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FOR UPSC CIVIL SERVICE EXAMINATION

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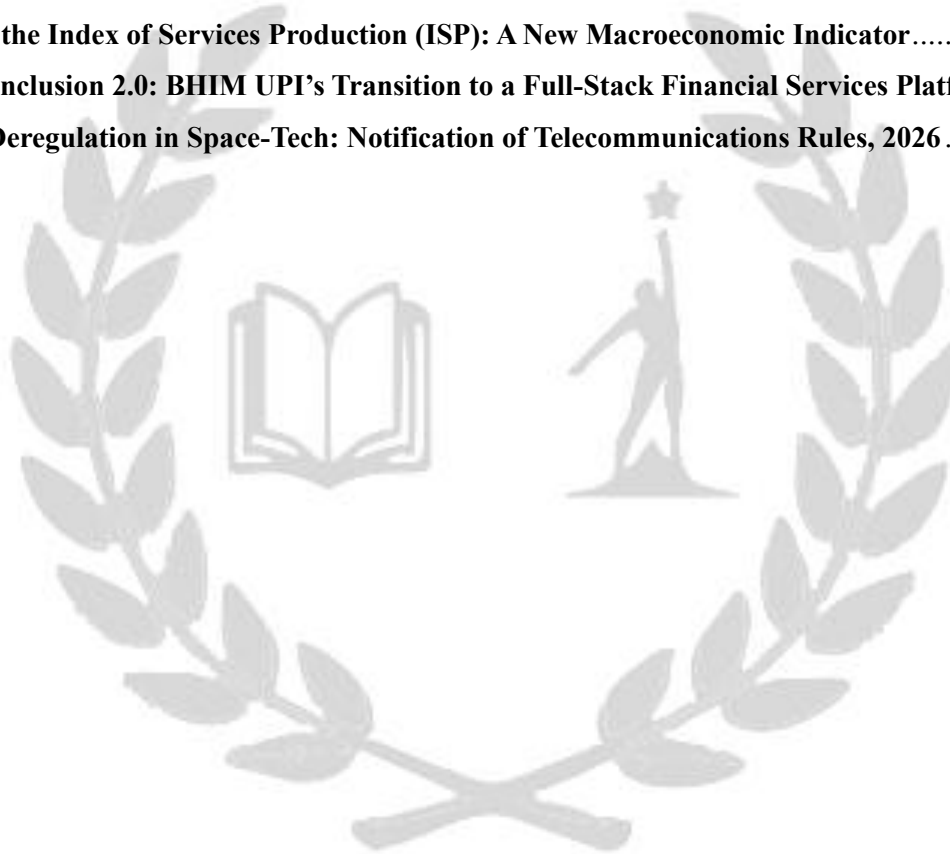
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VIDHVATH IAS ACADEMY



1. India–US Bilateral Trade Negotiations: Key Developments

Key Highlights of the Bilateral Review

- **Core Elements Audited:** India and the United States concluded two days of intensive negotiations in New Delhi, undertaking a "comprehensive review" of pivotal bilateral trade elements. The discussions focused heavily on enhancing market access, digital trade frameworks, building supply chain resilience, reducing non-tariff barriers, and expanding strategic tech cooperation.
- **Commitment to a Balanced Pact:** According to the Commerce Ministry, both nations remain committed to a balanced, commercially meaningful pact, aiming to elevate bilateral economic ties to a higher strategic level.
- **The Section 301 Trigger:** The talks occurred a month before Washington is expected to release a new tariffs architecture under Section 301 of the US Trade Act. This overhaul aims to replace reciprocal tariffs that were deemed illegal by the US Supreme Court in February 2026.
- **Primary Structural Bottlenecks:** Bilateral trade deal negotiations have faced prolonged delays due to disagreements over high tariffs, agricultural market access, and e-commerce regulations.
- **Geopolitical Dissension:** Progress remains slow due to India's firm pushback against US pressure regarding New Delhi's continued energy and defence ties with Russia. Both sides are currently racing to secure a working deal before next month's US tariff deadline.

Key Definitions

- **Non-Tariff Barriers (NTBs):** Policy measures other than ordinary customs tariffs that can potentially economic restrict international trade, such as sanitary and phytosanitary (SPS) measures, technical barriers to trade (TBT), and import licensing.
- **Section 301 of the US Trade Act:** A legal provision granting the US Trade Representative (USTR) broad authority to investigate and respond to foreign government practices deemed unfair, discriminatory, or restrictive to US commerce.

E.**EXPLAINED**

What's taking time

Bilateral trade deal negotiations have been slow due to differences over high tariffs, agricultural market access, e-commerce regulations and India's pushback against US pressure on its energy and defence ties with Russia. The two sides are trying to secure a working deal before next month's US tariff deadline.

Legal & Constitutional Provisions

- **Article 246 & Seventh Schedule:** In the Indian Constitution, "Trade and commerce with foreign countries; import and export across customs frontiers" falls under Entry 41 of the Union List (List I), giving Parliament exclusive legislative jurisdiction.
- **Section 301 (US Trade Act of 1974):** The statutory domestic mechanism utilized by the US executive branch to enforce treaty rights and address foreign trade barriers.

Conclusion While converging geopolitical interests drive India-US strategic alignment, trade ties continue to navigate persistent friction points like agricultural protectionism, data localization laws, and divergent foreign policy postures. Resolving these regulatory stalemates through a pragmatic working deal is crucial for securing supply chain resilience in the Indo-Pacific.

UPSC Relevance

- **GS Paper II:** Bilateral, regional, and global groupings and agreements involving India and/or affecting India's interests; Effect of policies and politics of developed and developing countries on India's interests.



- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, growth, development, and international trade.

2. MEA Clarification on Passport Status and Global Mobility Infrastructure

Key Highlights of the MEA Statement

- **Legal Status of Passport:** The Ministry of External Affairs (MEA) clarified that an Indian passport is strictly a travel document and does not serve as conclusive proof of citizenship, despite being issued exclusively to Indian citizens. This aligns with a recent Supreme Court ruling affirming that Aadhaar is also merely a document of identity, not of citizenship.
- **Global Mobility and Visa Access:** India's global mobility footprint has expanded significantly, with visa-free entry now available in 27 countries (up from 16 in 2019). Additionally, 47 countries provide visa-on-arrival facilities, and 66 nations offer electronic visas (e-visas) to Indian nationals.
- **Strategic Migration Frameworks:** Recent mobility agreements signed with European nations aim to streamline the movement of students, academics, and professionals, while simultaneously institutionalizing mechanisms for the safe return of illegal migrants.
- **Technological Upgradation:** The government is actively integrating advanced chip-based e-passports embedded with biometric data to enhance global security acceptance, streamline international border control, and mitigate identity fraud.
- **Passports Act Anniversary:** Marking the 14th Passport Seva Divas, the External Affairs Minister highlighted the legacy of the Passports Act, 1967, noting that administrative reforms have expanded the network to over 500 Passport Kendras, which successfully processed 1.5 crore applications in 2025 with drastically reduced turnaround times.

Key Definitions

- **Travel Document:** A formal government-issued identity certificate that facilitates international travel by requesting safe passage and protection for the holder from foreign states.
- **E-Passport:** A biometric passport containing an embedded electronic microprocessor chip that stores biographical and biometric information to authenticate the traveler's identity.



Constitutional & Legal Provisions

- **The Passports Act, 1967:** The primary statutory legislation regulating the issuance of passports and travel documents, establishing the legal grounds for refusal, impounding, or revocation of passports.
- **Constitutional Citizenship:** Part II of the Indian Constitution (Articles 5-11) governs citizenship. Article 11 empowers Parliament to regulate the right of citizenship by law, executed via the Citizenship Act, 1955. Matters of passports and citizenship fall exclusively under the Union List of the Seventh Schedule.

Conclusion The MEA's clarification underscores the clear legal distinction between domestic identity documents, travel facilitation tools, and formal citizenship status under Indian law. As India modernizes its consular infrastructure, balancing enhanced global mobility with robust biometric security remains central to its foreign policy and diaspora management.



UPSC Relevance

- **GS Paper II:** Indian Constitution—historical underpinnings, evolution, features, amendments, significant provisions; Citizenship; Bilateral groupings and agreements involving India and affecting India's interests.

3. In-Principle Forest Clearance for Kirthai-II Hydroelectric Project

Key Highlights of the FAC Recommendation

- **In-Principle Approval for Forest Diversion:** The Forest Advisory Committee (FAC) of the Ministry of Environment, Forest and Climate Change has recommended in-principle approval for diverting 197 hectares of forest land to construct the 820MW Kirthai-II hydroelectric project.
- **Strategic Expansion in Indus Basin:** Located on the Chenab River in the Kishtwar district of Jammu and Kashmir, Kirthai-II is the third major hydel project on the Chenab to advance since India accelerated infrastructure development in the Indus basin following geopolitical escalations in 2025.
- **Project Specifications:** Executed by Chenab Valley Power Projects Ltd (a joint venture of NHPC and JKSPDC), Kirthai-II is a run-of-the-river project featuring a 121-metre-high concrete gravity dam. Its capacity was optimized and downscaled from 930MW to 820MW to minimize environmental impact.
- **Geographical and Cascading Layout:** The dam will be built in the Padder Tehsil, situated downstream of the proposed Kirthai-I project and upstream of the under-construction Kiru hydel project, forming part of a critical power cascade on the Chenab.
- **Ecological Safeguards Mandated:** The project site lies in a sensitive high-mountainous ecosystem, requiring the felling of over 8700 trees, including endangered Chilgoza pines. To mitigate this, the FAC has mandated a strict wildlife biodiversity management plan and dedicated animal passage corridors for endemic species like the Himalayan tahr, Asiatic black bear, and Asiatic ibex.

Key Definitions

- **Run-of-the-River Project:** A type of hydroelectric generation plant where little or no water storage is provided, relying primarily on the natural flow of the river to generate electricity.
- **In-Principle Clearance:** The initial stage of regulatory approval (Stage-I) by the Environment Ministry, signifying conceptual agreement to divert forest land subject to compliance with specific statutory conditions.



Constitutional & Legal Provisions

- **Forest (Conservation) Act, 1980:** The statutory framework governing the diversion of forest lands for non-forestry purposes like dams, under which the FAC operates.
- **Indus Waters Treaty (IWT), 1960:** A transboundary water-sharing treaty between India and Pakistan. It allocates the Eastern Rivers (Ravi, Beas, Sutlej) to India and the Western Rivers (Indus, Jhelum, Chenab) to Pakistan, while allowing India specified non-consumptive uses, including run-of-the-river power generation.

Conclusion The clearance of Kirthai-II underscores India's strategic shift toward maximizing its permissible utilization of the Western Rivers under international frameworks. However, executing large-scale gravity



dams in the ecologically fragile, seismically active micro-climates of the Himalayas requires a delicate balance between national energy security and long-term environmental sustainability.

UPSC Relevance

- **GS Paper I:** Geographical features and their location-changes in critical geographical features (including water-bodies).
- **GS Paper II:** India and its neighborhood- relations; Bilateral treaties and agreements affecting India's interests.
- **GS Paper III:** Infrastructure: Energy; Conservation, environmental pollution, and degradation, environmental impact assessment.

4. Global Climate Anomalies: Indian Monsoon Deficit and European Heatwaves

Key Highlights of Climate Vulnerabilities

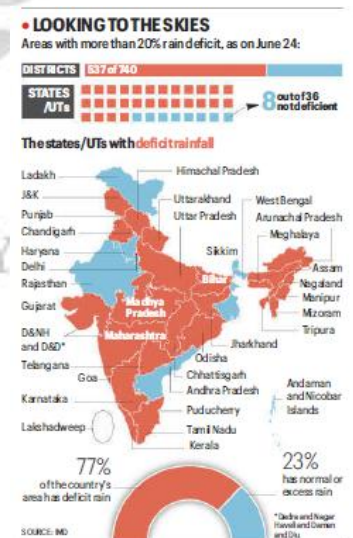
- **Indian Monsoon Deficit:** Nearly 77% of India's districts are experiencing a rainfall deficit exceeding 20% in June, marking one of the driest seasonal starts in a decade.
- **Atmospheric Drivers of Deficit:** The India Meteorological Department (IMD) identified that the rainfall deficit is not driven by El Niño, which has concluded, but by weak low-pressure systems and an unfavourable phase of the Madden-Julian Oscillation (MJO) suppressing regional precipitation.
- **Enhanced Internal Resilience:** Despite the dry spell, India is structurally better prepared to absorb the stress due to optimal water storage levels in major reservoirs from previous wet years and an increased share of solar and wind energy reducing grid vulnerability to low hydropower generation.
- **European Heatwave and Omega Block:** Western Europe is reeling under a severe heatwave with temperatures crossing 44°C, driven by an "Omega Block." This high-pressure system stalls between two low-pressure systems, creating a "heat dome" that traps sinking warm air and intensifies compressional heating.
- **Structural Adaptation Deficit:** Europe's high casualty rate and infrastructure disruptions underscore an adaptation mismatch, as its urban architecture was historically designed to retain heat rather than dissipate it, amplifying the urban heat island effect under modern climate conditions.

Key Definitions

- **Madden-Julian Oscillation (MJO):** An eastward-moving, trans-oceanic band of clouds and rain near the equator that modulates tropical weather patterns over a 30 to 60 day cycle.
- **Omega Block:** A stationary atmospheric blocking pattern shaped like the Greek letter Ω , where a high-pressure system blocks regular west-to-east weather movement, causing prolonged extreme weather.

Constitutional & Legal Provisions

- **Disaster Management Act, 2005:** The primary legislative tool in India that governs state and national level responses, funding, and mitigation strategies for climate-induced disasters such as severe droughts or heatwaves.





- **Article 48A:** A Directive Principle of State Policy directing the State to protect and improve the environment, providing the constitutional basis for climate adaptation policies.

Conclusion

The concurrent occurrence of intense heat domes in Europe and erratic monsoon onset in India highlights the systemic threats posed by anthropogenic climate change. Mitigating these risks requires transitioning from reactive disaster management to proactive, climate-resilient urban and agricultural infrastructure planning.

UPSC Relevance

- **GS Paper I:** Important Geophysical phenomena (monsoons, planetary winds, temperature anomalies), World distribution of key natural resources.
- **GS Paper III:** Disaster and disaster management; Conservation, environmental pollution, and degradation.

5. MHA Overhaul of FCRA Rules: Regulatory Tightening and Legal Framework

Key Highlights of the Overhaul

- **Prescriptive Regulatory Shift:** The Ministry of Home Affairs issued two landmark notifications amending the Foreign Contribution (Regulation) Rules, shifting from a broad, programme-based framework to a highly prescriptive, purpose-and-geography-linked licensing regime.
- **Purpose and Mandated Horizons:** Non-Governmental Organisations (NGOs) must now explicitly select their activities from a government-prescribed schedule of 105 permissible purposes and specify the exact States or Union Territories of operation, with existing bodies given a one-year compliance window.
- **Strict Exclusion of Proselytisation:** The amended rules repeatedly mandate the clause "excluding proselytisation" across approved religious activities, establishing that while religious education, theological study, and traditional preservation are permitted, foreign funds cannot support conversion-oriented activities.
- **Broadened Accountability Mechanisms:** The definition of a "key functionary" has been expanded to include directors, trustees, and family members, alongside introducing strict restrictions on foreign nationals in leadership, mandatory minimum utilization thresholds, and extensive disclosures of ultimate donors and social media accounts.
- **Revised Penalty and Compounding Framework:** Under Section 41(1) of the FCRA, new financial penalties have been instituted for non-compliance: exceeding the 20% cap on administrative expenses or diverting funds to unapproved geographies will attract a penalty of Rs 1 lakh or 5% to 30% of the involved amount, whichever is higher. **Key Definitions**
- **Proselytisation:** The act or practice of attempting to convert a person from one religion, belief, or opinion to another.
- **Compounding of Offences:** A legal mechanism where the offender agrees to pay a specific penalty or fine to settle a violation avoiding prolonged criminal prosecution. **Constitutional & Legal Provisions**





- **Article 25 of the Constitution:** Guarantees freedom of conscience and the right to freely profess, practise, and propagate religion. However, the Supreme Court in *Rev. Stainislaus v. State of Madhya Pradesh (1977)* ruled that the right to propagate does not grant the fundamental right to convert another person.
- **Foreign Contribution (Regulation) Act (FCRA), 2010:** Enacted to regulate the acceptance and utilisation of foreign hospitality or contributions to safeguard national security interests, falling under the jurisdiction of the Ministry of Home Affairs.

Conclusion The comprehensive overhaul of the FCRA rules reflects a growing state emphasis on economic sovereignty and internal security. By integrating strict geographical mapping and zero-tolerance measures on proselytisation, the state seeks to cleanse foreign-funded civil society operations, though it simultaneously raises compliance bars for legitimate grassroots NGOs.

UPSC Relevance

- **GS Paper II:** Development processes and the development industry — the role of NGOs, SHGs, various groups and associations, donors, charities, institutional and other stakeholders; Statutory, regulatory and various quasi-judicial bodies.

6. Geopolitical Implications of the US Shift from INDOPACOM to PACOM

Key Highlights of the Strategic Realignment

- **Symbolic Name Reversion:** The US military's decision to revert the name of its naval command from "US INDOPACOM" back to its original "US PACOM" indicates a significant subterranean shift in Washington's strategic priorities, moving away from the comprehensive "Indo-Pacific" strategy initiated in 2018.
- **Slowing Quad Dynamics:** The salience of the Quadrilateral Security Dialogue (Quad) is diminishing as the US pursues immediate-term tactical accommodation with China. This is evidenced by the omission of the Quad from the 2026 US National Defense Strategy and restricted access to critical technologies like Artificial Intelligence.
- **Recasting Global Spheres of Influence:** Recent bilateral engagements between Washington and Beijing, alongside discussions of a "G-2" framework, signal an emerging US willingness to accept regional spheres of influence. This directly challenges India's vision of a multipolar Asia.
- **West Asian Power Restructuring:** The "Islamabad MoU" between the US and Iran points to a general US fatigue in West Asia. It mandates the withdrawal of US forces from Iran's proximity and grants Iran significant leverage over the administration of the Strait of Hormuz, upsetting India's regional balance.
- **US Penetration into South Asia:** The dual appointment of a single official as US Ambassador to India and Special Envoy for South and Central Asia signals Washington's intent to operate as a supra-entity in India's neighborhood, competing directly with China for bilateral influence while bypassing traditional regional frameworks.



Key Definitions

- **Spheres of Influence:** A spatial region or conceptual division over which a state or organization has significant cultural, economic, military, or political exclusivity.



- **G-2 (Group of Two):** A proposed informal strategic relationship between the world's two premier superpowers (the United States and China) to cooperatively manage global economic and political architectures.

Constitutional & Legal Provisions

- **Article 73:** Specifies that the executive power of the Indian Union extends to matters with respect to which Parliament has power to make laws, providing the constitutional foundation for conducting foreign policy and international relations.
- **Entry 10 to 14, Seventh Schedule (Union List):** Vests absolute legislative jurisdiction over foreign affairs, diplomatic representation, United Nations engagement, and treaty implementation exclusively with the Parliament of India.

Conclusion Shorn of diplomatic rhetoric, the dropping of the "Indo" prefix by the US signals a deeper retrenchment of its security guarantees. To safeguard its strategic autonomy, New Delhi must rapidly recalibrate its foreign policy by reviving alternative minilateral coalitions, reassessing compliance with unilateral sanctions, and reasserting its neighborhood leadership through pan-regional initiatives.

UPSC Relevance

- **GS Paper II:** Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests; Effect of policies and politics of developed and developing countries on India's interests; India and its neighborhood relations.

7. Supreme Court Judgment on the Right to Trauma Care and Article 21

Key Highlights of the Landmark Judgment

- **Judicial Expansion of Article 21:** In *SaveLIFE Foundation & Anr. vs Union of India & Ors. (2026)*, the Supreme Court held that the right to trauma care is an integral part of the Right to Life under Article 21, extending seamlessly from the site of injury to definitive hospital treatment.
- **Positive State Obligation:** The Bench ruled that survival in trauma depends on integrated systems rather than individual institutions. This imposes a positive obligation on the state to build an unbroken emergency chain connecting the bystander, emergency calls, ambulances, paramedics, and hospitals.
- **Socio-Economic Urgency:** The ruling addresses a critical public health deficit; nearly 4.67lakh Indians die annually from injuries (including 1.77lakh road crash fatalities), making trauma the leading cause of death for the 18–45 age demographic. NITI Aayog-AIIMS data indicates 30% of these deaths are due to response delays.
- **Cooperative Federalism Matrix:** Since public health and hospitals fall under the State List, the Court leveraged cooperative federalism, directing the Union to act as a systemic enabler while mandating States to implement existing national codes without altering the constitutional division of powers.
- **Five-Cluster Binding Directives:** The Court issued nine binding directives with a 3–6 month timeline: integrating all emergency helplines into '112', enforcing the National Ambulance Code (AIS-125) with real-time GPS tracking, establishing Good Samaritan grievance-redressal systems, grading hospital trauma facilities, and mandating the operationalisation of the PM-RAHAT cashless treatment scheme.



Key Definitions

- **Trauma Care System:** A comprehensive, coordinated network that provides an organized response to managing acutely injured patients across pre-hospital, hospital, and rehabilitative phases.
- **Good Samaritan:** A person who, in good faith, voluntarily renders emergency medical or non-medical assistance to an injured person at the scene of an accident.

Constitutional & Legal Provisions

- **Article 21 of the Constitution:** Guarantees protection of life and personal liberty. This judgment expands its ambit by building on *Parmanand Katara (1989)* and *Paschim Banga Khet Mazdoor Samiti (1996)* to institutionalise emergency medicine.
- **Seventh Schedule (List II, Entries 6 & 13):** Places public health, sanitation, hospitals, and communications under the State List, necessitating joint Centre-State execution.
- **Motor Vehicles Act, 1988:** Legal statutory framework under which cashless treatment schemes (PM-RAHAT) and Good Samaritan protections are formalized.



Conclusion By shifting the burden of proof to state compliance through mandatory Action Taken Reports under the Attorney General's oversight, the Supreme Court has transformed an administrative guideline into an enforceable constitutional guarantee. Success now hinges on addressing uneven state capabilities and bridging lingering infrastructure gaps.

UPSC Relevance

- **GS Paper II:** Structure, organization and functioning of the Judiciary; Government policies and interventions for development in various sectors; Issues relating to development and management of Social Sector/Health.
- **GS Paper III:** Infrastructure; Disaster and disaster management.

8. Economic Resilience Amid Exclusion: The Rise of Afghan Women Entrepreneurs

- **Collapse in Female FLPR and Education:** Restrictive regimes caused the Afghan Female Labour Force Participation Rate (FLPR) to plunge from 14.6% in 2021 to 5.1% by 2025, alongside a complete eradication of female university enrolment from 54,861 students in 2019 to zero.
- **Involuntary Entrepreneurial Shift:** Denied access to formal workplaces and higher education, women are adopting small-scale entrepreneurship as an economic lifeline, pushing registered women-owned businesses from 2,421 to 9,162, and informal units to 1,20,000.
- **Sectoral Concentration:** These enterprises primarily operate within manufacturing (43%, including tailoring, handicrafts, and carpet weaving), services (30%), and trade (19%), bridging critical supply gaps in the isolated local economy.
- **Severe Financial and Credit Bottlenecks:** A UNDP survey indicates 41% of women entrepreneurs are in debt, yet only 5% could secure formal bank loans due to institutional barriers such as lacking formal property documentation or business credit histories.



- **Prevalence of Informality:** Nearly two-thirds of these enterprises operate without formal registration, forcing women to rely heavily on personal savings and informal family networks, which severely curtails their scaling and market integration.

Key Definitions

- **Female Labour Force Participation Rate (FLPR):** The proportion of the female working-age population (typically 15 years and older) that is either actively employed or seeking employment.
- **Informal Enterprise:** Economic units that operate without formal state registration, licensing, or regulatory oversight, usually relying on informal credit lines.



International and Legal Frameworks

- **Violation of International Conventions:** The structural exclusion violates the *UN Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)* and Article 26 of the *Universal Declaration of Human Rights (UDHR)* guaranteeing the right to education and work.
- **India's Diplomatic Stance:** India maintains a consistent position at the United Nations, advocating for an inclusive, representative governance framework in Afghanistan that actively protects the fundamental rights of women and minorities.

Conclusion

The surge in informal entrepreneurship reflects the profound resilience and economic agency of Afghan women under structural constraints. However, long-term economic self-sufficiency cannot coexist with systemic gender apartheid; sustainable recovery necessitates targeted international micro-finance channels and policy normalization.

UPSC Relevance

- **GS Paper II:** International Relations (Bilateral and regional geopolitics, India's neighborhood policy, humanitarian diplomacy) and Social Justice (Welfare mechanisms for vulnerable global populations).
- **GS Paper I:** Social Issues (Global gender dynamics, women empowerment, and demographic challenges).

9. Judicial Check on Executive Excess: The Quashing of NewsClick Proceedings

- **Quashing of FIR and ECIR:** The Delhi High Court quashed the Economic Offences Wing (EOW) FIR and the consequent Enforcement Directorate (ED) money laundering proceedings against NewsClick, terming them a "mala fide and arbitrary" exercise of power threatening free journalism.
- **Absence of FDI and FEMA Infractions:** The court ruled that the \$1.5 million investment from a US entity in April 2018 occurred well before the introduction of the 26% foreign investment cap on digital media in September 2019, thus rendering allegations of regulatory circumvention untenable.
- **Validation by RBI and Absence of Predicate Offence:** The Reserve Bank of India (RBI) confirmed the remittance followed the automatic route with no FEMA violations. Furthermore, as the primary foreign investor filed no complaint, charges of cheating or criminal breach of trust were completely absent.



- **Strict Application of Vijay Madanlal Precedent:** Applying the Supreme Court's landmark *Vijay Madanlal Choudhary* (2022) ruling, the High Court reiterated that if the underlying predicate offence is quashed, subsequent money laundering proceedings under the PMLA cannot independently survive.
- **Sacrosanct Constitutional Protections:** In a parallel UAPA aspect, the Supreme Court previously declared the editor's arrest illegal due to the non-furnishing of written grounds of arrest, establishing that structural deviations invalidate state detention.



Key Definitions

- **Predicate Offence:** An underlying core criminal offence (like cheating or criminal conspiracy) that generates illegal proceeds, which then acts as the essential prerequisite to trigger money laundering investigations.
- **Mala Fide:** An action taken in bad faith, marked by intentional dishonesty, malicious intent, or an abuse of administrative and legal authority.

Constitutional & Legal Provisions

- **Article 22(1) of the Constitution:** Guarantees the fundamental right of an arrested person to be informed of the grounds of arrest in writing at the earliest opportunity and to consult legal counsel.
- **Section 120B, IPC:** Pertains to criminal conspiracy; requires definitive material proof of an agreement to execute an illegal act, rather than mere assertions by investigative state agencies.

Conclusion

The ruling serves as a vital constitutional checkpoint against the weaponization of financial statutes like PMLA and FEMA to suppress media independence. It reinforces the doctrine that administrative actions must strictly align with procedural fairness and objective statutory parameters.

UPSC Relevance

- **GS Paper II:** Indian Constitution (Fundamental Rights, Article 21 and 22), Judiciary (Judicial review over executive actions), and Statutory/Regulatory Bodies (ED, CBI, and RBI jurisdiction).
- **GS Paper IV:** Freedom of speech, media ethics, and accountability in governance.

10. Launch of the Index of Services Production (ISP): A New Macroeconomic Indicator

- **First-Ever High-Frequency Services Index:** The Ministry of Statistics and Programme Implementation (MoSPI) is introducing the Index of Services Production (ISP) as a new monthly macroeconomic indicator designed to track short-term volume changes in India's services industry.
- **Base Year and Lag Structure:** The index adopts 2024-25 as its baseline period and will operate with a 60-day reporting lag, with the inaugural index for April 2026 scheduled for release on July 14, 2026.
- **Standardized Release Timeline:** Following the initial release, subsequent monthly data will be institutionalized and published consistently on the 29th day of every month, or the subsequent working day in the event of public holidays.



- **Counterpart to Industrial Metrics:** Designed as a structural analogue to the Index of Industrial Production (IIP), the ISP fills a long-standing high-frequency data gap by providing a comprehensive, volume-based gauge of services output.
- **Institutional Governance:** The foundational conceptual and methodological framework for compiling the index was formulated by a Technical Advisory Committee (TAC) constituted in May 2025, under the chairmanship of Debjani Ghosh from NITI Aayog.



Key Definitions

- **Index of Services Production (ISP):** A short-term economic indicator that measures the monthly changes in the volume of output of selected services industries over a specified base period.
- **Index of Industrial Production (IIP):** A composite statistical metric that measures the short-term volume changes in the production of a basket of industrial products (Mining, Manufacturing, and Electricity) over a fixed base year.

Policy and Institutional Framework

- **Role of MoSPI:** The compilation and dissemination of macroeconomic indices fall under the statutory mandate of MoSPI (specifically the National Statistical Office), aligned with national standards for data transparency.
- **Fulfilling Policy Gaps:** Given that the services sector contributes over 50% to India's Gross Value Added (GVA), high-frequency tracking is crucial for the Reserve Bank of India's (RBI) monetary policy committee and fiscal planners to calibrate real-time interventions, moving away from heavy reliance on lagging proxy indicators.

Conclusion

The operationalization of the ISP marks a significant milestone in India's statistical architecture, providing policymakers with accurate, high-frequency granular insights. By mirroring the structural rigor of the IIP, it resolves a key asymmetric informational gap in tracking the country's dominant economic driver.

UPSC Relevance

- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, growth, development, and employment (Macroeconomic indicators and national accounting).
- **GS Paper II:** Statutory, regulatory, and various quasi-judicial bodies (Role of MoSPI and administrative statistical frameworks).

11. Financial Inclusion 2.0: BHIM UPI's Transition to a Full-Stack Financial Services Platform

- **Evolution into a Financial Marketplace:** NPCI BHIM Services Limited (NBSL) is transitioning the BHIM payments application into a comprehensive financial services platform to distribute credit cards, loans, investments, National Pension Scheme (NPS) products, and insurance.
- **Strategic Institutional Collaborations:** To operationalize lending and credit systems, NBSL has partnered with multiple commercial banks (including Canara Bank) and is collaborating with Non-Banking Financial Companies (NBFCs) for credit dispensation.



- **Technological and Architectural Revamps:** Following the rollout of BHIM 3.0 in 2025, the platform is integrating its architecture directly into commercial bank applications, utilizing updated underlying infrastructure to facilitate faster, secure Unified Payments Interface (UPI) transactions.
- **Exponential Volume and Value Growth:** Demonstrating robust consumer traction, BHIM's monthly transaction volumes spiked from 79.64 million in June 2025 to 244 million by May 2026, handling an aggregate transaction valuation of ₹26,952 crore in May 2026 alone.
- **Deepening Digital Financial Inclusion:** By bundling credit, pension, and insurance products into a singular, highly accessible interface, the initiative directly tackles the critical challenge of low formal credit and insurance penetration across India's semi-urban and rural hinterlands.



Key Definitions

- **NPCI BHIM Services Limited (NBSL):** A specialized subsidiary established under the National Payments Corporation of India (NPCI) tasked with managing, updating, and scaling the BHIM application ecosystem.
- **Full-Stack Financial Platform:** A digital infrastructure model that moves beyond single-utility transactions (like peer-to-peer transfers) to provide an end-to-end suite of consumer financial products, including savings, credit, investment, and insurance.

Regulatory and Institutional Framework

- **Payment and Settlement Systems Act, 2007:** The statutory framework under which NPCI operates and regulates retail payment and settlement systems in India under the regulatory oversight of the Reserve Bank of India (RBI).
- **Financial Inclusion Agenda:** This diversification aligns with the government's flagship Pradhan Mantri Jan Dhan Yojana (PMJDY) and RBI's Financial Inclusion Index (FI-Index) parameters by shifting unbanked populations from simple digital payments to formal credit and social security channels.

Conclusion

The pivot of BHIM UPI from a pure-play payment gateway to a diversified financial distributor signifies a maturing digital public infrastructure (DPI). By leveraging its massive user base, NBSL is structurally positioned to democratize retail banking, driving deeper economic formalization.

UPSC Relevance

- **GS Paper III:** Indian Economy (Digital Public Infrastructure, Mobilization of resources, Financial inclusion, Banking and NBFC sector reforms).
- **GS Paper II:** Governance (E-governance tools, citizen-centric service delivery, and institutional statutory bodies like RBI and NPCI).



12. Strategic Deregulation in Space-Tech: Notification of Telecommunications Rules, 2026

- **Removal of Local Sourcing Mandate:** The government notified the Telecommunications Rules, 2026, officially dropping the proposed 20% local sourcing requirement for ground-segment equipment previously mandatory for global satellite broadband operators.
- **Transition to Authorization Framework:** The notification completes the structural shift from a legacy licensing regime to an authorization-based framework under the Telecommunications Act, 2023, clearing a seven-month regulatory backlog for operators.
- **Strict Security Interception Norms:** Global operators must demonstrate operational lawful interception and monitoring systems prior to commercial launch, including pinning fixed user terminals to registered premises with a location accuracy of within 100 meters.
- **Data Localization and Routing Restrictions:** To preserve national sovereignty, the framework strictly prohibits routing Indian domestic user traffic through foreign gateways or inter-satellite links, even during localized gateway failures or network optimization phases.
- **Cross-Border Gateway Hubbing:** The rules permit satellite operators to utilize terrestrial gateways stationed within India to service neighboring nations, potentially positioning India as a centralized regional data and satellite communication hub.
- **Dilution of Investment Barriers:** The final rules eliminated the controversial "prohibited investor" clause, which initially sought to bar applications from entities funded or controlled by restricted bodies or those flagged on national security grounds.

Key Definitions

- **GMPCS (Global Mobile Personal Communications by Satellite):** A satellite network system providing trans-national voice, data, and broadband connectivity via a constellation of Low Earth Orbit (LEO) or Geostationary satellites.
- **Ground-Segment Equipment:** The terrestrial infrastructure of a satellite system, including earth stations, gateways, and user terminals, required to transmit and receive radio signals.



Constitutional & Legal Provisions

- **Telecommunications Act, 2023:** The primary statutory legislation governing telecommunications in India, which replaces the archaic Indian Telegraph Act, 1885, to streamline national security and spectrum management.
- **Seventh Schedule (Union List):** Under Entry 31 (Post and telegraphs, telephones, wireless, broadcasting, and other like forms of communication), the Union Parliament possesses exclusive legislative competence over satellite communication.

Conclusion

The removal of explicit local sourcing barriers lowers entry friction for global mega-constellations, yet embedded security undertakings ensure that sovereign oversight is not compromised. True commercial operationalization, however, hinges on the final pricing mechanisms and spectrum allocation methodologies.



UPSC Relevance

- **GS Paper III:** Science and Technology (Space-tech developments, satellite broadband, and communication systems) and Economic Development (Infrastructure, telecommunication regulatory reforms, and ease of doing business).
 - **GS Paper II:** Government policies and interventions for development in various sectors.
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