



“ We help you reach for the star ”

**VIDHVATH IAS KAS ACADEMY**  
&  
**STUDY CENTRE**

# DAILY CURRENT AFFAIRS

FOR UPSC CIVIL SERVICE EXAMINATION

**DATE: 19/12/2025 (FRIDAY)**



 **9972258970 & 9740702455**

**#317/A SKB Arcade, D. Subbaiah Road,  
Ramaswamy Circle, Mysuru-570004**



## **Table of Contents**

1. India-Oman Comprehensive Economic Partnership Agreement (CEPA) .....	2
2. Viksit Bharat Guarantee for Rozgar and Ajeevika Mission (Gramin) Bill .....	3
3. Aerospace Innovation and Start-up Competence: Vision of S. Somanath .....	4
4. Analysis of the Viksit Bharat-G RAM G Bill 2025: Concerns and Contentions .....	6
5. SHANTI Bill 2025: Strategic Overhaul of India's Nuclear Energy Sector .....	8
6. DHRUV64 Microprocessor: Powering India's Semiconductor Sovereignty .....	9
7. Securities Market Code Bill 2025: A Unified Regulatory Overhaul .....	11
8. Permanent Seat at UNSC: India's Sovereign Priority .....	13
9. CAG Audit: Irregularities in MEIS and SEIS Schemes (Foreign Trade Policy 2015-20).....	14
10. One RRB, One Logo: Unifying India's Rural Banking Identity .....	16



# 1. India-Oman Comprehensive Economic Partnership Agreement (CEPA)

## Key Highlights of the Trade Pact

- **Market Access:** Oman provides duty-free access to **98.08%** of its tariff lines, which accounts for **99.38%** of India's current exports to the country by value.
- **Reciprocal Concessions:** India has liberalized tariffs on **77.79%** of its tariff lines, covering **94.81%** of the total imports coming from Oman.
- **Sectoral Impact:** Beyond merchandise, the deal significantly benefits the **service sector**, specifically enhancing the mobility of professional workers and skilled labor.
- **Strategic Signing:** The agreement was formalized in Muscat by Commerce Minister Piyush Goyal and Oman's Qais bin Mohammed Al Yousef during a high-level visit involving PM Narendra Modi and Sultan Haitham bin Tarik.
- **Trade Volume:** In 2024-25, India's merchandise exports to Oman stood at **\$4.06 billion** (0.93% of total exports), while imports reached **\$6.5 billion** (0.91% of total imports).
- **Economic Vision:** The CEPA is viewed as a "blueprint for the future," intended to catalyze investment and revitalize bilateral trade energy in the 21st century.



## Key Definitions

- **CEPA (Comprehensive Economic Partnership Agreement):** A type of free trade pact that covers negotiation on the trade in services and investment, and other areas of economic partnership. It is more comprehensive than a Free Trade Agreement (FTA) as it also looks into regulatory aspects like IPR and even labor standards.
- **Tariff Lines:** Individual products in a country's customs classification system. Duty-free access to a high percentage of tariff lines means almost all types of goods can be traded without import taxes.

## Constitutional and Legal Provisions

- **Article 253:** Empowering Parliament to make laws for the whole or any part of the territory of India for implementing any treaty, agreement, or convention with any other country.
- **Article 73:** The executive power of the Union extends to matters with respect to which Parliament has power to make laws, including the entering into and implementation of international treaties.
- **Foreign Trade (Development and Regulation) Act, 1992:** The primary legal framework for the regulation of imports and exports in India, providing the government the authority to implement trade policies and agreements.

## Additional Key Points

- **Energy Security:** Oman is a critical partner for India's energy needs (petroleum and fertilizers) and serves as a gateway to the wider Gulf Cooperation Council (GCC) market.
- **Strategic Location:** Oman's proximity to the Strait of Hormuz makes it a vital maritime partner for India's "West Asia" policy and maritime security.



## Conclusion

The India-Oman CEPA marks a transformative shift in India's maritime and economic engagement with the Middle East. By reducing trade barriers and facilitating the movement of services, the pact not only addresses the current trade deficit but also strengthens India's footprint in a region vital for energy security and geopolitical stability.

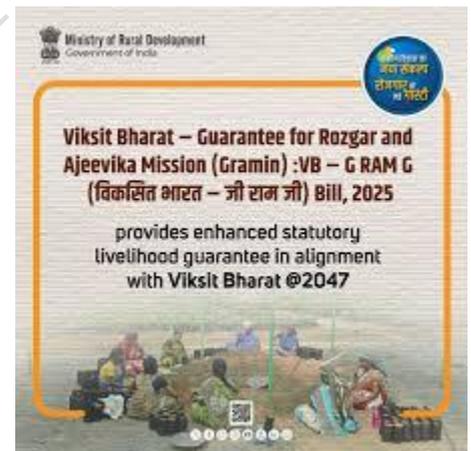
## UPSC Relevance

- **GS Paper II:** Bilateral, regional, and global groupings and agreements involving India and/or affecting India's interests.
- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, growth, development, and international trade.
- **Prelims:** Specifics of CEPA vs. FTA, trade percentages, and geographic location of Oman (Strait of Hormuz, Duqm Port).

## 2. Viksit Bharat Guarantee for Rozgar and Ajeevika Mission (Gramin) Bill

### Key Highlights of the Legislation

- **Repeal of MGNREGA:** The Bill officially replaces the 20-year-old Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) of 2005, marking a major shift from a demand-driven safety net to a development-oriented mission.
- **Enhanced Work Guarantee:** It increases the statutory guarantee of wage employment for rural households from 100 days to **125 days** per financial year for unskilled manual work.
- **Funding Restructuring:** The funding model shifts from the Centre bearing 100% of unskilled wages to a **60:40** cost-sharing ratio between the Centre and States (90:10 for North-Eastern and Himalayan states).
- **Strategic Infrastructure Focus:** Public works are now integrated into a "Viksit Bharat National Rural Infrastructure Stack," focusing on four priority areas: water security, core rural infrastructure, livelihood assets, and climate resilience.
- **Mandatory Seasonal Pause:** The Bill empowers states to notify a **60-day pause** in works during peak agricultural seasons (sowing and harvesting) to ensure the availability of farm labor and prevent wage inflation.
- **Technological Governance:** It mandates a digital ecosystem involving biometric authentication, AI-enabled fraud detection, GPS-linked worksite monitoring, and real-time mobile-based reporting.



### Key Definitions

- **VB-G RAM G:** Standing for Viksit Bharat Guarantee for Rozgar and Ajeevika Mission (Gramin), it is the new statutory framework designed to align rural employment with the "Viksit Bharat 2047" vision.
- **Normative Allocation:** Unlike the open-ended funding of MGNREGA, this refers to a system where the Centre provides funds based on pre-determined objective parameters, with any excess expenditure borne by the State.



- **Viksit Gram Panchayat Plans:** Localized development plans prepared by Panchayats and integrated with national spatial systems like PM Gati-Shakti for coordinated infrastructure creation.

### Constitutional and Legal Provisions

- **Article 41 (DPSP):** Directs the State to secure the right to work and provide public assistance in cases of unemployment; the Bill is a statutory tool to realize this Directive Principle.
- **Article 21:** The Judiciary has often interpreted the "Right to Life" to include the "Right to Livelihood," which provides the underlying constitutional spirit for employment guarantee laws.
- **Seventh Schedule (Concurrent List):** Both the Centre and States have the power to legislate on matters of social security and labor (Entry 23 and 24), which justifies the new shared funding and administrative framework.
- **Article 243G:** Powers, authority, and responsibilities of Panchayats; the Bill emphasizes the role of Gram Panchayats in planning via the Viksit Gram Panchayat Plans.

### Additional Important Keyoints

- **Financial Impact:** The transition to a 60:40 sharing pattern increases the fiscal responsibility of State governments, which was previously limited primarily to material costs and unemployment allowances.
- **Transparency:** The Bill introduces weekly public disclosure meetings at Gram Panchayat Bhavans and biannual social audits to curb corruption and ensure accountability.
- **Administrative Cap:** The administrative expenditure ceiling is increased from 6% to 9% to support better staffing, training, and technical capacity at the local level.

### Conclusion

The passage of the VB-G RAM G Bill represents a paradigm shift in India's rural welfare architecture. While the government emphasizes "Viksit Bharat" through higher workdays and durable asset creation, the move has sparked intense debate over the removal of Mahatma Gandhi's name, the shift toward a supply-driven "normative" budget, and the increased financial burden on States

### UPSC Relevance

- **GS Paper II:** Welfare schemes for vulnerable sections; Issues relating to development and management of Social Sector/Services; Statutory, regulatory and various quasi-judicial bodies.
- **GS Paper III:** Inclusive growth and issues arising from it; Employment; Land reforms; Government Budgeting.
- **Prelims:** Specific changes in the number of guaranteed days, the new Centre-State funding ratios, the 60-day agricultural pause, and the names of new digital infrastructures (National Rural Infrastructure Stack).

## 3. Aerospace Innovation and Start-up Competence: Vision of S. Somanath

### Key Highlights of the Former ISRO Chief's Address

- **Innovation Deficit:** Former ISRO Chairman S. Somanath expressed concern that Indian aerospace start-ups are overly reliant on a "classical approach," failing to move beyond traditional methods in designing aerostructures.



- **Lack of Emerging Tech Integration:** There is a notable absence of **Artificial Intelligence (AI)** integration in practical aerospace design, despite global shifts toward data-driven engineering models.
- **Underutilization of Digital Twins:** The adoption of "Digital Twins"—virtual replicas of physical parts—remains on a small academic scale rather than being implemented at an industrial level for safety and performance.
- **Competence Gap in Hardware:** While software solutions for multi-physics problems are becoming routine, the actual competence to innovate in physical hardware and complex structures is not yet visible at the required scale.
- **Call for Collaboration:** The former chief urged the industry and academia to debate limitations and identify why meaningful collaboration among skilled experts in building advanced models is not occurring.
- **Strategic Shift Needed:** For India to become a global aerospace hub, start-ups must transition from being low-cost assembly units to entities capable of indigenous, high-tech innovation.

### Key Definitions

- **Digital Twin:** A dynamic, virtual representation of a physical object or system that uses real-time data from sensors to mirror its lifecycle, behavior, and performance for predictive maintenance and optimization.
- **Aerostructures:** The components of an aircraft's airframe, including the fuselage, wings, and flight control surfaces, which require extreme precision and innovation in materials and design.
- **Classical Approach:** In this context, it refers to traditional iterative design and testing methods that do not leverage modern computational tools like AI, machine learning, or real-time simulation.

### Constitutional and Legal Provisions

- **Article 51A(h):** Part of the Fundamental Duties, it mandates every citizen to develop the **scientific temper, humanism, and the spirit of inquiry and reform**, which aligns with the call for shedding classical innovation approaches.
- **Indian Space Policy 2023:** A legal framework that institutionalizes private sector participation (NGEs) in end-to-end space activities, shifting ISRO's focus toward advanced R&D and away from routine manufacturing.
- **Foreign Trade Policy 2023:** Focuses on boosting high-tech exports, including aerospace components, under the "Make in India" initiative to integrate Indian MSMEs into global aerospace value chains.

### Additional Important Keypoints

- **Digital Infrastructure:** Government initiatives like the "**Sangam: Digital Twin**" project demonstrate the state's intent to use virtual replicas for infrastructure planning, which the aerospace sector can emulate.
- **Testing Bottlenecks:** A major hurdle for start-ups is the high cost of testing and certification; for instance, a single 16G dynamic test can cost approximately \$20,000, which many small entities cannot afford.



- **Venture Capital in Deep-Tech:** There is a growing need for "patient capital" as aerospace development cycles are long (often 3 to 7 years for qualification), making them less attractive to traditional short-term investors.

## Conclusion

The concerns raised by S. Somanath serve as a wake-up call for the Indian aerospace ecosystem. While policy reforms like the Space Policy 2023 have opened doors, the "classical approach" to engineering threatens to keep Indian firms as mere service providers rather than technology leaders. To achieve the goal of a \$100 billion space economy, the industry must bridge the gap between theoretical AI/Digital Twin concepts and their large-scale industrial application.

## UPSC Relevance

- **GS Paper III:** Science and Technology- developments and their applications and effects in everyday life; Achievements of Indians in science & technology; Indigenization of technology and developing new technology.
- **GS Paper III:** Investment models; Awareness in the fields of Space and IT.
- **Prelims:** Features of the Indian Space Policy 2023, roles of IN-SPACE and NSIL, and definitions of emerging technologies like Digital Twins and AI in manufacturing.

## 4. Analysis of the Viksit Bharat-G RAM G Bill 2025: Concerns and Contentions

### Key Highlights of the Critical Summary

- **Shift from Rights-Based to Supply-Driven:** The Bill replaces the demand-driven MGNREGA with a "normative financial allocation" model, where the Centre's liability is capped by pre-set budgets rather than actual rural work demand.
- **Altered Fiscal Federalism:** The funding pattern for unskilled wages moves from 100% Central funding to a **60:40** ratio, significantly increasing the financial burden on States already facing fiscal constraints.
- **Seasonal Prohibition of Work:** The legislation prohibits MGNREGA works during peak agricultural seasons; critics argue this reduces the bargaining power of rural laborers and forces them to accept lower wages from big landowners.
- **Technological Barriers:** By legalizing mandatory Aadhaar-linked payments and digital attendance, the Bill is seen as a potential tool for exclusion, particularly in areas with poor connectivity and digital literacy.
- **Impact on Marginalized Groups:** Data shows that Scheduled Castes (19%) and Scheduled Tribes (18%) are disproportionately represented in rural work; critics contend the Bill dilutes their representation in advisory councils and redressal mechanisms.
- **Constitutional Deviation:** The replacement of a universal, fallback employment guarantee is viewed by some as a retreat from the "Right to Work" envisioned under the Directive Principles of State Policy (DPSP).





## Key Definitions

- **Normative Financial Allocation:** A system where funds are allotted based on pre-calculated norms or targets set by the Centre, rather than the actual "bottom-up" demand for work generated by rural households.
- **Adhikar Chori (Rights Theft):** A term used by critics to describe the dilution of the statutory "right to demand work" which was the hallmark of the 2005 MGNREGA.
- **Demand-Driven Law:** A legal framework where the government is legally obligated to provide employment within 15 days of a worker's request, failing which an unemployment allowance must be paid.

## Constitutional and Legal Provisions

- **Article 41 (DPSP):** Mandates the State to secure the right to work within its economic capacity. The Bill is debated as a potential weakening of this "instrument of instruction."
- **Economic Democracy:** As noted by Dr. B.R. Ambedkar, the Directive Principles are essential for economic democracy; the Bill's shift toward centralization is argued to be an assault on this principle.
- **Federal Structure:** Since "Social Security and Social Insurance" and "Labour" fall under the **Concurrent List (Items 23 & 24)**, the sudden shift in funding ratios is viewed as a challenge to the cooperative federalism spirit.
- **Article 21:** The Right to Life includes the Right to Livelihood. Any legislative action that makes access to a livelihood "lifeline" more difficult can be subject to judicial scrutiny.

## Additional Important Keypoints

- **Comparison of Expenditure:** Historically, MGNREGA expenditure has stayed around **0.2% of GDP**; critics argue that instead of increasing this to meet distress, the new Bill caps it.
- **Women in Rural Labour:** Women constitute over **50%** of the MGNREGA workforce. The prohibition of work during peak seasons may widen the gender wage gap in private agricultural work.
- **Centralization of Governance:** The Bill moves the design of projects and audits from the Gram Sabhas/Panchayats to a centralized digital control system under the Central Government.

## Conclusion

The transition from MGNREGA to the Viksit Bharat-G RAM G Bill represents a fundamental change in India's social security philosophy. While the government promotes it as a mission for asset creation and modernization, critics and labor advocates view it as a dilution of the statutory "Right to Work." The success of this transition will depend on whether the "normative" funding can actually match the "desperation-driven" demand of the rural poor without creating a fiscal crisis for the States.

## UPSC Relevance

- **GS Paper II:** Welfare schemes for vulnerable sections; Issues relating to poverty and hunger; Important aspects of governance, transparency, and accountability.
- **GS Paper II:** Constitutional Provisions - Directive Principles of State Policy (Part IV); Centre-State relations and fiscal federalism.



- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, and employment.
- **Mains Perspective:** Analyze the impact of shifting from a demand-driven to a supply-driven welfare model on rural distress and migration.

## 5. SHANTI Bill 2025: Strategic Overhaul of India's Nuclear Energy Sector

### Key Highlights of the Legislation

- **Legislative Consolidation:** The Sustainable Harnessing and Advancement of Nuclear Energy for Transforming India (SHANTI) Bill, 2025, repeals and replaces the 60-year-old **Atomic Energy Act, 1962** and the **Civil Liability for Nuclear Damage Act, 2010**, creating a unified legal framework.
- **Ending State Monopoly:** For the first time, the Bill permits private sector participation, allowing domestic companies and joint ventures to build, own, and operate nuclear power plants, as well as participate in fuel fabrication and equipment manufacturing.
- **Target 100 GW by 2047:** The Act provides the legal roadmap to scale India's nuclear capacity from the current ~8 GW to **100 GW by 2047**, aligning with India's "Net Zero 2070" and "Viksit Bharat" goals.
- **Promotion of SMRs:** It explicitly supports the development and deployment of **Small Modular Reactors (SMRs)**, which are factory-built, easier to finance, and ideal for industrial decarbonization.
- **Statutory Regulatory Status:** The **Atomic Energy Regulatory Board (AERB)** is granted full statutory status under the new law, enhancing its independence, enforcement powers, and accountability to Parliament.
- **Liability Reform:** The Bill introduces a tiered liability structure (ranging from **₹100 crore to ₹3,000 crore** based on plant capacity) and streamlines the "Right of Recourse" to address long-standing concerns of global and domestic equipment suppliers.



### Key Definitions

- **Baseload Power:** The minimum amount of electric power that must be supplied to an electrical grid at any given time. Nuclear provides reliable baseload power, unlike intermittent sources like solar or wind.
- **SMR (Small Modular Reactor):** Advanced nuclear reactors that have a power capacity of up to 300 MW(e) per unit, which is about one-third of the generating capacity of traditional nuclear power reactors.
- **Final Energy Consumption (FEC):** The total energy consumed by end-users, such as households, industry, and agriculture. It is the energy which reaches the final consumer's door.

### Constitutional and Legal Provisions

- **Article 253:** Empowering Parliament to legislate for giving effect to international agreements; this is relevant as India aligns its liability norms with the **Convention on Supplementary Compensation (CSC)**.



- **Atomic Energy Regulatory Board (AERB):** Now a statutory body, it ensures that all activities involving radiation exposure meet stringent safety and security authorizations.
- **Civil Liability for Nuclear Damage Act (CLND), 2010:** Previously the primary law for compensation; its key provisions are now integrated into the SHANTI Bill with modifications to supplier liability.

### Additional Important Keypoints

- **HDI Correlation:** The Bill is based on the principle that reaching a Human Development Index (HDI) of **0.9** requires India to generate approximately **24,000 TWh** of energy annually.
- **Hydrogen Economy:** About 40% of future nuclear-generated energy is intended for **electrolysers** to produce green hydrogen, essential for decarbonizing "hard-to-abate" sectors like steel and fertilizers.
- **Strategic Control:** While opening the sector, the government retains exclusive control over high-level radioactive waste management, enrichment, and the reprocessing of spent fuel.

### Conclusion

The SHANTI Bill, 2025, marks a paradigm shift from a closed, state-centric nuclear policy to an open, investment-friendly ecosystem. By addressing the critical bottleneck of capital through private participation and modernizing the regulatory landscape, India is positioning nuclear energy not just as a power source, but as the cornerstone of its transition to a high-HDI, carbon-neutral developed nation.

### UPSC Relevance

- **GS Paper II:** Government policies and interventions for development; Statutory, regulatory and various quasi-judicial bodies (AERB).
- **GS Paper III:** Infrastructure: Energy; Science and Technology - indigenization of technology; Environmental pollution and degradation (Net Zero targets).
- **Prelims:** Comparison between 1962 Act and SHANTI Bill 2025; India's three-stage nuclear program; Statutory status of AERB; Target capacity of 100 GW by 2047.

## 6. DHRUV64 Microprocessor: Powering India's Semiconductor Sovereignty

### Key Highlights of DHRUV64 and the Processor Ecosystem

- **Indigenous Development:** DHRUV64 is a 64-bit, dual-core microprocessor running at 1 GHz, developed by the Centre for Development of Advanced Computing (C-DAC) under the Ministry of Electronics and Information Technology (MEITY).
- **Strategic Autonomy:** By controlling the design and toolchain of homegrown processors, India aims to reduce dependence on imported silicon and mitigate risks related to export controls, supply chain shocks, and hardware-level security backdoors.
- **RISC-V Architecture:** The chip is built on the Digital India RISC-V (DIR-V) program, utilizing an open-source instruction set that eliminates expensive licensing fees and allows for modular, task-specific customization.





- **Broad Applications:** While not intended for high-end consumer laptops, DHRUV64 is optimized for "embedded" systems, including telecommunications base stations, industrial automation, routers, and automotive modules.
- **Ecosystem Building:** DHRUV64 joins a growing family of Indian processors like SHAKTI (IIT-Madras), AJIT (IIT-Bombay), VIKRAM (ISRO), and THEJAS64 (C-DAC), forming a complete "indigenous processor pipeline."
- **Future Roadmap:** The government has signaled further advancements with the upcoming 'DHANUSH' (1.2 GHz quad-core) and 'DHANUSH+' (2 GHz quad-core) processors, targeting more complex computing nodes (28nm to 14nm).

### Key Definitions

- **Microprocessor:** The "brain" of a computer/electronic device; an integrated circuit that contains the functions of a central processing unit (CPU).
- **Instruction Set Architecture (ISA):** The abstract model of a computer that defines what the processor can do (the "recipe book" of commands). RISC-V is an open-standard ISA.
- **Embedded System:** A specialized computer system designed to perform specific dedicated functions within a larger mechanical or electrical system (e.g., a controller in a washing machine or car).
- **Process Node (nm):** Refers to the size of the transistors on a chip; smaller nodes (like 14nm or 7nm) generally allow for more transistors, leading to higher performance and better energy efficiency.

### Constitutional and Legal Provisions

- **Article 51A(h):** Fundamental Duty to develop scientific temper and the spirit of inquiry, which serves as the moral basis for state-funded high-tech R&D.
- **The Semiconductor Integrated Circuits Layout-Design Act, 2000:** Provides protection for the intellectual property (IP) of original layout designs of integrated circuits in India.
- **National Policy on Electronics (NPE 2019):** A policy framework aimed at positioning India as a global hub for Electronics System Design and Manufacturing (ESDM).

### Additional Important Keypoints

- **Digital India RISC-V (DIR-V) Program:** A mission-mode project to make India a "RISC-V Talent Hub" for the world and achieve self-reliance in silicon.
- **Production Linked Incentive (PLI) & DLI:** The Design Linked Incentive (DLI) scheme specifically supports financial incentives for semiconductor design, while the PLI focuses on large-scale manufacturing.
- **India Semiconductor Mission (ISM):** An independent business division within Digital India Corporation with an outlay of ₹76,000 crore to build a vibrant semiconductor and display ecosystem.
- **Supply Chain Gaps:** While DHRUV64 is "designed" in India, the location of its "fabrication" (the actual manufacturing in a foundry) remains a critical area where India currently relies on overseas facilities like SCL Mohali or foreign foundries.

### Conclusion

The launch of DHRUV64 represents a significant milestone in India's journey from a consumer of technology to a creator of core hardware. While the chip faces competition from established global giants,



its value lies in "strategic" sectors where security and supply chain resilience outweigh raw processing speed. To succeed, the government must now focus on building a robust software ecosystem and securing domestic fabrication capacity to make "Designed in India" truly "Made in India."

### UPSC Relevance

- **GS Paper III:** Science and Technology- developments and their applications and effects in everyday life; Indigenization of technology and developing new technology.
- **GS Paper III:** Indian Economy - Issues relating to growth, development and employment; Infrastructure (Telecom and Electronics).
- **Prelims:** Understanding of RISC-V vs Proprietary ISAs; Names of indigenous processors (SHAKTI, AJIT, DHRUV64); Roles of C-DAC and MEITY; India Semiconductor Mission (ISM) details.

## 7. Securities Market Code Bill 2025: A Unified Regulatory Overhaul

### Key Highlights of the Legislation

- **Legislative Consolidation:** The Bill seeks to unify and repeal three major decades-old laws: the **Securities Contracts (Regulation) Act, 1956**, the **SEBI Act, 1992**, and the **Depositories Act, 1996**, creating a single, principle-based legal framework.
- **Expansion of SEBI Board:** The size of the SEBI Board is proposed to increase from 9 to **15 members**, including a Chairperson, 11 other members (with at least five whole-time members), and representatives from the Finance Ministry and the RBI.
- **Decriminalization of Minor Offenses:** In a major push for "Ease of Doing Business," the Bill reclassifies technical, procedural, and minor violations as civil defaults punishable by monetary penalties, while retaining criminal liability for grave "market abuse" like insider trading.
- **Statutory Limitation Period:** For the first time, a limitation period is introduced, stipulating that no inspection or investigation can be initiated by SEBI if **eight years** have passed since the date of the alleged contravention.
- **Conflict of Interest Norms:** The Bill mandates that Board members disclose any direct or indirect financial interests (including those of family members) and recuse themselves from related decision-making, with provisions for their removal upon non-compliance.
- **Investor Protection & Innovation:** It mandates a formal **Investor Charter**, establishes an Ombudsperson for grievance redressal, and empowers SEBI to set up a **Regulatory Sandbox** to test innovative financial products.



### Key Definitions

- **Securities Market Code (SMC):** A unified statutory code intended to streamline governance, reduce overlapping regulations, and modernize the legal architecture of India's capital markets.
- **Market Abuse:** Serious violations identified in the Bill (such as fraud, market manipulation, and insider trading) that continue to attract criminal prosecution due to their impact on market integrity.



- **Regulatory Sandbox:** A controlled environment where companies can live-test new products or services with limited regulatory requirements, aimed at fostering fintech innovation.

### Constitutional and Legal Provisions

- **Article 246 (Seventh Schedule):** "Stock exchanges and futures markets" fall under the **Union List (Entry 48)**, granting Parliament the exclusive power to legislate on securities markets.
- **Separation of Powers:** The Bill emphasizes a strict arm's-length distance between the **Investigative** and **Adjudicatory** functions of SEBI to ensure judicial fairness, a principle derived from the spirit of **Article 50**.
- **SEBI's Triple Power:** SEBI continues to exercise quasi-legislative (drafting regulations), quasi-executive (investigation), and quasi-judicial (passing orders) powers, now consolidated under a single Code.
- **Civil Liability for Unlawful Gains:** The Bill provides explicit statutory backing for "disgorgement"—the process of stripping away illegal profits from wrongdoers and returning them to the market or affected investors.

### Additional Important Keypoints

- **Digitalization Focus:** The Code aims to remove redundant paper-based concepts and align regulations with technology-driven trading, including electronic gold receipts and hybrid instruments.
- **NISM Statutory Recognition:** The National Institute of Securities Markets (NISM) is set to receive statutory recognition under the Bill to promote research and professional certification in the sector.
- **Inter-Regulatory Coordination:** The Bill provides a structured framework for SEBI to coordinate with the RBI and other regulators for the listing of "other regulated instruments," ensuring no regulatory gaps

### Conclusion

The Securities Market Code Bill 2025 marks the most significant structural reform in India's financial sector since 1992. By moving from a rule-based to a principle-based regime, it seeks to balance the dual needs of robust investor protection and a reduced compliance burden for market participants. The Bill reflects India's maturity as a global financial hub, transitioning toward a more transparent, accountable, and "business-friendly" regulatory environment.

### UPSC Relevance

- **GS Paper II:** Statutory, regulatory and various quasi-judicial bodies (Evolution and powers of SEBI); Government policies and interventions for development.
- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, growth, and development; Investment models; Capital Markets.
- **Prelims Focus:** Number of members in expanded SEBI board (15); The three Acts being repealed; Concepts like "Regulatory Sandbox" and the 8-year limitation period.



## 8. Permanent Seat at UNSC: India's Sovereign Priority

### Summary of Key Proposals

- **High Priority Goal:** The Government of India has formally designated the acquisition of a permanent seat in an expanded United Nations Security Council (UNSC) as its "highest priority" in foreign policy.
- **Diplomatic Strategy:** India is actively engaged in a multi-pronged approach, utilizing both bilateral discussions with heads of state and multilateral platforms like the G4 (India, Brazil, Germany, Japan) and the L.69 Group.
- **Call for Reform:** India advocates for an "expanded" Council to reflect contemporary global realities, arguing that the 1945 structure is anachronistic and fails to represent the 21st-century geopolitical landscape.
- **Universal Representation:** The mission emphasizes that reforms must include better representation for developing countries, particularly from Africa, Latin America, and Asia.
- **Global Credibility:** By seeking a permanent seat, India aims to transition from a "rule-follower" to a "rule-maker," ensuring that the interests of the Global South are protected at the world's highest decision-making table.
- **Inter-Governmental Negotiations (IGN):** India continues to push for text-based negotiations within the UN General Assembly to break the long-standing deadlock on Council expansion.



### Constitutional & Legal Provisions

- **Article 51 (DPSP):** The Constitution of India directs the State to promote international peace and security, maintain just and honorable relations between nations, and foster respect for international law and treaty obligations.
- **UN Charter (Article 23):** Currently lists only five permanent members (P5). Any change to this list requires an amendment to the Charter under **Article 108**, which necessitates a two-thirds vote in the General Assembly and ratification by two-thirds of member states, including all P5 members.
- **UN Charter (Article 27):** Governs the "Veto Power," a key legal instrument India seeks to acquire or reform to prevent the Council's paralysis during global crises.

### Key Definitions

- **G4 Nations:** A group comprising India, Brazil, Germany, and Japan, which support each other's bids for permanent seats in the UNSC.
- **L.69 Group:** A diverse pro-reform grouping of developing countries from Africa, Latin America and the Caribbean, Asia, and the Pacific.
- **Coffee Club (Uniting for Consensus):** A group of countries (including Pakistan, Italy, and Mexico) that opposes the expansion of permanent seats and instead favors increasing non-permanent memberships.
- **Veto Power:** The power of any of the five permanent members to defeat a "substantive" resolution, regardless of the level of international support for that resolution.



## Additional Keypoints for UPSC

- **India's Credentials:** India is the world's most populous nation, the fifth-largest economy, and consistently among the top contributors of troops to UN Peacekeeping Operations (UNPKF).
- **Historical Participation:** India has served eight terms as a non-permanent member (the latest in 2021-22) and was an original signatory of the UN Charter in 1945 despite not being independent at the time.
- **The "China Factor":** China remains the primary hurdle among the P5, often using its veto or procedural tactics to stall India's formal inclusion.
- **Global South Leadership:** India's bid is framed not just as a national ambition but as a necessity for the "Global South" to have a decisive voice in global governance.

## Conclusion

India's quest for a permanent seat at the UNSC is a testament to its rising "Hard Power" (economic and military) and "Soft Power" (democratic credentials and leadership of the Global South). While the path is obstructed by institutional inertia and regional rivalries, the government's declaration of this as a "highest priority" underscores a shift toward a more assertive and "revisionist" foreign policy aimed at democratizing global institutions.

## UPSC Relevance

- **GS Paper II:** International Relations; Important International institutions, agencies and fora- their structure, mandate.
- **GS Paper II:** Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests.
- **Essay Paper:** Topics related to global governance, multilateralism, and India's role in the changing world order.

## 9. CAG Audit: Irregularities in MEIS and SEIS Schemes (Foreign Trade Policy 2015-20)

### Summary of Audit Findings

- **Revenue Implication:** The Comptroller and Auditor General (CAG) flagged a revenue loss of ₹725 crore due to irregular grants under the Merchandise Exports from India Scheme (MEIS) and Services Exports from India Scheme (SEIS).
- **MEIS Irregularities:** Audit revealed ₹132.21 crore in wrongful benefits caused by misclassification of products, adoption of incorrect incentive rates, and non-realization of export proceeds.
- **SEIS Shortcomings:** A significant ₹406.90 crore was incorrectly permitted for inadmissible services, incorrect computation of foreign exchange earnings, and failure to exclude government taxes from benefit calculations.
- **Post-Discontinuance Leaks:** Substantial numbers of licenses were issued even after the schemes were officially discontinued, particularly in the apparel and made-up sectors.





- **Systemic Failure:** Systemic issues included the issuance of duty scrips to firms on the "Denied Entity List" and entities with mismatched Importer-Exporter Codes (IEC), totaling ₹185.85 crore.
- **Call for Automation:** The CAG pulled up the Commerce Ministry for persistent manual interventions and recommended full end-to-end automation of the licensing workflow to eliminate human error and inconsistency.

### Constitutional & Legal Provisions

- **Article 148-151:** The CAG is a constitutional authority established under Article 148. Article 151 mandates the submission of audit reports to the President, who causes them to be laid before Parliament.
- **Foreign Trade (Development and Regulation) Act, 1992:** This is the primary legal framework under which the Foreign Trade Policy (FTP) is formulated and export incentives like MEIS/SEIS are granted.
- **Customs Act, 1962 (Section 28AAA):** Provides the legal basis for recovery of duties where instruments (like scrips) were obtained through collusion or willful misstatement.
- **Rule of Law in Financial Admin:** The CAG acts as the "Guardian of the Public Purse," ensuring that the Executive spends money only as authorized by the Legislature.

### Key Definitions

- **Duty Credit Scrip:** A pass issued to exporters that can be used to pay various central taxes/duties, including basic customs duty. They are freely transferable (can be sold in the market).
- **MEIS (Merchandise Exports from India Scheme):** A reward scheme under FTP 2015-20 designed to offset infrastructural inefficiencies and associated costs faced by exporters of notified goods.
- **SEIS (Service Exports from India Scheme):** Aimed at encouraging the export of notified services from India by providing duty credit scrips based on net foreign exchange earned.
- **Denied Entity List (DEL):** A list maintained by the DGFT of entities that have violated trade regulations and are barred from receiving further licenses or benefits.

### Additional Keypoints for UPSC

- **Transition to RoDTEP:** MEIS was replaced by the **Remission of Duties and Taxes on Exported Products (RoDTEP)** scheme in 2021 to ensure WTO compliance, as MEIS was viewed as a direct export subsidy.
- **The Role of DGFT:** The Directorate General of Foreign Trade (under the Ministry of Commerce) is the nodal agency for implementing the FTP, and the CAG report highlights its internal control failures.
- **Digital Public Infrastructure:** The report emphasizes that "partial automation" is insufficient; the lack of validation controls in the current DGFT/Customs interface allows for the double-counting of benefits.

### Conclusion

The CAG's report underscores a critical gap between policy intent and executive implementation. While export incentives are vital for economic growth, the lack of robust internal controls and delayed automation have led to significant revenue leakage. Moving forward, the integration of the Export Data Processing and



Monitoring System (EDPMS) with the Customs' ICES module is essential to ensure that "taxes are exported, not the goods/services themselves" without compromising the national exchequer.

### UPSC Relevance

- **GS Paper II:** Statutory, regulatory and various quasi-judicial bodies (CAG's role and mandates).
- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources; Effects of liberalization on the economy.
- **Ethics (GS IV):** Accountability and ethical governance in financial administration.

## 10. One RRB, One Logo: Unifying India's Rural Banking Identity

### Summary of Key Proposals

- **Unified Brand Identity:** The Government and NABARD have unveiled a common logo for all 28 Regional Rural Banks (RRBs) under the **#OneRRBOneLogo** initiative to enhance visibility and national recognition.
- **Consolidation Milestone:** Following the "One State, One RRB" principle, the number of RRBs was reduced from 43 to 28 through a major amalgamation drive effective from **May 1, 2025**.
- **Visual Symbolism:** The logo features an **Upward Arrow** (Progress), **Nurturing Hands** (Community Support), and a **Flame** (Enlightenment and Knowledge).
- **Mission-Driven Colors:** The palette uses **Dark Blue** to represent financial trust and stability, and **Green** to signify agriculture, life, and rural growth.
- **Operational Scale:** Post-consolidation, these 28 RRBs operate over **22,000 branches** across 700+ districts, focusing on achieving better "economies of scale."
- **Objective of Reform:** The initiative aims to transition RRBs from fragmented regional entities into a modern, efficient, and technologically integrated banking network for rural development.



### Constitutional & Legal Provisions

- **Regional Rural Banks Act, 1976:** The primary legislation governing the establishment, incorporation, and winding up of RRBs.
- **Section 23A(1) of RRB Act, 1976:** Provides the legal mandate for the Central Government to amalgamate two or more RRBs in the "public interest" after consulting the concerned State and Sponsor Bank.
- **Section 23 of Banking Regulation Act, 1949:** Governs branch licensing and operational conduct of RRBs as scheduled commercial banks.
- **Ownership Structure:** Legally mandated as a joint venture with equity shared between the **Central Government (50%)**, **Sponsor Bank (35%)**, and **State Government (15%)**.

### Key Definitions

- **One State, One RRB:** A policy framework aimed at merging all RRBs within a single state into a single unified entity to reduce administrative overhead and improve financial viability.



- **Amalgamation:** The process of combining multiple banking entities into one, involving the transfer of assets, liabilities, and employees to a "Transferee Bank."
- **Priority Sector Lending (PSL):** A mandatory requirement where RRBs must allocate **75%** of their lending to specific sectors like agriculture, MSMEs, and weaker sections.
- **Sponsor Bank:** A Scheduled Commercial Bank (like SBI or PNB) that provides managerial and financial support to an RRB during and after its establishment.

### Additional Keypoints for UPSC

- **Historical Evolution:** RRBs were established based on the recommendations of the **Narasimham Committee (1975)**; the first RRB was the **Prathama Bank** in Moradabad, UP.
- **Four Phases of Consolidation:**
  - **Phase 1 (2006):** Merged RRBs of the same sponsor bank (Reduced from 196 to 82).
  - **Phase 2 (2012):** Merged across different sponsor banks.
  - **Phase 3 (2019):** Focused on larger state-level consolidations.
  - **Phase 4 (2025):** Achieving the "One State, One RRB" goal (Reduced to 28).
- **Supervisory Role of NABARD:** While RBI regulates RRBs, **NABARD** (National Bank for Agriculture and Rural Development) is responsible for their direct supervision and inspection.
- **Financial Health:** In FY 2023–24, RRBs recorded a record net profit of **₹7,571 crore**, paving the way for this brand modernization.

### Conclusion

The "One RRB, One Logo" initiative is more than a cosmetic change; it is the culmination of a two-decade-long structural reform process. By unifying 196 original entities into 28 robust banks under a single brand, the government aims to professionalize rural credit delivery. This transition ensures that while RRBs retain their "local feel" and regional focus, they possess the "national strength" and technological parity required to drive India's goal of a **Viksit Bharat** by 2047.

### UPSC Relevance

- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, and growth; Banking reforms and financial inclusion.
- **GS Paper II:** Statutory bodies and the role of the Ministry of Finance and NABARD in governance.
- **Prelims:** Important for questions on the RRB Act 1976, ownership ratios (50:35:15), and the specific symbols/colors of the new logo signifying rural policy themes.