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DAILY CURRENT AFFAIRS

FOR UPSC CIVIL SERVICE EXAMINATION

DATE: 16/09/2025 (TUESDAY)



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Table of Contents

1. Has the Reserve Bank Firmly Tamed Inflation?.....	2
2. India-US Trade Talks Resume – Key Insights	3
3. Mule Accounts Disrupt Banks’ Deposit Chase.....	4
4. Goods Trade Deficit Narrows – Key Points	5
5. Ukraine May Curb Indian Diesel Imports Amid Russian Oil Ties – Key Points.....	6
6. India Targets 5% Share in Global Shipbuilding Market by 2030	6
7. Wholesale Inflation Rises to Four-Month High in August.....	7
8. Government to Up Local Capacity, Cut Import of Select 100 Products	8
9. ICAR to Evaluate Risks to Rabi Crops from La Niña-Linked Severe Winters.....	9
10. UPI Daily Payment Limit Set at ₹10 Lakh	10
11. Supreme Court Stay on Waqf (Amendment) Act, 2025 – Key Summary.....	11
12. Supreme Court on Aadhaar as Voter Identity Proof – Key Summary.....	12
13. Unlocking Innovation with India’s Procurement Reforms – Key Summary.....	14



1. Has the Reserve Bank Firmly Tamed Inflation?

• **Current Inflation Status:**

Retail inflation in India has been steadily declining, reaching 2.07% in August 2025, which is at the lower end of the Reserve Bank of India's (RBI) comfort zone of 2% to 6%. This reduction reflects a significant moderation compared to previous periods.

• **Key Factors Driving Low Inflation:**

The main contributors to benign inflation are robust Rabi and Kharif crop production leading to a sharp fall in food prices (especially vegetables and cereals), low food inflation at 0.7% in August, and moderate core inflation at around 4.3%. Additionally, excess industrial capacity in China has helped reduce core inflation through cheap imports.

• **Impact of GST Rate Cut on Inflation:**

The reduction in GST rates effective from September 22, 2025, is expected to further lower retail inflation by approximately 50 to 98 basis points, depending on the extent of pass-through to consumer prices. This benefit will primarily reflect in Q3 and extend into FY27.

• **Outlook for FY26 and Beyond:**

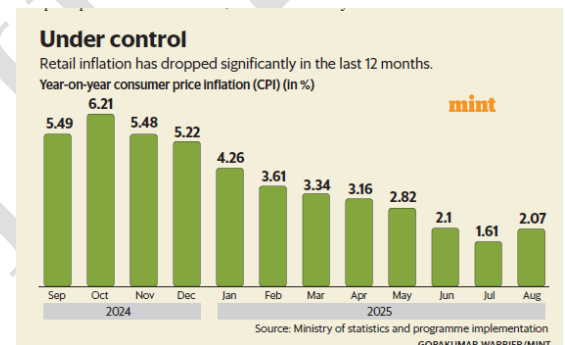
RBI projects retail inflation at 3.1% for FY26, but it is likely to undershoot this target, possibly remaining below 2% in Q2 due to favorable base effects. However, inflation may rise in Q4 to around 4% due to excess rainfall and potential food price volatility.

• **Implications for Monetary Policy and Economy:**

Given muted inflation, RBI is likely to maintain its policy repo rate for now but may consider a 25-50 basis point cut later if growth weakens and global rates fall. Low inflation supports real GDP growth but negatively affects nominal GDP and revenue mobilization, impacting fiscal health.

• **Risks and Uncertainties:**

While inflation appears tamed for now, it is not a permanent victory. Over 50% of India's farmland is rain-dependent, making food prices vulnerable to climate change and unpredictable weather. Geopolitical tensions and global supply chain disruptions could disrupt the current low inflation trend.



Key Definitions:

- **Consumer Price Inflation (CPI):** Measures the average change in prices paid by consumers for goods and services over time.
- **Core Inflation:** CPI excluding volatile items like food and fuel, reflecting underlying inflation trends.
- **GST (Goods and Services Tax):** A unified indirect tax system in India imposed on the manufacture, sale, and consumption of goods and services.
- **Policy Repo Rate:** The rate at which RBI lends short-term funds to commercial banks.

Constitutional & Legal Provisions:

- The Reserve Bank of India Act, 1934 governs the functioning of the RBI as India's central bank, empowering it to manage monetary policy and control inflation.



- Article 280 of the Indian Constitution mandates the Finance Commission to review fiscal relations between the Union and States, indirectly influenced by inflation and revenue collection.

Conclusion & UPSC Relevance:

The recent decline in retail inflation reflects a combination of favorable agricultural output, external factors like cheap imports, and policy measures such as GST rate cuts. However, structural risks such as climate dependence of agriculture and geopolitical factors continue to pose challenges. For UPSC aspirants, understanding the dynamics of inflation, the role of the RBI, and implications of fiscal and monetary policy is crucial for both the Economy and Governance sections. Inflation management directly impacts economic stability, fiscal policy, and growth trajectory—key areas of the Civil Services Examination.

2. India-US Trade Talks Resume – Key Insights

- **Resumption of High-Level Trade Talks:**

High-level trade negotiations between India and the United States resumed on 16 September 2025, aimed at reviving a stalled trade deal amid earlier tensions over tariffs, market access, and investment rules. Both sides are showing a positive and solution-oriented approach to strengthen economic ties.

- **Key Negotiators Involved:**

The talks are led by Brendan Lynch, US Assistant Trade Representative for South and Central Asia, and Rajesh Agrawal, Special Secretary in India's Commerce Department. These negotiations are part of ongoing dialogues at diplomatic, ministerial, and negotiator levels, reflecting the strategic importance of India-US economic relations.



- **Main Areas of Discussion:**

The primary focus of discussions includes resolving long-standing issues in goods and services trade, investment regulations, supply chain resilience, and market access barriers. These issues are critical for improving bilateral trade, fostering investments, and ensuring supply chain security amid global economic challenges.

- **Strategic and Economic Importance:**

India-US trade relations are crucial given both countries' positions in the global economy. The discussions are aimed at enhancing bilateral trade, promoting job creation, and facilitating technology transfers. A successful agreement would support India's ambition to boost exports and integrate further into global value chains.

- **Key Definitions:**

- **Tariff:** A tax imposed on imported goods to protect domestic industries or generate revenue.
- **Market Access:** The ability of a company or country to sell goods and services across borders without restrictive barriers.
- **Supply Chain Resilience:** The ability of a supply chain to withstand disruptions and continue delivering goods and services efficiently.

- **Constitutional & Legal Framework:**

India's external trade policy is governed under the Foreign Trade (Development & Regulation) Act, 1992, which empowers the government to regulate trade and engage in bilateral and multilateral negotiations. The Constitution of India under Article 246 grants the Union government power to legislate on trade and commerce with foreign countries.

**Conclusion & UPSC Relevance:**

The resumption of India-US trade talks is a significant development in bilateral economic relations and global trade diplomacy. Understanding the strategic priorities, challenges in market access, and impact on India's economic growth is essential for UPSC aspirants, especially for Economy, International Relations, and Governance segments. These negotiations directly affect India's foreign trade policy, investment climate, and global economic integration, all of which are highly relevant for Civil Services Examination preparation.

3. Mule Accounts Disrupt Banks' Deposit Chase**• Concept of Mule Accounts:**

Mule accounts are dormant bank accounts exploited as conduits for transferring illicit funds. These accounts typically have low-value, high-volume transactions and are used for money laundering, cyber fraud, and fund diversion without the account holder's knowledge.

• Current Scenario in Indian Banking Sector:

Over 700 bank branches across India hold around 850,000 mule accounts, according to the Central Bureau of Investigation (CBI), which is actively investigating their use in digital fraud. The focus has shifted from aggressively mobilizing deposits to managing risks arising from such fraudulent activities.

• Challenges Faced by Banks:

Banks are now more willing to lend despite default risks rather than compete for deposits due to the threat posed by mule accounts. Past issues like a deposit growth slowdown were primarily due to low returns and customers preferring mutual funds over traditional savings.

**• Know Your Customer (KYC) Process:**

KYC is a regulatory mechanism requiring banks to verify the identity and address of customers before opening accounts or granting loans. It is designed to prevent money laundering and ensure transparency by linking accounts to genuine customers. However, operational pressure to meet sales targets often leads to KYC compliance being overlooked, increasing the risk of mule accounts.

• Constitutional & Legal Provisions:

- The Prevention of Money Laundering Act (PMLA), 2002 provides the legal framework to prevent money laundering in India.
- The Reserve Bank of India (RBI) regulates banking norms including KYC guidelines under the Banking Regulation Act, 1949.
- Section 45 of the Banking Regulation Act mandates proper customer identification to ensure sound banking practices.

• Impact on Economy and Financial Stability:

While the deposit-credit growth mismatch has eased, the proliferation of mule accounts threatens the integrity of the financial system. It increases risks of financial fraud, destabilizes trust in banking institutions, and hampers efforts toward formal financial inclusion.

Conclusion & UPSC Relevance:

Mule accounts highlight the growing challenge of digital fraud in India's banking sector, underlining the importance of robust compliance and risk management frameworks like KYC and PMLA. For UPSC aspirants, understanding financial fraud mechanisms, regulatory measures, and their implications on



economic stability is vital for both the Economy and Governance segments. It is essential for aspirants to analyze how financial fraud impacts macroeconomic parameters and the government's role in regulating financial institutions for sustainable economic development.

4. Goods Trade Deficit Narrows – Key Points

- **Narrowing of Merchandise Trade Deficit:**

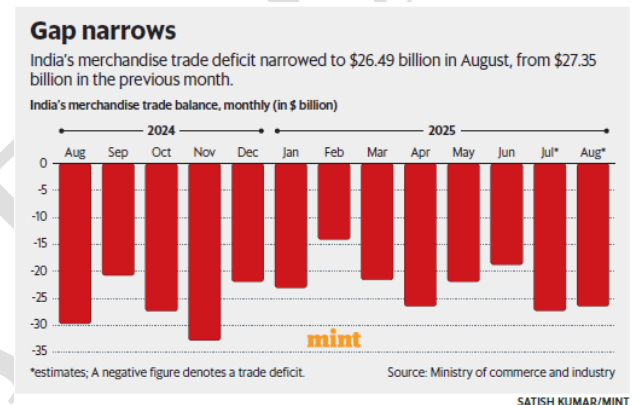
India's merchandise trade deficit narrowed to \$26.49 billion in August 2025 from \$27.35 billion in July. This was due to a sharper decline in imports (\$61.59 billion from \$64.59 billion) than in exports (\$35.10 billion from \$37.24 billion). On a year-on-year basis, exports rose by 6.7%, while imports declined by 10.1%.

- **Impact of US Tariffs:**

In August, the US imposed an additional 25% tariff on Indian goods, citing India's energy trade with Russia, taking total duties to 50%. This affects approximately half of India's exports to the US, which account for about 2% of India's GDP. Exports to the US are critical but now face severe headwinds.

- **Key Export Sectors and Drivers:**

Exports were supported by strong demand in engineering goods, electronics (41% YTD growth), and pharmaceuticals. The government's export strategy focuses on improving competitiveness, diversifying markets, reducing dependency on critical geographies, and securing market access for key sectors.



- **Definitions of Key Terms:**

- Merchandise Trade Deficit: The excess of a country's imports of goods over its exports of goods.
- Goods Exports/Imports: The sale/purchase of physical products across countries.
- Services Exports/Imports: Export and import of services such as IT, tourism, and financial services.
- Supply Chain Resilience: The ability to maintain continuous operations in the face of disruptions in global supply chains.

- **Constitutional & Legal Framework:**

- Article 246(1) of the Indian Constitution provides the Union government power to regulate trade and commerce with foreign countries.
- The Foreign Trade (Development & Regulation) Act, 1992 governs India's foreign trade policy.
- Balance of Payments (BoP) framework, managed by the RBI, monitors and regulates international transactions to maintain economic stability.

- **Conclusion & UPSC Relevance:**

The narrowing trade deficit signals resilience in India's external sector despite global and geopolitical challenges, including protectionist US policies. For UPSC aspirants, understanding India's trade dynamics, export-import patterns, government strategies for market diversification, and the role of international trade policies is critical. These insights are especially important for Economy, International Relations, and Governance sections of the Civil Services Exam, as they reflect India's efforts to integrate with the global economy and manage external economic shocks.



5. Ukraine May Curb Indian Diesel Imports Amid Russian Oil Ties – Key Points

- **Key Development in International Trade:**

Ukraine is set to restrict diesel imports originating from India starting 1 October 2025. This decision is linked to India's continued crude oil purchases from Russia, which is under international sanctions due to the ongoing conflict in Ukraine.

- **Reason Behind the Restriction:**

Ukraine's decision follows the loss of a key oil refinery during the summer, compelling Ukrainian traders to source diesel from India to meet domestic demand. However, due to geopolitical pressures, Ukraine plans to stop importing Indian diesel to avoid strengthening ties with Russia.

- **India-Russia Energy Relations:**

India remains one of the largest buyers of Russian crude oil, taking advantage of discounted rates amid Western sanctions. This has created tensions in India's diplomatic relations with Ukraine and Western countries, raising concerns about India's balancing act in geopolitics.



- **Key Definitions:**

- **Diesel Fuel:** A type of fuel derived from crude oil used in engines of vehicles, especially in transport and industry.
- **Crude Oil:** Unrefined petroleum extracted from the ground, used for producing fuels and chemicals.
- **Sanctions:** Restrictions imposed by countries or international bodies on economic and political relations, often as a punitive measure.

- **Constitutional & Legal Provisions:**

- Article 246 of the Indian Constitution empowers the Union Government to regulate trade and commerce with foreign countries.
- India's foreign policy is governed by principles of strategic autonomy, balancing national interest in a multipolar world, as reflected in the Conduct of Foreign Affairs.

- **Conclusion & UPSC Relevance:**

The development highlights the geopolitical challenges India faces in maintaining strategic energy security while managing global diplomatic pressures. For UPSC aspirants, it is important to analyze how India balances its energy needs with international relations, especially in the context of the Russia-Ukraine conflict and Western sanctions. This issue is relevant for the International Relations and Economy segments of the Civil Services Exam, focusing on India's foreign policy approach, energy diplomacy, and the impact of global conflicts on trade and economic security.

6. India Targets 5% Share in Global Shipbuilding Market by 2030

- **Government's Ambitious Target:**

India aims to secure a 5% share of the global shipbuilding market by 2030. The goal includes developing 10 world-class shipyards through Public-Private Partnerships (PPPs) and international collaborations, reflecting India's intent to strengthen its maritime manufacturing capabilities.

- **Strategic Importance of Shipbuilding:**

Shipbuilding is critical for India's strategic autonomy, economic growth, and maritime security. It contributes to employment generation, technological development, and reducing dependence on foreign shipbuilding industries, especially from countries like China and South Korea.



- **Focus on Sustainable Shipbuilding:**

India plans to become a global hub for sustainable shipbuilding, integrating policy reforms and technological innovations. This aligns with global trends to promote environmentally friendly ship designs, energy efficiency, and low-emission technologies.

- **Definitions of Key Terms:**

- **Shipbuilding:** The construction of ships and other floating vessels used for commercial, military, or private purposes.
- **Public-Private Partnership (PPP):** A collaborative investment model where government and private sector entities jointly develop infrastructure or projects.
- **Sustainable Shipbuilding:** Shipbuilding practices that focus on reducing environmental impact through use of cleaner technologies, waste reduction, and energy-efficient designs.



- **Constitutional & Legal Framework:**

- Article 246 of the Indian Constitution empowers the Union Government to legislate on shipping and navigation.
- The Merchant Shipping Act, 1958 governs the regulation of shipping and shipbuilding activities in India.
- The Make in India initiative and Atmanirbhar Bharat Mission provide the policy framework to promote indigenous manufacturing, including shipbuilding.

- **Conclusion & UPSC Relevance:**

India's shipbuilding target reflects its broader vision of enhancing industrial capacity, promoting self-reliance, and achieving strategic autonomy in the maritime sector. For UPSC aspirants, understanding the role of shipbuilding in India's economic development, defense preparedness, and industrial policy is crucial. This topic is relevant for Economy, Infrastructure, and Security segments of the Civil Services Exam, as it involves industrial strategy, sustainable development, and India's maritime ambitions in the global context.

7. Wholesale Inflation Rises to Four-Month High in August

- **Rise in Wholesale Price Index (WPI) Inflation:**

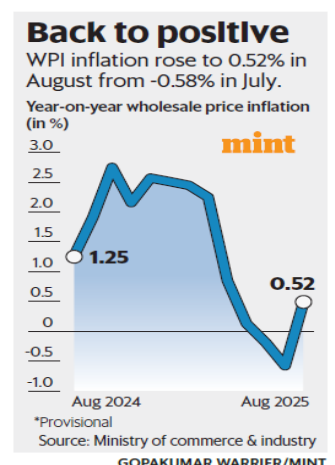
In August 2025, India's Wholesale Price Index (WPI)-based inflation rose to 0.52% from (-)0.58% in July, marking a four-month high. This increase was primarily driven by higher food prices, reversing two months of contraction. The rise exceeded economists' expectations of 0.30%.

- **Key Contributors to Inflation:**

Food inflation stood at 0.21%, up from (-)2.15% in July, driven by rising prices of vegetables, milk, protein-rich items (eggs, fish, meat), non-food articles, oilseeds, minerals, and manufactured products. Non-food articles showed a sharp rise of 5.56%, while fuel and power continued to contract by (-)3.17%.

- **Retail Inflation Trends:**

Consumer Price Index (CPI) inflation also increased to 2.07% in August from 1.61% in July, marking the first rise since October 2024. This reflects underlying pressures from food and manufactured products despite soft fuel prices.





- **Definitions of Key Terms:**

- Wholesale Price Index (WPI): Measures the average change in prices of goods at the wholesale (producer) level.
- Consumer Price Index (CPI): Measures the change in retail prices paid by consumers for goods and services.
- Deflation: A decrease in the general price level of goods and services.
- Base Effect: The impact of changes in inflation calculations due to unusually low or high inflation in the base year.

- **Constitutional & Legal Framework:**

- Article 246(1): Provides the Union government power to regulate trade and commerce with foreign countries and among states, impacting pricing and inflation policies.
- The Reserve Bank of India (RBI) manages inflation targeting under the RBI Act, 1934 and the Inflation Targeting Framework, aiming to keep CPI inflation at 4% ($\pm 2\%$).
- The Ministry of Commerce and Industry is responsible for compiling WPI data as per the WPI (Base Year 2011-12).

- **Conclusion & UPSC Relevance:**

The resurgence in wholesale and retail inflation highlights the complex interplay of global commodity prices, domestic supply-side factors, and currency fluctuations. For UPSC aspirants, this topic is significant for understanding India's inflation dynamics, the role of WPI vs CPI, and the challenges in policy formulation. It is essential for the Economy and Governance sections of the Civil Services Exam, especially for analyzing how inflation impacts monetary policy, fiscal decisions, and the overall economic stability of India.

8. Government to Up Local Capacity, Cut Import of Select 100 Products

- **Objective of Reducing Import Dependence:**

The Indian government has identified 100 key products where efforts will focus on reducing import dependence by boosting domestic production capacity. This move is part of the Swadeshi and Atmanirbhar Bharat initiatives aimed at promoting self-reliance and strengthening domestic industries.

- **Categorization of Products:**

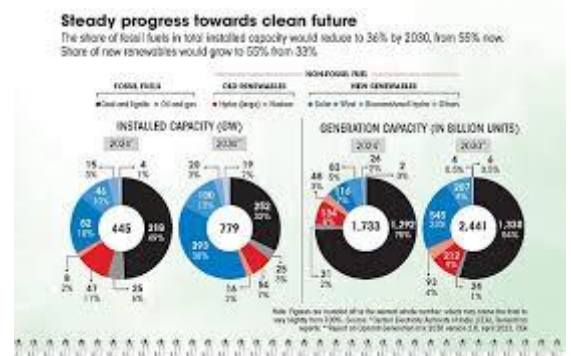
The 100 products have been categorized into three segments – raw materials, intermediates, and finished goods – to analyze where local industry can replace foreign supply. The strategy ensures targeted interventions based on the industry's capacity to produce domestically.

- **Policy Measures and Implementation:**

Production-Linked Incentive (PLI) schemes and private sector expansion are central to the strategy. Ministries are collaborating to assess existing capacities and future expansion needs, ensuring that industries are equipped to meet domestic demand while reducing strategic vulnerabilities.

- **Definitions of Key Terms:**

- Swadeshi Initiative: A policy promoting domestic production and reducing foreign dependency to boost local industries.
- Atmanirbhar Bharat: An economic vision emphasizing self-reliance across sectors through reforms,





infrastructure investment, and incentivizing domestic manufacturing.

- **Production-Linked Incentive (PLI) Scheme:** A government initiative that provides financial incentives to companies based on incremental sales of locally manufactured products.

- **Constitutional & Legal Provisions:**

- Article 246(1): Empowers the Union Government to regulate foreign trade and commerce.
- Foreign Trade (Development & Regulation) Act, 1992: Governs India's trade policy, enabling the government to restrict or promote import and export of goods and services based on national interest.
- Section 3 of the Essential Commodities Act, 1955 empowers the government to regulate production, supply, and distribution of essential commodities, helping reduce strategic dependencies.

- **Conclusion & UPSC Relevance:**

The government's plan to boost local capacity and reduce reliance on critical imports aligns with India's economic strategy of achieving self-reliance while improving global trade competitiveness. For UPSC aspirants, this topic is important in Economy, Governance, and Industrial Policy sections of the Civil Services Exam. It highlights India's efforts to strengthen industrial infrastructure, manage trade deficits, and strategically navigate global supply chain risks, contributing to national security and economic resilience.

9. ICAR to Evaluate Risks to Rabi Crops from La Niña-Linked Severe Winters

- **Significance of Rabi Crops in India:**

Rabi crops such as wheat, pulses, and oilseeds account for around 45% of India's total foodgrain output and are critical for national food security. In 2024-25, India achieved record foodgrain production of 354 million tonnes, contributing significantly to both domestic supply and agro-based industries.

- **Impact of La Niña on Agriculture:**

La Niña refers to the abnormal cooling of ocean temperatures in the Equatorial Pacific Ocean, often leading to colder-than-normal winters in India. Its effects are region-dependent – it can increase soil moisture and water resources but may also cause excessive rainfall, waterlogging, delayed harvests, and heightened frost risk, particularly in states like Punjab, Haryana, and Uttar Pradesh.



- **Role of ICAR and IMD:**

The Indian Council of Agricultural Research (ICAR), in coordination with the India Meteorological Department (IMD), will conduct a comprehensive study to assess potential risks of La Niña-linked severe winters on rabi crops. The IMD is expected to provide a definitive forecast by the end of October. Krishi Vigyan Kendras (KVKs) will serve as critical links between farmers and research bodies for practical impact assessment.

- **Definitions of Key Terms:**

- **La Niña:** A climatic phenomenon characterized by the cooling of surface ocean waters in the central and eastern Pacific Ocean, influencing global weather patterns.
- **Rabi Crops:** Crops sown in winter and harvested in the spring, typically between October and March, e.g., wheat, barley, mustard, and pulses.
- **Krishi Vigyan Kendra (KVK):** Agricultural extension centers tasked with providing practical support and research dissemination to farmers.



- **Constitutional & Legal Framework:**

- Article 48 of the Directive Principles of State Policy urges the State to organize agriculture and animal husbandry on modern and scientific lines.
- The Essential Commodities Act, 1955 enables the government to regulate production, supply, and distribution of essential commodities, including food grains, to ensure national food security.
- The Agriculture Produce Market Committee (APMC) Act regulates marketing of agricultural produce and plays a role in managing price and supply disruptions.

- **Conclusion & UPSC Relevance:**

Evaluating the impact of La Niña on rabi crops is crucial for maintaining India's food security and agricultural resilience in the face of climate change. For UPSC aspirants, this topic is important in the Geography, Economy, and Environment sections of the Civil Services Exam. It emphasizes the role of scientific institutions like ICAR and IMD in policy-making, the challenges posed by climate variability, and the government's measures to safeguard agriculture against natural risks, directly affecting rural livelihoods and the nation's economy.

10. UPI Daily Payment Limit Set at ₹10 Lakh

- **UPI Payment Limit Increased:**

India's Unified Payments Interface (UPI) system now allows high-value transactions up to ₹10 lakh per day for various sectors including investments, insurance, travel, credit card payments, and jewellery purchases. This aims to promote digital payments and reduce dependence on slower traditional methods like cheques.

- **Scrapping P2P Collect Request Feature:**

From October 2025, UPI's Person-to-Person (P2P) "collect request" feature will be discontinued to prevent fraud and improve security. This reflects regulatory efforts to strengthen digital transaction safety by reducing misuse of real-time payment systems.

- **Specific Transaction Limits:**

- Capital Markets & Insurance: Per transaction limit increased from ₹2 lakh to ₹5 lakh; daily cap up to ₹10 lakh.
- Government e-Marketplace (GeM), Travel Bookings, EMIs: Same ₹10 lakh daily limit applies.
- Credit Card Payments: Per transaction limit increased to ₹5 lakh; daily cap raised to ₹6 lakh.
- Jewellery Purchases: Per transaction limit remains ₹2 lakh; daily ceiling raised to ₹6 lakh.

- **Definitions of Key Terms:**

- UPI (Unified Payments Interface): A real-time payment system facilitating instant inter-bank transactions via mobile devices.
- P2P (Person-to-Person): Digital transactions between individual bank accounts.
- GeM (Government e-Marketplace): An online platform for public procurement of goods and services by government departments and public sector enterprises.

- **Constitutional & Legal Framework:**

- Article 39(b) and (c) of the Indian Constitution emphasize the State's duty to ensure equitable distribution of resources and secure just economic conditions for all citizens.
- Payment and Settlement Systems Act, 2007 governs electronic payments, ensuring safety, security,

Category	Enhanced Limits	New consolidation limits
Capital Markets	₹ 5 lakh	₹ 10 lakh
Insurance	₹ 5 lakh	₹ 10 lakh
Government e-Marketplace (with Finance)	₹ 10 lakh	₹ 10 lakh
Travel	₹ 10 lakh	₹ 10 lakh
Credit Card Payments	₹ 5 lakh	₹ 6 lakh
Collectibles	₹ 5 lakh	₹ 10 lakh
Jewellery	₹ 2 lakh	₹ 6 lakh
Businesses	₹ 5 lakh	...
FX Remit via UPI	₹ 5 lakh	₹ 5 lakh
Signal Account Opening	₹ 5 lakh	₹ 5 lakh
Signal Account Opening - Initial Funding	₹ 5 lakh	₹ 5 lakh

15th September, 2025



and efficiency of digital payment mechanisms.

- The Reserve Bank of India (RBI) regulates UPI and oversees digital payment guidelines.

- **Conclusion & UPSC Relevance:**

The enhancement of UPI limits and removal of P2P collect feature indicate India's push toward a cashless economy, promoting digital financial inclusion while tightening security measures. For UPSC aspirants, this topic is crucial under Economy and Governance sections of the Civil Services Exam. It highlights India's evolving digital payment ecosystem, financial technology reforms, and regulatory measures to curb fraud, which have significant implications for economic growth, digital infrastructure, and public policy aimed at transforming India into a digitally empowered society.

11. Supreme Court Stay on Waqf (Amendment) Act, 2025 – Key Summary

- **Background and Context**

- The Waqf (Amendment) Act, 2025 introduced changes in the management and creation of *Waqf* properties.
- *Waqf*: In Islamic law, it refers to a permanent dedication of property (movable or immovable) for religious, charitable, or pious purposes recognized by Muslim law.
- The Supreme Court (SC) considered petitions challenging certain provisions as arbitrary and discriminatory.

- **Supreme Court's Interim Judgment**

- The SC stayed crucial provisions of the Act, especially the clause mandating that a person creating a Waqf must prove practising Islam for at least five years.
- The Court, however, did not strike down the Act entirely and upheld the principle that parliamentary laws are presumed constitutional.
- The order is *prima facie* (initial consideration) and does not prevent further challenges to the Act's validity.

- **Judicial Reasoning**

- Parliament's legislation carries a presumption of constitutionality, but arbitrary provisions can still be stayed.
- The Court recognized concerns that Waqf properties had historically been misused to evade legal obligations.
- The stay balances community rights with constitutional safeguards against discrimination.

- **Political Reactions**

- Union Minister Kiren Rijiju welcomed the judgment, calling it a positive step for democracy, while defending the Act as beneficial for the Muslim community.

Yes and no

A look at some of the key features of the Supreme Court ruling on the Waqf (Amendment) Act

■ **'Prima facie arbitrary':** The lack of a basic mechanism to ascertain whether the person has been practising Islam for at least five years, which is requirement to create a waqf

■ **'Totally unconstitutional':** Section 3C proviso that a Waqf loses its character immediately upon doubt of being government property, before inquiry completion; allowing the designated officer and State government to unilaterally alter revenue and Waqf Board records, respectively, changing the status of a Waqf property into a government property

■ **'Mandatory registration':** The court rejected arguments against the mandatory registration of Waqfs prospectively

■ **'Protected monument' status:** The argument that Waqf property loses its status if notified as a 'protected monument' was termed a 'fallacy'

■ **Tribal community donations:** It addressed concerns about restricting tribal Muslims from donating land as Waqfs, over the potential threat to cultural minorities





- The Opposition claimed the SC's order as vindication of its stance that the law was discriminatory and unconstitutional.

- **Constitutional and Legal Provisions Involved**

- **Article 14** – Equality before law; prohibits arbitrary state action.
- **Article 25** – Freedom of religion, subject to public order, morality, and health.
- **Article 26** – Rights of religious denominations to manage their own affairs.
- **Judicial Review** – Power of SC under Articles 32 & 136 to check constitutionality of laws.
- **Doctrine of Presumption of Constitutionality** – Courts generally assume laws passed by Parliament are valid unless proven otherwise.

- **Key Concerns in the Act**

- Potential targeting of a specific community.
- Burden of proof on individuals to establish religious identity for creating Waqf.
- Risk of violation of secular principles of the Constitution.

Conclusion

The SC's interim order strikes a balance between respecting parliamentary supremacy and preventing arbitrary curtailment of fundamental rights. While parts of the Waqf (Amendment) Act, 2025 are stayed, the larger question of constitutionality remains open for detailed judicial review. The issue highlights the tension between religious rights, property regulation, and constitutional guarantees.

UPSC Relevance

- Important for **GS-2 (Polity & Governance)**: judicial review, constitutional safeguards, minority rights.
- Relevant for **GS-1 (Society)**: impact on religious communities.
- Key for **Current Affairs**: intersection of law, politics, and minority protection.

12. Supreme Court on Aadhaar as Voter Identity Proof – Key Summary

- **Background and Context**

- **Aadhaar**: A 12-digit unique identity number issued by UIDAI to residents of India, based on biometric and demographic data.
- Debate arose over whether Aadhaar can be accepted as proof for voter verification, as it does not establish citizenship, age, or domicile, unlike other listed documents.

- **Supreme Court's Position**

- The Court held that Aadhaar is part of the statutory framework under the Representation of the People Act, 1950.
- Aadhaar can be used by voters for electoral verification, but only to the extent permitted by law.



- It is considered the “12th document” for claims and objections in electoral rolls, in addition to 11 other accepted documents.

- **Legal Provisions Involved**

- **Section 23(4), Representation of the People Act, 1950:** Empowers Election Commission officials to use Aadhaar for authenticating entries in electoral rolls.
- **Article 326, Constitution:** Grants the right to vote to every citizen above 18 years, subject to qualifications.
- **Article 324:** Vests superintendence, direction, and control of elections in the Election Commission.
- **Puttaswamy Judgment (2017):** Upheld privacy as a fundamental right, limiting Aadhaar usage to statutory purposes only.



- **Concerns Raised**

- Aadhaar is not proof of citizenship, residence, or age; hence, it cannot be the sole basis for voter registration.
- Fear of possible inclusion of non-citizens in electoral rolls since Aadhaar is available to all residents, not only citizens.
- Petitioners argued that Aadhaar should not be equated with other identity documents like land records, passports, or ration cards.

- **Judicial Observations**

- The Bench questioned whether Aadhaar, being a statutory identity proof, could really be considered inferior to other documents.
- Court clarified its ruling would prevail in case of conflict with Election Commission practices.
- Notice issued on the plea challenging the use of Aadhaar in electoral verification, with final hearing scheduled.

- **Key Definitions**

- *Electoral Roll:* An official list of all eligible voters in a constituency.
- *Voter Verification:* The process of authenticating identity and eligibility of a person to be included in or removed from the electoral roll.

- **Conclusion**

- The SC has affirmed Aadhaar’s statutory role in electoral verification while acknowledging its limitations as proof of citizenship or domicile. The issue remains under judicial scrutiny to ensure that voter integrity and democratic principles are not compromised.

- **UPSC Relevance**

- **GS-2 (Polity & Governance):** Right to vote, electoral reforms, judicial interpretation of statutes.



- **GS-3 (Internal Security):** Risk of misuse in electoral rolls.
- **Current Affairs:** Ongoing judicial debates on Aadhaar's scope and limitations in governance and elections.

13. Unlocking Innovation with India's Procurement Reforms – Key Summary

- **Background and Context**

- *Procurement:* The process by which governments or institutions acquire goods and services, often guided by transparency, competition, and cost-efficiency.
- Historically, rigid procurement rules in India (via General Financial Rules, GFR) and mandatory use of the Government e-Marketplace (GeM) slowed down research and innovation due to poor quality supplies and delays.
- In June 2025, reforms were introduced to balance transparency with flexibility for Research & Development (R&D).

- **Key Features of the 2025 Reforms**

- Exemption from GeM portal for specialised equipment purchases, reducing procedural delays.
- Direct purchase limit raised from ₹1 lakh to ₹2 lakh, easing access to small-scale research tools.
- Institutional heads (Vice-Chancellors, Directors) empowered to approve global tenders up to ₹200 crore, cutting bureaucratic lag.
- Retains safeguards like purchase committees for high-value acquisitions to prevent misuse.

- **Global Best Practices and Lessons**

- **Germany's High-Tech Strategy:** Uses procurement to directly shape markets for innovation through advisory agencies like KOINNO.
- **U.S. SBIR Program:** Reserves 3% of federal R&D funds for startups, encouraging early-stage technologies.
- **South Korea's Pre-Commercial Procurement:** Pays premiums for prototypes to encourage breakthrough innovation.
- These models emphasise “mission-oriented procurement” where state purchasing power fosters innovation ecosystems.

- **Challenges and Limitations**

- Current direct purchase limits may still be too low for advanced fields like quantum computing and biotechnology.
- Over-focus on global tenders could marginalise domestic suppliers unless local R&D ecosystems are strengthened.
- Success depends on ethical use of discretion by institutional heads and strong monitoring mechanisms to prevent misuse.



- **Constitutional and Legal Framework**

- **Article 266 & 282:** Use of Consolidated Fund of India and grants for public purposes.
- **Article 300A:** Safeguards against arbitrary deprivation of property, relevant in state procurement.
- **General Financial Rules (GFR), 2017 & 2025 amendments:** Provide statutory basis for transparent and flexible procurement.
- **Competition Act, 2002:** Ensures fair play in procurement markets.

- **Definitions**

- *Catalytic Procurement:* Procurement that stimulates innovation by creating demand for advanced technologies.
- *Sandbox Exemption:* Policy tool allowing controlled relaxation of rules for experimentation in innovation-driven sectors.

- **Conclusion**

- The reforms represent a necessary shift from rigid cost-centric procurement to innovation-driven flexibility. However, India still lags behind global leaders in “mission-oriented” approaches. For lasting impact, reforms must be complemented with AI-based sourcing tools, outcome-weighted tenders, and domestic R&D empowerment. Balancing transparency with innovation will be key.

- **UPSC Relevance**

- **GS-2 (Governance):** Policy reforms, institutional accountability, role of state in promoting innovation.
- **GS-3 (Economy & Science-Tech):** Public procurement as an instrument of R&D and technological development.
- **Essay/Current Affairs:** Link between procurement, innovation ecosystems, and Atmanirbhar Bharat.