courts.
  - Build investor confidence through a **predictable regulatory environment**.
  - Strengthen **trust-based governance** by focusing on facilitation rather than punishment.
- **Constitutional & Legal Relevance**
  The Bill reflects the constitutional vision of **Article 19(1)(g)** (freedom to practice any profession, or to carry on any occupation, trade or business) by removing unnecessary restrictions. It also furthers the **Directive Principles (Art. 38 & 39)** by ensuring governance promotes economic justice and citizen welfare. Additionally, it embodies the principle of **decriminalisation in regulatory law**, distinguishing between serious crimes and compliance-related issues.
- **Critical Perspectives**
  While reform is necessary, critics argue that:
  - Excessive decriminalisation may weaken regulatory deterrence.
  - Penalties must be rationalised to avoid creating scope for rent-seeking by enforcement officials.
  - Stronger grievance redressal mechanisms are needed to ensure fairness.

Conclusion & UPSC Relevance

The **Jan Vishwas (Amendment) Bill, 2025** is a landmark step in legal reform, shifting from a **punitive to facilitative regulatory approach**, strengthening **ease of living, ease of business, and citizens' trust in governance**. By removing outdated and excessive criminal provisions, India is making its regulatory environment more citizen-friendly and business-attractive, while reducing judicial burden.

UPSC Relevance:

- **GS-2:** Governance, transparency, ease of business, and legal reforms.
- **GS-3:** Economic development and investor confidence.
- **GS-4 (Ethics):** Balancing regulatory enforcement with fairness, justice, and citizen-centric governance.