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VIDHVATH IAS KAS ACADEMY & STUDY CENTRE

DAILY CURRENT AFFAIRS

FOR UPSC CIVIL SERVICE EXAMINATION

DATE: 30/06/2026 (TUESDAY)

9972258970 & 9740702455

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

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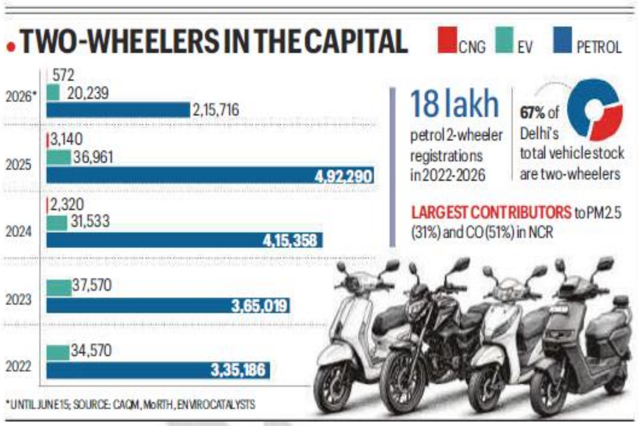
1. Delhi EV Policy 2.0: Mandating Electric Two-Wheelers by 2028

Key Summary Points

- **Policy Mandate:** The Delhi Government's EV Policy 2.0 mandates that all new two-wheelers and three-wheelers registered in the capital must be Electric Vehicles (EVs) starting April 1, 2028, effectively banning new petrol motorcycles/scooters and new CNG auto-rickshaws after March 31, 2028.



- **Fiscal Incentives:** To accelerate adoption, the policy offers a 100% road tax waiver for four-wheeler EVs priced up to Rs 30 lakh, alongside dedicated cash incentives for purchasing electric two- and three-wheelers, backed by a planned expenditure of Rs 15,000 crore.
- **Target and Timeline:** The policy aims to achieve a minimum of 30% electrification of Delhi's overall vehicle fleet by March 31, 2030, targeting complete vehicular decarbonization.
- **Pollution Mitigation:** Two-wheelers currently constitute 67% of Delhi's total vehicle stock and are primary contributors to vehicular pollution, accounting for 31% of PM2.5 emissions and 51% of Carbon Monoxide (CO) emissions in the National Capital Region (NCR).
- **Institutional Drivers:** Approved by the Delhi Cabinet under Chief Minister Rekha Gupta and cleared by Lt. Governor Taranjit Singh Sandhu, the policy represents a sweeping, first-of-its-kind sub-national green transition reform in India.

Key Concepts & Constitutional Provisions

- **Particulate Matter (PM2.5):** Fine inhalable particles with diameters 2.5 micrometers or smaller that pose severe respiratory and cardiovascular health risks.
- **Article 21:** The Supreme Court has expanded the Right to Life to include the right to a clean, healthy, and pollution-free environment.
- **Article 48A (DPSP):** Directs the State to protect and improve the environment and safeguard forests and wildlife.
- **Article 51A(g):** Imposes a Fundamental Duty on citizens to protect and improve the natural environment.
- **Legal Framework:** Governed under the Air (Prevention and Control of Pollution) Act, 1981, and the Environment (Protection) Act, 1986, working alongside directives from the Commission for Air Quality Management (CAQM).

Conclusion

Delhi's EV Policy 2.0 provides a replicable urban governance framework for structural transition toward sustainable mobility, directly balancing economic development with environmental sustainability.

UPSC Relevance

- **GS Paper II:** Governance, Statutory Bodies (CAQM), and Judicial Activism relating to the Right to Life.

- **GS Paper III:** Environmental Pollution and Degradation, Renewable Energy, and Infrastructure (Electric Mobility).

2. Stalled Satellite Broadband Rollout in India: Security and Spectrum Hurdles

Key Summary Points

- **Rollout Gridlock:** Despite Eutelsat OneWeb, Jio-SES, and Starlink receiving licenses starting in 2022, India's commercial satellite broadband services remain stalled due to unresolved security protocols and spectrum pricing disputes.
- **The ISL Security Dilemma:** The primary security roadblock involves Inter-Satellite Links (ISL), which use optical lasers for space-to-space communication. Indian authorities fear ISL could bypass domestic gateways entirely, routing traffic through foreign jurisdictions and blinding local surveillance.
- **Strict Domestic Mandates:** Government norms demand complete routing through local gateways, strictly prohibiting foreign gateway fallbacks or independent ISL usage. Operators must maintain localized operations, management, and control units while proving lawful interception capabilities.
- **Pricing Tussle:** Financial terms remain unfixed. The Telecom Regulatory Authority of India (TRAI) proposed a spectrum fee of 4% Adjusted Gross Revenue (AGR) or ₹3500/MHz, plus an urban market containment fee of ₹500/subscriber/year. The Department of Telecommunications (DoT) counter-proposed a 5% AGR fee with a 1% remote-user discount.
- **Operator Protections & Safeguards:** Global operators have offered customized, sovereignty-aligned deployment models. They argue ISL acts merely as disaster redundancy and assure that traffic will latch onto Indian gateways with traceable, unique identification parameters.
- **Expert Recommendation:** Analysts advise a "checks and balances" approach, deploying stringent Know Your Customer (KYC) terminal tracking, geo-location monitoring, and statutory provisions for the physical surrender of user terminals during national security emergencies.

Key Concepts & Regulatory Provisions

- **Inter-Satellite Links (ISL):** Technology enabling direct laser-based communication between satellites in low Earth orbit (LEO), removing the immediate need for a ground station connection during transit.
- **Adjusted Gross Revenue (AGR):** The usage and licensing fee structure computed from telecom operators' revenues, currently contested between DoT and TRAI for satellite services.
- **Telecommunications Act, 2023:** Provisions under this act grant the government sweeping powers to intercept, monitor, or suspend telecom services and seize user equipment during public emergencies or in the interest of national security.
- **Sovereign Data Protection:** Aligns with national security doctrines ensuring data localization and preventing unauthorized cross-border data routing via space-based infrastructure.

Conclusion

Balancing technological disruption with national security is pivotal. Implementing a rigorous KYC and local-gateway enforcement model will allow India to exploit LEO satellite capabilities for bridging the digital divide without compromising sovereign data surveillance.

UPSC Relevance

- **GS Paper II:** Government Policies and Interventions for Development; Regulatory Bodies (TRAI, DoT).
- **GS Paper III:** Science and Technology (Space-based Internet, Laser communication); Cyber Security and Challenges to Internal Security (Data Interception, Sovereign Surveillance).

3. Changing Dynamics of India’s Power Mix: The Rise of Solar Energy

Key Summary Points

- **Structural Transition:** India’s electricity generation mix during peak summer (May) is witnessing a major shift, with solar power's share nearly doubling from 14% in 2022 to 29% in 2026.
- **Decline of Coal Dependency:** Concurrently, the share of traditional coal-based power generation has steadily declined over the same five-year period, dropping from over 50% to approximately 41%.
- **Seasonal Peak Alignment:** The rapid rise highlights solar energy’s growing capacity to effectively manage peak seasonal electricity demand during high-temperature summer months like May, when solar irradiance is maximum.
- **Data Sources and Validation:** According to tracking data compiled by the Centre for Monitoring Indian Economy (CMIE), this generation pattern underscores a fundamental shift in India's seasonal load-management capabilities.

- **Implications for Grid Management:** While solar power handles daytime peak demands, the rapid transition necessitates robust grid balancing mechanisms, energy storage solutions, and flexible thermal backups to manage the intermittency of renewable sources.

Key Concepts & Constitutional Provisions

- **Nationally Determined Contributions (NDCs):** Climate targets committed by India under the Paris Agreement, aiming to achieve 50% cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030.
- **Duck Curve:** A graph of power production over a day that shows the timing imbalance between peak demand and renewable energy generation, creating a deep curve during high solar production hours.
- **Article 48A (DPSP):** Mandates that the State shall endeavor to protect and improve the environment and safeguard the forests and wildlife of the country.
- **Article 51A(g):** Establishes a Fundamental Duty for citizens to protect and improve the natural environment.

- **Statutory Framework:** Governed primarily under the Electricity Act, 2003 (promoting renewable energy integration) and the Energy Conservation Act, 2001 (amended in 2022 to mandate minimum non-fossil fuel consumption targets).

Conclusion

The rising dominance of solar power in India's summer electricity matrix demonstrates remarkable progress toward decoupling economic growth from carbon emissions, moving the country closer to its net-zero emissions target by 2070.

UPSC Relevance

- **GS Paper II:** Government Policies and Interventions for Development across various sectors; Statutory Bodies and International Environmental Treaties.
- **GS Paper III:** Infrastructure (Energy, Power sector); Conservation, Environmental Pollution and Degradation; Climate Change and Sustainable Development Goals (SDG 7: Affordable and Clean Energy).

4. EU Waste Shipment Regulation: Trade Friction Over Metal Scrap Exports

Key Summary Points

- **Regulatory Impasse:** India has formally requested the European Union (EU) for a critical exemption from its upcoming environmental curbs on metal scrap exports, warning that the move will disrupt secondary manufacturing supply chains.

- **The May 2027 Mandate:** Under the EU's revised Waste Shipment Regulation (Regulation EU 2024/1157), exports of non-hazardous waste to non-OECD nations will be banned starting May 21, 2027, unless the importing country gains explicit EU authorization by November 2026.
- **Impact on Domestic Metal Sector:** India is the world's second-largest crude steel producer and a major importer of high-quality European ferrous and aluminium scrap (importing 366,000 tonnes of aluminium scrap from the EU in 2025). The curbs threaten to increase raw material costs and trigger severe supply crunches.
- **Bilateral Trade Friction:** The restriction risks undermining the strategic economic gains anticipated from the upcoming India-EU Free Trade Agreement (FTA), scheduled for implementation in early 2027.
- **Proposed Compromise:** To secure economic safeguards without violating EU environment protocols, Indian trade authorities are pushing for a system of structured export quotas rather than a blanket prohibition.

Key Concepts & Constitutional Provisions

- **OECD (Organisation for Economic Co-operation and Development):** An intergovernmental economic organization of 38 mostly high-income, developed countries that stimulate economic progress and world trade.
- **Resource Nationalism:** A country's strategy to assert control over domestic resources (including circular economy materials like scrap) to benefit home-grown industries, often restricting exports.

- **Article 301:** Guarantees freedom of trade, commerce, and intercourse throughout the territory of India, subject to public interest and regulatory limits.
- **Article 38 (DPSP):** Mandates the State to promote the welfare of the people by securing a just social and economic order, which includes securing key manufacturing supply chains.
- **Legal Matrix:** Handled via India's Foreign Trade (Development and Regulation) Act, 1992, matching international standards like the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal.

Conclusion

The dispute highlights the clash between the EU's circular economy mandates and India's secondary manufacturing growth. Resolving this issue through quotas is essential to prevent trade protectionism under the guise of green standards from damaging broader India-EU trade relations.

UPSC Relevance

- **GS Paper II:** Bilateral, Regional, and Global Groupings involving India; Effect of Policies of Developed Countries on India's Interests.
- **GS Paper III:** Infrastructure (Steel, Aluminium); Conservation, Environmental Pollution, and Degradation (Circular Economy vs. Green Protectionism).

5. Capital Infusion in NIIF: Boosting Infrastructure and Global Capital Mobilization

Key Summary Points

- **Strategic Capital Infusion:** The Central Government has approved an additional ₹30,000 crore allocation to the National Investment and Infrastructure Fund (NIIF), doubling its total sovereign capital commitment to ₹60,000 crore.
- **Crowdling-in Global Capital:** This enhanced fiscal commitment serves as equity anchor to crowd-in large pools of international institutional capital, including sovereign wealth funds and global pension funds.
- **Target Asset Classes:** The fresh capital pool is earmarked for developing scalable, sector-specific platforms focusing heavily on green transport, sustainable energy transitions, and advanced digital infrastructure.

- **Blended Finance Model:** By acting as a quasi-sovereign vehicle, NIIF minimizes risk perceptions for commercial investors, unlocking long-term debt and equity for commercially viable but capital-intensive projects.
- **National Infrastructure Pipeline Support:** The infusion directly aligns with the broader objective of expediting the National Infrastructure Pipeline (NIP) and PM GatiShakti National Master Plan to reduce India's logistics costs.

Key Concepts & Constitutional Provisions

- **National Investment and Infrastructure Fund (NIIF):** India’s first quasi-sovereign wealth fund, established in 2015 as a Category II Alternative Investment Fund (AIF) under SEBI regulations, where the government holds a 49% stake.

- **Alternative Investment Fund (AIF):** A privately pooled investment vehicle established or incorporated in India that collects funds from sophisticated investors for investing in accordance with a defined investment policy.
- **Article 282:** Empowering the Union to make grants for any public purpose, allowing flexible funding allocation toward financial intermediaries and specialized developmental vehicles like NIIF.
- **Article 292:** Pertains to executive powers of the Union to borrow upon the security of the Consolidated Fund of India, underscoring the legal architecture of state fiscal leverages for infrastructure.
- **Legal Framework:** Governed primarily via the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, alongside financial oversight from the Ministry of Finance.

Conclusion

The capital doubling of NIIF reflects a shift toward sophisticated blended finance structures, ensuring that domestic public capital acts as a catalyst rather than the sole funder for India's massive multi-trillion dollar infrastructure modernization goals.

UPSC Relevance

- **GS Paper II:** Statutory, regulatory and various quasi-judicial bodies; Government policies and interventions for development.
- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, growth, and development; Infrastructure: Energy, Ports, Roads, Airports, Railways.

6. Delayed Monsoon and Summer Crop Sowing: Threats to Agricultural Output

Key Summary Points

- **Sowing Deficit:** Indian farmers have fallen behind the traditional sowing schedule for major summer (Kharif) crops, including rice, cotton, corn, and soybeans, due to a sluggish, delayed onset of the southwest monsoon.
- **Monsoon Dependency:** The annual monsoon rains, which typically arrive in June and July, provide over 70% of the precipitation required for Indian agriculture, making timely onset critical for unirrigated tracts.

- **Global Rice Markets:** As India is the world's largest rice exporter, accounting for nearly 40% of global grain shipments, any significant reduction in domestic Kharif rice output threatens international food security and price stability.
- **Acreage Lag:** The slow progress of rain has led to below-average cumulative rainfall across key agricultural states, directly translating into lower initial acreage figures for moisture-sensitive oilseeds and pulses.
- **Inflationary Pressures:** Delayed sowing compresses the crop growth cycle, potentially depressing final yields and sparking domestic food inflation, which poses a direct challenge to macroeconomic stability and rural demand.

Key Concepts & Constitutional Provisions

- **Kharif Crops:** Summer agricultural crops sown with the onset of the southwest monsoon (June-July) and harvested in autumn (September-October), requiring high temperatures and substantial moisture.
- **Southwest Monsoon:** A seasonal wind pattern blowing from sea to land between June and September, serving as the lifeblood of India's agrarian economy and rural groundwater recharge.
- **Article 39(b) & (c):** Directives ensuring that the ownership and control of material resources are distributed to subserve the common good, mandating state intervention to secure food availability.
- **Article 48 (DPSP):** Directs the State to organize agriculture and animal husbandry on modern and scientific lines to boost productivity and secure rural livelihoods.
- **Legal Framework:** Governed under the Essential Commodities Act, 1955 (to manage food stock hoarding during deficits) and supported by the National Food Security Act (NFSA), 2013, which relies heavily on robust buffer stocks.

Conclusion

The delayed Kharif sowing emphasizes India's persistent vulnerability to climate variability. To safeguard domestic food security and protect its position in global trade, India must accelerate climate-resilient farming techniques, expand micro-irrigation networks, and improve weather-forecasting accuracy.

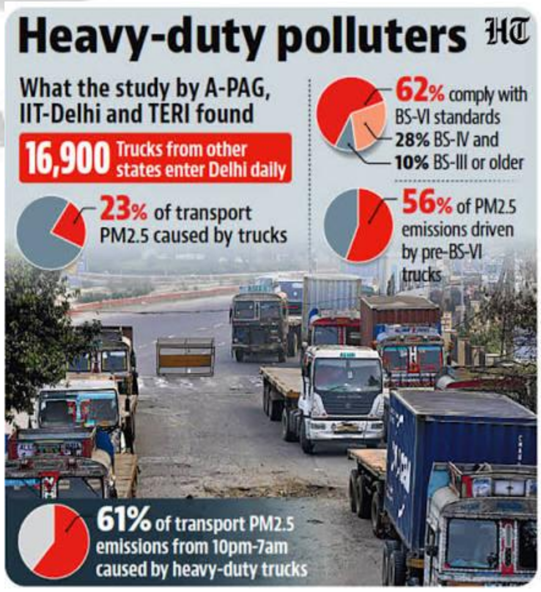
UPSC Relevance

- **GS Paper I:** Geographical features and their location- changes in critical geographical features (Monsoon dynamics).
- **GS Paper III:** Major crops-cropping patterns in various parts of the country; Food security, buffer stocks, and agricultural inflation management.

7. Heavy-Duty Vehicles and Urban Air Pollution: The PM2.5 Challenge

Key Summary Points

- **Disproportionate Emissions:** A study by the Ministry of Road Transport and Highways (MoRTH) reveals that heavy-duty trucks and buses comprise just 2.5-3% of India's total vehicle fleet but contribute a massive 35-36% of transport-related fine particulate matter (PM2.5) emissions.
- **The Diesel Factor:** The high emission footprint of these 7.36 million registered commercial vehicles stems from large engine displacements, heavy payload capacities, long continuous operating hours, and a high reliance on diesel fuel.
- **Public Health Risk:** While transport emissions include carbon monoxide, hydrocarbons, and nitrogen oxides, experts identify PM2.5 as the most hazardous pollutant due to its ability to penetrate deep into human lungs and the bloodstream.



- **Policy Catalyst:** These findings strongly reinforce the government's push for a faster transition to the proposed Bharat Stage VII (BS VII) emission framework and accelerated commercial fleet modernization.
- **Scrappage and Modernization:** The high pollution share highlights the critical need to aggressively enforce the Voluntary Vehicle-Fleet Modernization Policy (Vehicle Scrappage Policy) to phase out older, polluting heavy commercial vehicles.

Key Concepts & Constitutional Provisions

- **Fine Particulate Matter (PM2.5):** Airborne particles with an aerodynamic diameter of less than 2.5 micrometers that remain suspended for long periods and cause severe respiratory and cardiovascular diseases.
- **BS VII Emission Norms:** The upcoming, highly stringent institutional standards aimed at drastically lowering permissible limits for tailpipe emissions, particularly targeting particulate matter and nitrogen oxides in heavy commercial vehicles.
- **Article 21:** The Right to Life implicitly includes the right to breathe clean, unpolluted air and live in a healthy environment, as affirmed repeatedly by the Supreme Court of India.
- **Article 48A (DPSP):** Directs the State to protect and improve the environment, providing the constitutional foundation for vehicle emission regulations.
- **Legal Framework:** Regulated primarily under the Air (Prevention and Control of Pollution) Act, 1981, and the Central Motor Vehicles Rules, 1989, enacted under the Motor Vehicles Act, 1988.

Conclusion

Addressing the heavy-duty vehicle sector is essential for improving urban air quality. Implementing BS VII norms and introducing targeted fiscal incentives for electric or LNG-powered heavy trucks will allow India to reduce transport pollution without slowing down logistical and economic growth.

UPSC Relevance

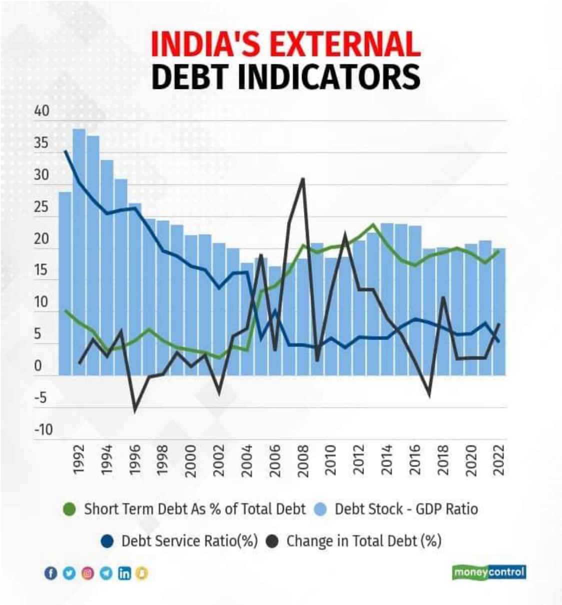
- **GS Paper II:** Government policies and interventions for development; Regulatory standards and enforcement mechanisms.
- **GS Paper III:** Environmental pollution and degradation; Infrastructure and transport sector reforms; Science and Technology developments (Emission standards and green logistics).

8. India’s External Debt Dynamics: RBI Status Report

Key Summary Points

- **Debt Quantum Expansion:** As per Reserve Bank of India (RBI) data, India’s total external debt escalated to $762.8 billion at the end of March 2026, registering an annual increase of $26.3 billion (3.6% growth year-on-year) over the preceding period.
- **Macro-Vulnerability Ratio:** Reflecting this absolute growth, the critical external debt-to-GDP ratio rose to 20.8% at end-March 2026, marking a one percentage point climb from the 19.8% recorded in the corresponding timeframe a year prior.
- **The Valuation Impact:** The headline growth was highly muted due to a significant US dollar appreciation vis-à-vis the Indian Rupee and other global currencies, contributing a positive valuation effect of $24.6 billion. Stripping this out, absolute debt would have surged by $51 billion.

- **Maturity Structure:** India's external debt profile continues to lean heavily toward safer, long-term credit (original maturity above one year) standing at $613.5 billion, while short-term debt margins edged up to a share of 19.6% of the total component.
- **Currency and Debt Composition:** US dollar-denominated loans remained the single largest liability category comprising a dominant 55.5% share, with the Indian Rupee placing second at 29.4%, followed by the Japanese Yen, SDRs, and the Euro.
- **Corporate-Driven Borrowing:** The expansion was largely propelled by commercial transactions of non-financial corporations (36.4%) and deposit-taking banks (26.5%), effectively compensating for a minor 0.6% reduction in public sovereign/government debt liabilities.



Key Concepts & Legal Framework

- **External Debt:** The portion of a nation's total debt debt that is borrowed from foreign lenders, including commercial banks, international financial institutions, or foreign governments.
- **Valuation Effect:** Changes in the total outstanding nominal value of external liabilities resulting entirely from cross-currency fluctuations against the reporting currency, rather than fresh net capital inflows or repayments.
- **Article 292:** Dictates the executive boundaries of the Central Government to borrow capital from domestic or international avenues upon the security of the Consolidated Fund of India within statutory limits.
- **FEMA, 1999:** The Foreign Exchange Management Act regulates external commercial borrowings (ECBs), trade credits, and non-resident accounts to prevent capital flight and preserve external stability.
- **Data Dissemination Mandate:** Overseen quarterly by the RBI and annually via the External Debt Management Unit (EDMU) under the Department of Economic Affairs, Ministry of Finance.

Conclusion

While India's debt-to-GDP ratio expanded slightly, a lower debt service ratio (declining to 5.8% of current receipts) and a robust share of long-term maturities indicate that India's external debt portfolio remains highly manageable and resilient against structural balance-of-payments vulnerabilities.

UPSC Relevance

- **GS Paper III:** Indian Economy and issues relating to planning, resource mobilization, growth, development; External Sector stability, Balance of Payments (BoP), and monetary parameters.
- **GS Paper II:** Statutory, regulatory bodies (RBI) and executive policy decisions guiding economic governance.

9. NABARD Survey on Rural Credit: Financial Literacy Gaps and Structural Shifts

Key Summary Points

- **Severe Literacy Deficit:** A June 2026 survey by NABARD reveals that fewer than 1/4 of rural households understand what a credit score is or how it affects their borrowing capacity, highlighting a major financial literacy gap.
- **Prohibitive Borrowing Costs:** High interest rates remain the primary bottleneck, with nearly 50% of rural families citing formal credit as too expensive, underscoring the urgent need for expanded interest subvention schemes.
- **Credit-Income Disconnect:** Increased formal credit penetration has not translated into higher rural incomes; about 57% of respondents reported stagnant incomes post-loan, indicating capital diversion toward non-productive consumption.
- **Informal Credit Contraction:** Non-institutional debt dropped to an all-time low of 16% in 2026 from 25% in 2022. Within this informal pool, friends and relatives dominate at 61%, while predatory moneylenders dropped to just 13.6%.
- **Digital Fraud Risks:** The accelerating push toward digital banking has brought an unintended surge in financial cyber-fraud vulnerability among digitally unsavory rural consumers.

Key Concepts & Legal Framework

- **Credit Score:** A statistical number evaluating a consumer's creditworthiness based on their historical repayment records, determining loan eligibility and interest pricing.
- **Grameen Credit Score:** A tailored framework launched in Union Budget 2026-27 designed to build alternative credit histories for rural borrowers using localized economic indicators.
- **Article 38 (DPSP):** Mandates the State to minimize inequalities in income, status, and opportunities among individuals and groups.
- **Article 43 (DPSP):** Enjoins the State to promote cottage industries and secure a living wage in rural areas.
- **Statutory Framework:** Driven via the National Bank for Agriculture and Rural Development (NABARD) Act, 1981, and monitored under the Reserve Bank of India's (RBI) National Strategy for Financial Education.

Conclusion

The structural shift away from predatory moneylenders is a major regulatory victory. However, to maximize the Grameen Credit Score framework, India must pivot from simple credit delivery to comprehensive financial advocacy, ensuring credit is channeled into income-generating, productive assets.

UPSC Relevance

- **GS Paper II:** Welfare schemes for vulnerable sections; Governance and the role of statutory bodies like NABARD.
- **GS Paper III:** Indian Economy (Informed institutional credit, financial inclusion); Agricultural marketing and rural socio-economic infrastructure development.

10. Geopolitical Shocks and Currency Derivatives: Retail Hedging Resurgence

Key Summary Points

- **Hedging Revival:** Geopolitical turmoil in West Asia has unexpectedly revived India's tepid Exchange-Traded Currency Derivatives (ETCD) segment, driving up retail trading activity as market participants rush to manage cross-border risks.
- **Turnover Resurgence:** Driven by severe currency swings, the average daily turnover of ETCD futures on the National Stock Exchange (NSE) jumped by 65% year-on-year to ₹5,535.58 crore through June 2026, recovering from a massive 81% regulatory contraction seen in fiscal year 2026.
- **Strict Underlying Mandate:** This volume expansion adheres strictly to the Reserve Bank of India's (RBI) January 2024 directive. This rule permits trading up to $100 million across pairs like USD/INR, but strictly limits participation to users with verifiable, unhedged financial exposure.
- **Crude and Rupee Volatility:** The escalation in the West Asia conflict disrupted global oil logistics, driving crude prices up 39% to $101 per barrel. This shock forced the Indian Rupee down 6.5% from 91.07 to a record low of 96.96 against the US dollar between February and May 2026.

- **Shift in Participation:** Triggered by extreme spot market movements, the retail share of NSE currency futures rebounded sharply from 5.9% in March to 11.1% in May 2026, matching a parallel rise in Foreign Portfolio Investors (FPIs) to 17.3%.
- **Strict Compliance Standards:** To prevent speculation, brokerages require a Chartered Accountant (CA) certificate alongside supporting commercial invoices. Non-compliance risks severe statutory prosecution under India's foreign exchange laws.

Key Concepts & Legal Framework

- **Exchange-Traded Currency Derivatives (ETCD):** Financial contracts traded on regulated stock exchanges that allow participants to buy or sell specific currency pairs at a predetermined price on a future date.
- **Hedging:** A risk management strategy used to offset potential financial losses from adverse price movements in the spot market by taking an opposite position in a derivatives contract.
- **Foreign Exchange Management Act (FEMA), 1999:** The primary legislation regulating cross-border trade, inward/outward remittances, and forex conservation. It empowers the RBI and the Enforcement Directorate (ED) to penalize unsanctioned currency speculation.
- **Regulatory Duopoly:** The ETCD market is jointly regulated by SEBI (which oversees market infrastructure, broker audits, and trading platforms) and the RBI (which manages monetary policy, exchange rate stability, and capital account transactions).

Conclusion

The sudden rise in retail currency derivatives proves that geopolitical shocks quickly ripple through local financial markets. The strict enforcement of underlying exposure rules has successfully decoupled genuine corporate and individual hedging from speculative trades, ensuring macroeconomic stability during international crises.

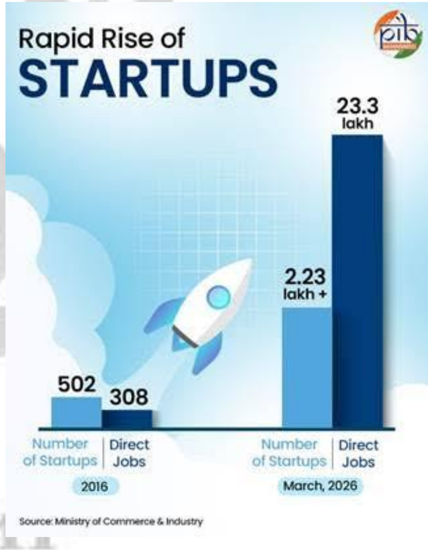
UPSC Relevance

- **GS Paper III:** Indian Economy and issues relating to mobilization of resources; Effects of global geopolitical friction on macro stability; External sector, exchange rate volatility, and financial derivatives.
- **GS Paper II:** Statutory, regulatory, and institutional bodies (RBI and SEBI); Government interventions across capital markets.

11. Administrative Reforms for Economic Governance: Driving Ease of Doing Business

Key Summary Points

- **Institutional Stocktaking:** Prime Minister Narendra Modi convened a high-level review meeting with secretaries of all central ministries and departments to scrutinize next-generation structural reforms.
- **Viksit Bharat Blueprint:** The interaction serves as a primary administrative vehicle to align ministerial action plans with the long-term sovereign commitment of transforming India into a developed nation by 2047.
- **Focus on Zero Pendency:** The top bureaucracy was directed to enforce absolute transparency, minimize file-clearance delays, and optimize public service delivery through citizen-centric "Ease of Living" benchmarks.
- **Macroeconomic Backdrop:** The review took place against a resilient economic backdrop, noting India's real GDP expansion of 7.8% in Q4 and an accelerated full-year growth rate of 7.7% for financial year 2025-26.
- **Digital and Trust-Based Pivot:** Discussions highlighted shifting governance from redundant bureaucratic controls to trust-based ecosystems, leveraging tools like the National Single Window System (NSWS) and the Jan Vishwas Acts.



Key Concepts & Constitutional Provisions

- **Ease of Doing Business (EoDB):** A regulatory framework measuring the simplicity of implementing business cycles via streamlined permissions, digitized compliance, and reduced legal friction.
- **Viksit Bharat @ 2047:** India's strategic roadmap to elevate per capita income, achieve comprehensive human development metrics, and institutionalize tech-driven governance by its independence centenary.
- **Article 77:** Regulates the conduct of business of the Government of India, empowering the executive to optimize the Allocation of Business Rules for efficient governance.
- **Article 301:** Mandates freedom of trade, commerce, and intercourse across the territory of India, forming the constitutional bedrock for dismantling internal trade barriers.
- **Statutory Machinery:** Supported by the Jan Vishwas (Amendment of Provisions) Acts, which systematically decriminalized over 700 minor compliance defaults to remove administrative rent-seeking.

Conclusion

A well-structured bureaucratic framework is indispensable for economic expansion. Transitioning India's civil services toward a proactive, facilitation-driven delivery mechanism will lock in high fiscal growth rates and fulfill long-term sovereign developmental pledges.

UPSC Relevance

- **GS Paper II:** Role of civil services in a democracy; Important aspects of governance, transparency, and accountability.
- **GS Paper III:** Indian Economy and issues relating to planning, mobilization of resources, growth, and development; Government budgeting and investment models.

12. DRDO Reform Framework: Delegation of Financial Powers (DFP-2026)

Key Summary Points

- **Institutional Empowerment:** The Ministry of Defence released the Delegation of Financial Powers to DRDO (DFP-2026) framework, a structural reform to boost financial autonomy, operational flexibility, and administrative efficiency.
- **Accelerating Strategic Projects:** The updated rules aim to fast-track critical, high-value military programs, including Project Kusha (long-range air defence), the AGNI series of ICBMs, Netra AEW&C systems, and the Advanced Medium Combat Aircraft (AMCA).
- **Targeted Budgeting Provisions:** The policy builds in dedicated financial streams for trial campaigns, testing, and system evaluation, while empowering officials to sanction pre-project R&D initiatives directly.
- **Structured Grant Devolution:** It establishes a clear division of financial powers for grants-in-aid across specialized research networks, notably Extra-Mural Research Projects, Defence Innovation Accelerator-Centres of Excellence (DIA-CoEs), and the Technology Development Fund (TDF).

- **Fostering Indigenization Ecosystems:** By decentralizing the procurement and development cycle, the framework enhances deep technical collaborations among DRDO labs, domestic private industries, and academic institutions.
- **Synergy with Armed Forces:** The reform follows the deployment of the Delegation of Financial Powers to Defence Services (DFPDS-2026), which doubled the financial limits for field commanders to manage revenue procurements exceeding ₹1.25 lakh crore.

Key Concepts & Legal Framework

- **Delegation of Financial Powers (DFP):** The systemic devolution of monetary approval limits from higher ministerial command levels to lower-tier operational managers to accelerate project execution.
- **Extra-Mural Research (EMR):** Specialized funding granted to academic institutions and external research bodies to develop foundational and applied technologies on behalf of a state agency.

- **Article 51A(h):** Establishes a Fundamental Duty to develop a scientific temper, humanism, and the spirit of inquiry and reform.
- **Article 297:** Details the sovereignty of the Union over all resources, land, minerals, and other things of value within India's maritime zones, providing a constitutional anchor for national security.
- **Statutory Machinery:** Supported by the Government Business Allocation Rules and operationalized via financial audit architectures supervised by the Controller General of Defence Accounts (CGDA) under Comptroller and Auditor General (CAG) oversights.

Conclusion

DFP-2026 shifts defence research governance toward decentralization and trust-based management. This model streamlines decision-making, helping India modernize its domestic military ecosystem and advance its strategic objective of achieving self-reliance in weapon design.

UPSC Relevance

- **GS Paper II:** Governance, accountability, and institutional reforms; Structure, organization, and functioning of ministries and departments.
- **GS Paper III:** Indigenization of technology and developing new technology; Defence R&D infrastructure; Achievements of India in science and technology (Aatmanirbhar Bharat).