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DAILY CURRENT AFFAIRS

FOR UPSC CIVIL SERVICE EXAMINATION

DATE: 04/08/2026 (TUESDAY)



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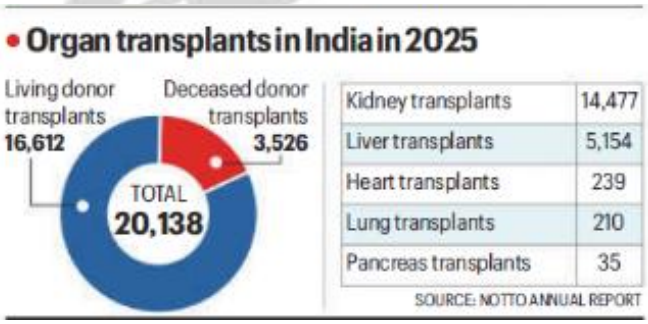
1. National Real-Time Portal for Organ Transplants and NOTTO

Key Highlights and Summary

- **Launch of New Portal:** The National Organ and Tissue Transplant Organisation (NOTTO) has launched a dynamic, real-time portal and mobile application to streamline organ transplantation in India.
- **Unified Waiting List:** The portal creates a centralized, country-wide waiting list, improving transparency, efficiency, and equitable distribution of organs.
- **Super Urgent Requests:** It enables hospitals, states, and regional bodies to raise "super urgent" requests for recipients based on critical medical conditions.
- **Aadhaar-Linked Pledges:** The platform facilitates Aadhaar-linked organ donation pledges to encourage voluntary participation.
- **Swap Donors and Tracking:** Features include nationwide matching of swap donors, real-time tracking of organ allocation, and recording of transplant outcomes.
- **Data Context (2025):** India recorded 20,138 total organ transplants in 2025, comprising 16,612 living donor transplants and 3,526 deceased donor transplants, with kidneys accounting for the highest share (14,477).

Essential Definitions

- **Organ Transplantation:** A medical procedure where a failing or damaged organ is replaced with a healthy organ from a living or deceased donor.
- **NOTTO (National Organ and Tissue Transplant Organisation):** A national-level organization set up under the Directorate General of Health Services, Ministry of Health and Family Welfare, mandated to coordinate procurement and distribution of organs and tissues and maintain national registries.
- **Deceased Donor:** An individual who has been declared brain-stem dead, whose organs are retrieved for transplantation with family consent.
- **Swap Donation:** An arrangement where organs are exchanged between incompatible donor-recipient pairs to match compatible blood groups or tissue types.



Legal and Constitutional Framework

- **Transplantation of Human Organs and Tissues Act (THOTA), 1994:** The primary legislation governing the removal, storage, and transplantation of human organs for therapeutic purposes and prevention of commercial dealings in human organs.
- **Transplantation of Human Organs (Amendment) Act, 2011:** Expanded the definition of donors to include near relatives, introduced provisions for brain death certification, and established the national registry.
- **Constitutional Provision:** Article 21 of the Constitution of India guarantees the Right to Life and Personal Liberty, which judicial interpretation has expanded to include the right to health and access to medical care. Public health falls under the State List (List II) and Concurrent List (List III) of the Seventh Schedule.

Conclusion

The introduction of the real-time portal by NOTTO marks a transformative step in India's healthcare landscape by bridging critical gaps in organ allocation. By minimizing administrative delays, eliminating bureaucratic hurdles, and enhancing transparency through digitization, this initiative addresses the severe demand-supply mismatch in organ transplantation and ensures dignified, equitable access to healthcare for all citizens.

UPSC Relevance

This topic is highly relevant for the UPSC Civil Services Examination under General Studies Paper II (Issues Relating to Development and Management of Social Sector/Services relating to Health) and General Studies Paper III (Science and Technology-Awareness in the fields of IT, Biotechnology, and Health). Aspirants should focus on governance reforms, digital health initiatives, ethical issues in organ donation, and the legal framework governing healthcare delivery in India.

2. US-Japan Joint Intervention and Its Impact on Indian Markets

Key Highlights and Summary

- **Joint Currency Intervention:** The US and Japan undertook a coordinated intervention in the Japanese currency market to stabilize excessive volatility and strengthen the yen against the US dollar.
- **Context of Weak Yen:** The intervention follows the Japanese currency hitting 40-year lows in July, driven by interest rate differentials and a weaker yen that previously forced Japan to sell US bonds, pushing US Treasury yields higher.
- **Yen Carry Trade Exposure:** India has significant exposure to the yen carry trade, with an estimated exposure of around $21 billion (about 2/2.1% of total foreign institutional investor holdings), which faces risks of unwinding as the yen strengthens.
- **FII Inflows and Outflows:** Despite a temporary positive FII inflow of $2.1 billion (approximately Rs 20,200 crore) in July following four consecutive months of outflow, India has recorded total foreign outflows of $27.2 billion (approximately Rs 2.54 lakh crore) in 2026.
- **Broader Macro Pressures:** While currency movements and potential FII unwinding create near-term volatility, market analysts emphasize that broader macroeconomic factors like crude oil prices remain critical for the Indian market.
- **Global Monetary Policy Shifts:** The Bank of Japan has signaled potential rate hikes to counter underlying inflation, while the US Federal Reserve weighs expected rate cuts, impacting global liquidity and emerging market flows.



Essential Definitions

- **Yen Carry Trade:** A financial strategy where investors borrow money in Japanese yen at low interest rates to invest in higher-yielding assets, such as stocks or bonds in emerging markets like India.
- **Foreign Institutional Investor (FII):** An investor or investment fund investing in financial markets outside of its home country, playing a significant role in domestic capital market liquidity.

- **Basis Point (bps):** A unit of measure used in finance for interest rates and other percentages, where 1 basis point is equal to 0.01% or 1/100th of a percent.

Legal and Constitutional Framework

- **Foreign Exchange Management Act (FEMA), 1999:** The primary legislative framework in India that consolidates and amends the law relating to foreign exchange with the objective of facilitating external trade and payments and promoting orderly development and maintenance of the foreign exchange market.
- **Reserve Bank of India Act, 1934:** Empowers the central bank to regulate the issue of bank notes and keep reserves with a view to securing monetary stability in India and to operate the currency and credit system of the country to its advantage.
- **Constitutional Provisions:** Under the Seventh Schedule of the Constitution of India, foreign loans, foreign exchange, and international trade are placed under the Union List (List I, Entries 36 and 41), granting exclusive legislative competence to the Parliament.

Conclusion

The joint US-Japan monetary intervention underscores the interconnected nature of global liquidity and currency markets. For emerging economies like India, a strengthening yen triggers the unwinding of carry trades, posing risks of short-term capital outflows and stock market volatility. However, resilient domestic fundamentals and broader structural macro indicators will ultimately dictate the long-term trajectory of Indian financial markets against global monetary shifts.

UPSC Relevance

This topic is highly relevant for the UPSC Civil Services Examination under General Studies Paper III (Indian Economy and issues relating to planning, mobilization of resources, growth, development, and employment). Aspirants must understand the mechanics of global central bank policies, exchange rate fluctuations, capital account convertibility, foreign portfolio investments, and their transmission channels into the domestic macroeconomic landscape.

3. Geopolitical Conflict, Supply Chain Resilience, and India's Fertilizer Security

Key Highlights and Summary

- **West Asian Crisis and Supply Shocks:** The US-Israel versus Iran conflict and the closure of the Strait of Hormuz triggered major global energy and supply shocks, severely disrupting imports of liquefied natural gas (LNG), ammonia, and sulphur.
- **Urea Domestic Resilience:** Despite a temporary drop in domestic urea production due to feedstock supply issues, proactive government interventions—such as diversifying LNG sourcing through GAIL and Indian Oil Corporation—ensured comfortable urea availability.
- **Vulnerabilities in P&K Fertilizers:** While urea supply remained stable, di-ammonium phosphate (DAP) and complex fertilizers faced severe headwinds due to escalating international prices and choked raw material supply chains.



- **The Sulphur Bottleneck:** Soaring global sulphur prices driven by Russian refinery attacks and West Asian export restrictions created a critical bottleneck for producing sulphuric acid, essential for converting rock phosphate into phosphoric acid.
- **Subdued Demand Cushion:** Unlike previous years characterized by scrambles for fertilizers due to deficient monsoons, ample soil moisture and well-filled reservoirs in 2026 combined with subdued demand helped cushion the impact of the war.
- **Fiscal Protection for Farmers:** The government absorbed high import costs, preventing them from being passed onto farmers and avoiding massive budget overshoots in fertilizer subsidies.

Essential Definitions

- **Strait of Hormuz:** A critical maritime chokepoint situated between Oman and Iran that connects the Persian Gulf with the Gulf of Oman and the Arabian Sea, vital for global oil and gas transport.
- **Nutrient-Based Subsidy (NBS) Scheme:** A central sector scheme launched in 2010 where a fixed amount of subsidy is provided on P&K fertilizers based on their nutrient content (N, P, K, S) rather than retail weight.
- **Feedstock:** Raw materials, primarily natural gas in the case of nitrogenous fertilizers, required to supply energy and chemical components for industrial production.
- **Phosphoric Acid:** A vital intermediate chemical derived from rock phosphate using sulphuric acid, indispensable for manufacturing DAP and complex phosphatic fertilizers.

Legal and Constitutional Framework

- **Essential Commodities Act, 1955:** Empowers the central government to regulate or prohibit the production, supply, distribution, and pricing of essential commodities, including chemical fertilizers, to ensure equitable availability at fair prices.
- **Fertilizer (Control) Order (FCO), 1985:** Issued under the Essential Commodities Act, it regulates the quality, price, and trade of fertilizers across India, making it illegal to charge prices above the printed Maximum Retail Price (MRP).
- **Constitutional Provision:** Under the Seventh Schedule of the Constitution of India, matters related to industries and the production, supply, and distribution of goods (such as chemicals and fertilizers) fall under the Concurrent List (List III) and Union List (List I, Entry 52 for industries controlled by Parliament).

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Conclusion

The resilience shown by India's fertilizer sector amid the severe West Asian geopolitical crisis demonstrates the efficacy of strategic resource diversification and proactive administrative planning. Although structural vulnerabilities regarding raw materials like sulphur and phosphoric acid persist, shielding domestic farmers from extreme global price volatility has safeguarded national food security and agricultural momentum.

UPSC Relevance

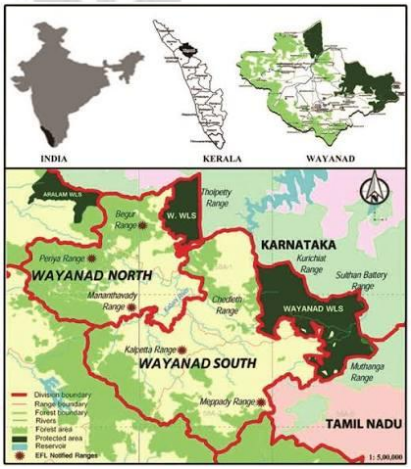
This topic is highly relevant for the UPSC Civil Services Examination under General Studies Paper III (Indian Economy and issues relating to mobilization of resources, agriculture, and infrastructure, as well as Security Challenges and Management in Border Areas). Aspirants must examine how international geopolitical flashpoints impact domestic inflation, food security, and government subsidy management.

4. Kerala's Initiative to Remove Illegal Forest Geotags from Online Maps

Key Highlights and Summary

- **Crackdown on Illegal Geotagging:** The Kerala Forest Department has decided to identify and remove illegally geotagged locations and pins within the state's reserve and protected forests on online mapping platforms like Google Maps.
- **Public Safety and Disaster Risks:** Officials noted that many illegally tagged spots are in mountainous, ecologically fragile regions prone to mudslides and landslides, especially during the monsoon season, risking the lives of tourists seeking to explore hidden trails.
- **Protection of Wildlife Corridors:** Unregulated mapping exposes critical wildlife habitats, corridors, and even confidential forest staff trekking routes (such as in Silent Valley), increasing the risk of human-wildlife conflicts.
- **Administrative Plan of Action:** The department's IT wing is collating a comprehensive list of these unauthorised listings to submit to online map platforms for removal while tracking down individuals who uploaded them to initiate legal action.
- **Prevention of Unlawful Entry:** The move aims to curb growing tendencies where visitors trespass into restricted wilderness areas, mistaking remote forest waterfalls and viewpoints for open tourist destinations.

Essential Definitions



- **Geotagging:** The process of adding geographical identification metadata (such as latitude, longitude, altitude, and timestamps) to digital content like photographs, videos, or online map listings.
- **Illegal Geotagging:** The unauthorised and unlawful publication or pinning of sensitive ecological locations, protected zones, or restricted areas on digital mapping platforms without explicit government approval.
- **Reserve Forest:** Land duly notified under the provisions of the Indian Forest Act, 1927, where all public rights are typically barred unless specifically admitted or allowed.

Legal and Constitutional Framework

- **Indian Forest Act, 1927:** Provides the foundational legal framework for declaring, managing, and regulating reserve forests, making unauthorized entry and trespassing inside these boundaries a punishable offense.
- **Wildlife Protection Act, 1972:** Regulates human activities within sanctuaries, national parks, and protected habitats to protect endangered wildlife and maintain ecological integrity.
- **Constitutional Provisions:** Article 48A of the Directive Principles of State Policy directs the State to protect and improve the environment and to safeguard forests and wildlife. Furthermore, Article 51A(g) places a fundamental duty on every Indian citizen to protect and improve the natural environment, including forests and wildlife.

Conclusion

Kerala's decisive action against unauthorized digital mapping in protected areas underscores an urgent governance priority: balancing technological transparency with ecological preservation. By checking the

unchecked dissemination of remote forest locations, the state aims to protect vulnerable ecosystems, mitigate disaster risks during monsoons, and safeguard both human lives and wildlife habitats from the perils of unmonitored tourism.

UPSC Relevance

This topic is highly relevant for the UPSC Civil Services Examination under General Studies Paper III (Conservation, Environmental Pollution and Degradation, Environmental Impact Assessment) and General Studies Paper II (Governance, Government Policies and Interventions for Development). Aspirants should understand the intersection of modern technology, digital mapping platforms, environmental jurisprudence, and wildlife conservation management in India.

5. Climate Whiplash and Pyrocumulonimbus Clouds: Drivers of Europe's Massive Wildfires

Key Highlights and Summary

- **Intense European Wildfires:** Severe wildfires have swept across Europe, causing massive peace-time evacuations spanning 172,000 hectares in Spain as well as major blazes in Greece, Portugal, Italy, Cyprus, and Croatia.
- **Climate Whiplash Phenomenon:** Fires are increasingly fueled by a dangerous cycle known as climate whiplash, where an unusually wet period fosters explosive vegetation growth, followed immediately by intense heatwaves and severe drought that dry out the biomass.
- **Emergence of Fire Clouds (PyrCb):** A striking feature of these fires is the formation of pyrocumulonimbus clouds, which generate their own erratic thunderstorms, lightning, and powerful winds that can ignite new fires and trap firefighters.
- **Land-Use Changes and Abandonment:** Beyond climate change, rural depopulation and abandoned farmlands have led to dense shrub growth, creating continuous layers of combustible fuel across the European countryside.



- **Sixth-Generation Wildfires:** These blazes are classified as sixth-generation extreme events that release immense amounts of heat, destroy biodiversity, and inject massive quantities of carbon dioxide into the stratosphere, worsening global warming.
- **Socioeconomic Consequences:** According to a United Nations Economic Commission for Europe report, wildfires threaten homes, infrastructure, and livelihoods, costing the European Union roughly EUR 2.5 billion annually in direct damage and lost tourism.

Essential Definitions

- **Climate Whiplash:** Rapid and extreme swings between contrasting weather types, such as transitioning quickly from excessive precipitation to severe, prolonged drought.
- **Pyrocumulonimbus (PyrCb) Cloud:** A fire-generated thunderstorm cloud created when intense heat and moisture from a massive wildfire rise into the atmosphere, cool, condense around smoke particles, and form towering storm clouds capable of producing lightning.
- **Land Abandonment:** The process by which rural agricultural lands, pastures, and forests are left unmanaged due to rural-to-urban migration, leading to natural vegetation encroachment and fuel accumulation.

Legal and Constitutional Framework

- **UN Framework Convention on Climate Change (UNFCCC):** The international environmental treaty governing global action to combat climate change and extreme weather intensification.
- **Paris Agreement:** An international legally binding treaty on climate change aiming to limit global warming to well below 2 degrees Celsius, which underpins global strategies for mitigating climate-driven extremes like severe droughts and wildfires.
- **Constitutional Provision:** In India, Article 48A of the Directive Principles of State Policy directs the State to protect and improve the environment, while Article 51A(g) establishes a fundamental duty for citizens to protect and improve forests, lakes, rivers, and wildlife.

Conclusion

The escalation of extreme wildfires driven by climate whiplash and pyrocumulonimbus activity demonstrates that conventional wildfire suppression is no longer sufficient. Tackling this crisis requires holistic landscape management, addressing rural land abandonment, and aggressive global climate mitigation to prevent volatile weather extremes from destabilizing ecosystems worldwide.

UPSC Relevance

This topic is highly relevant for the UPSC Civil Services Examination under General Studies Paper III (Conservation, Environmental Pollution and Degradation, Disaster Management). Aspirants must study the interconnected impacts of global climate change, extreme meteorological phenomena, land-use changes, and international environmental governance frameworks.

6. Supreme Court Ruling on IBC Moratorium and Promoters

Key Highlights and Summary

- **Exclusivity of Moratorium:** The Supreme Court ruled that the insolvency moratorium under Section 14 of the Insolvency and Bankruptcy Code (IBC) applies strictly and exclusively to the corporate debtor, not protecting promoters, directors, or personal guarantors.
- **Mantri Manyata Energia Case:** The judgment stems from appeals by homebuyers of Bengaluru's housing project who challenged the NCDRC's decision to halt consumer complaints against developers and associated promoters alike due to corporate insolvency.
- **Continuation of Legal Actions:** The apex court established that parallel civil, consumer, or criminal legal proceedings against promoters and directors based on independent personal liability can continue unhindered even while proceedings against the company remain stayed.
- **Enhanced Accountability:** The ruling closes loopholes where management individuals used corporate bankruptcy filings to shield themselves from individual accountability for delayed projects or financial defaults.



- **Relief for Homebuyers:** As homebuyer complaints constitute the largest stakeholder group under the IBC, this judgment protects consumer rights by allowing direct accountability avenues against non-corporate debtor parties.
- **Wider Jurisprudential Impact:** Legal experts note this interpretation impacts sectors beyond real estate, altering litigation strategies and compelling creditors to pursue personal guarantors and promoters concurrently.

Essential Definitions

- **Moratorium:** A legally mandated pause or suspension on civil suits, recovery proceedings, and legal enforcement actions against a debtor, aimed at preserving assets during resolution.
- **Corporate Debtor:** A company, corporate body, or limited liability partnership that owes a debt to any person under the framework of the Insolvency and Bankruptcy Code.
- **Personal Guarantor:** An individual or entity that undertakes to pay a borrower's debts in the event of default, whose liabilities are distinct from the primary corporate structure unless statutory exceptions apply.

Legal and Constitutional Framework

- **Section 14 of the Insolvency and Bankruptcy Code (IBC), 2016:** Governs the declaration of a moratorium upon the admission of a corporate insolvency resolution process, explicitly restricting actions against the corporate debtor's assets and properties.
- **Consumer Protection Act, 2019:** Empowers consumer forums like the NCDRC to adjudicate consumer grievances regarding deficiency in service and unfair trade practices, under which homebuyers seek relief.
- **Constitutional Provision:** Article 141 of the Constitution of India mandates that law declared by the Supreme Court is binding on all courts within the territory of India, setting authoritative precedents for handling corporate and consumer disputes.

Conclusion

The Supreme Court's clear demarcation of the IBC moratorium reinforces the principle that corporate bankruptcy protections cannot be misused as a shield by promoters and directors for personal liability. By allowing consumer forums to proceed against non-corporate respondents, the verdict balances the corporate restructuring process with individual accountability, ensuring enhanced justice for homebuyers and creditors alike.

UPSC Relevance

This topic is vital for the UPSC Civil Services Examination under General Studies Paper II (Statutory, Regulatory and Quasi-Judicial Bodies) and General Studies Paper III (Indian Economy, Inclusive Growth, and Insolvency Resolution Mechanism). Aspirants must analyze how judicial interventions strengthen corporate governance, protect vulnerable consumer classes like homebuyers, and refine the execution of economic legislations like the IBC.

7. Impact of West Asia War on Government Finances and Fiscal Deficit

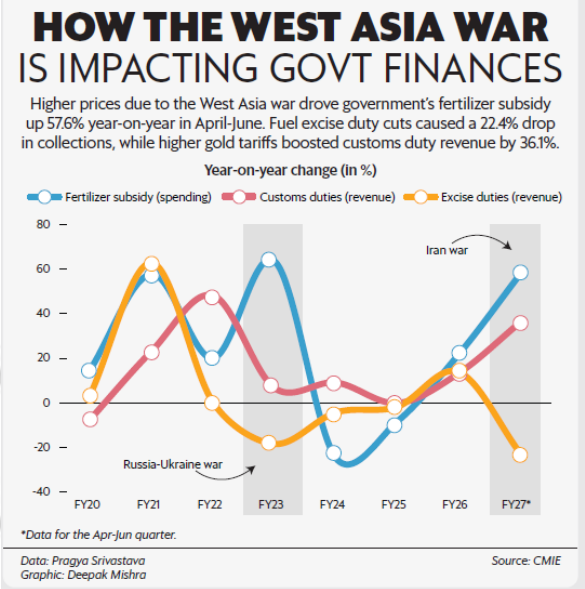
Key Highlights and Summary

- **Surge in Fertilizer Subsidies:** The West Asia conflict triggered major energy and supply chain shocks, causing government fertilizer subsidy spending to spike by 57.6% year-on-year in the April-June quarter for FY27.
- **Decline in Excise Duty Collections:** Fuel excise duty cuts implemented by the government to buffer domestic consumers against high international crude prices resulted in a 22.4% drop in collections.
- **Boost in Customs Duty Revenue:** Conversely, higher gold tariffs and adjustments in import duties bolstered customs duty revenue, registering a notable growth of 36.1% year-on-year.

- **Cyclical Shocks on Fiscal Health:** Comparative macro data indicates that geopolitical events such as the Russia-Ukraine war in FY23 and the current West Asia conflict significantly strain fiscal parameters through elevated subsidy bills and revenue trade-offs.
- **Fiscal Balancing Act:** The government has faced immense pressure to absorb high imported raw material costs without passing the heavy burden onto farmers or the general public, directly impacting fiscal deficit targets.

Essential Definitions

- **Fiscal Deficit:** The gap between the government's total expenditure and its total receipts (excluding borrowings), representing the total amount of borrowed funds required by the government to meet its operations.
- **Excise Duty:** An indirect tax levied by the central government on the production or manufacture of goods (such as petroleum products) within the country.
- **Customs Duty:** A levy imposed by the government on goods imported into India from other countries, utilized for revenue generation and protection of domestic industries.



Legal and Constitutional Framework

- **Article 112 of the Constitution of India:** Mandates the Annual Financial Statement (Union Budget), requiring the government to estimate and present its estimated receipts and expenditures for every financial year.
- **Fiscal Responsibility and Budget Management (FRBM) Act, 2003:** Enacted to institutionalize financial discipline, reduce fiscal deficit, and manage macroeconomic stability by setting statutory targets for debt and deficit reduction.
- **Constitutional Provisions on Taxation:** Under the Seventh Schedule of the Constitution, Union List (List I) entries empower Parliament to legislate on customs duties and excise duties on goods manufactured or produced in India.

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Conclusion

The West Asia conflict highlights the structural vulnerability of India's public finances to external geopolitical and energy shocks. While targeted fiscal interventions effectively protect vulnerable sections like farmers and consumers from inflationary spikes, they introduce severe volatility into government expenditure, reinforcing the imperative for diversified energy sourcing and resilient fiscal buffer management.

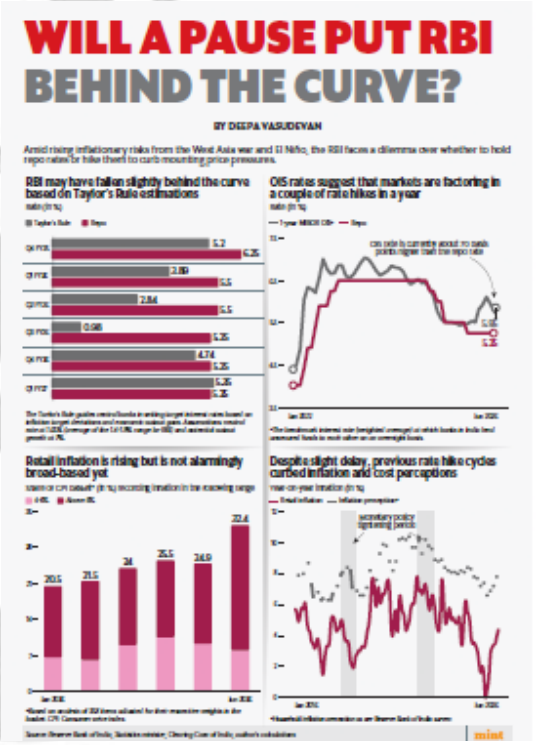
UPSC Relevance

This topic is highly relevant for the UPSC Civil Services Examination under General Studies Paper III (Indian Economy and issues relating to planning, mobilization of resources, growth, development, and government budget management). Aspirants must analyze how global geopolitical risks transmit into domestic fiscal policy challenges, inflation, and subsidy dynamics.

8. RBI Monetary Policy Stance and the Behind the Curve Debate

Key Highlights and Summary

- **Policy Repo Rate Dilemma:** The Reserve Bank of India's Monetary Policy Committee faces a policy choice between holding the repo rate at 5.25% or executing a pre-emptive rate hike amidst global tightening and domestic inflation risks.
- **Expectation of a Policy Pause:** Market consensus heavily favors a policy pause and a neutral stance, driven by robust economic growth and inflation crossing the 4% target only once in June 2026.
- **Taylor Rule Assessment:** Evaluating monetary stance via Taylor's Rule indicates that while past policy was tight, the RBI may have slipped slightly behind the curve in the April-June quarter, though model parameters remain sensitive.
- **Market Signals and OIS Rates:** The 1-year Overnight Interest Swap rate climbed to 5.95% by late July, reflecting market expectations of a potential 70 basis point rise or at least two rate hikes during the financial year.
- **Inflation and Rupee Pressures:** While CPI inflation is not yet broad-based like in 2022, external shocks like Brent crude crossing $100 per barrel due to the US-Iran conflict, El Nino risks, and a depreciating rupee complicate monetary management.
- **Flexibility in Policy Action:** Research indicates that a short delay in tightening combined with swift, aggressive subsequent action remains effective, meaning a pause now does not permanently put the central bank behind the curve.



Essential Definitions

- **Behind the Curve:** A situation where a central bank fails to raise interest rates quickly enough in response to rising inflation, risking entrenched price instability.
- **Repo Rate:** The interest rate at which the central bank lends money to commercial banks in the event of any shortfall of funds.
- **Taylor's Rule:** A monetary policy guideline that recommends how much a central bank should change the nominal interest rate in response to changes in inflation, output, or other economic conditions.
- **Overnight Interest Swap (OIS):** A financial derivative contract that allows parties to exchange fixed interest rate payments for floating interest rate payments based on overnight rates, serving as a predictor for future policy repo rates.

Legal and Constitutional Framework

- **Reserve Bank of India Act, 1934:** Empowers the central bank with statutory responsibility for monetary policy formulation, currency management, and price stability alongside economic growth.

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- **Section 45ZB of the RBI Act:** Provides the statutory basis for the constitution of the Monetary Policy Committee (MPC) to determine the policy repo rate required to achieve the inflation target.
- **Constitutional Provisions:** Under the Seventh Schedule of the Constitution of India, banking, currency, foreign exchange, and central banking are under the Union List (List I, Entries 36, 38, and 45), giving exclusive legislative power to Parliament.

Conclusion

The RBI's deliberated choice to pause interest rate hikes reflects a balanced approach to supporting robust growth while monitoring uneven inflation triggers like oil price shocks and El Nino. While market swaps and monetary rules suggest potential tightening pressures, the flexibility to execute swift future adjustments ensures the central bank can manage inflationary risks without prematurely choking economic momentum.

UPSC Relevance

This topic is vital for the UPSC Civil Services Examination under General Studies Paper III (Indian Economy and issues relating to planning, mobilization of resources, growth, development, and monetary policy). Aspirants must understand central banking mechanisms, inflation targeting frameworks, Taylor rule applications, and macroeconomic stabilization tools in an interconnected global economy.

9. Joint Committee of Parliament Backs Corporate Law Overhaul

Key Highlights and Summary

- **Report on Corporate Laws Bill:** A Joint Committee of Parliament (JCP) tabled its report on the Corporate Laws (Amendment) Bill, 2026, strongly backing a comprehensive overhaul of India's corporate governance framework.
- **Decriminalization of Minor Lapses:** The committee proposed further decriminalizing compoundable procedural and technical lapses, replacing criminal penalties with monetary penalties to ease the burden on businesses.
- **Compliance Relief for Small Entities:** Special compliance relief measures have been recommended to support small businesses, startups, and smaller corporations, fostering ease of doing business.
- **Relaxation of CSR Norms:** The report backs relaxed Corporate Social Responsibility (CSR) norms, providing companies with greater operational flexibility in executing mandatory social development projects.
- **Balancing Accountability and Ease of Doing Business:** The proposed legislative amendments aim to encourage voluntary compliance, reduce judicial backlog, and attract investment while maintaining corporate accountability.

Essential Definitions



- **Decriminalization:** The legislative process of removing criminal penalties (such as imprisonment) for minor, technical, or procedural corporate defaults and converting them into civil compoundable penalties or monetary fines.
- **Corporate Social Responsibility (CSR):** A self-regulating business model mandated under company law whereby large corporations contribute a percentage of their net profits toward social, environmental, and developmental causes.

- **Joint Committee of Parliament (JCP):** A temporary or ad hoc parliamentary committee constituted by drawing members from both Houses of Parliament (Lok Sabha and Rajya Sabha) to examine specific legislation or complex national issues in depth.

Legal and Constitutional Framework

- **Companies Act, 2013:** The principal legislation that regulates the incorporation, responsibilities, governance, and dissolution of companies in India, which is periodically amended to meet evolving economic demands.
- **Article 118 of the Constitution of India:** Empowers each House of Parliament to make rules for regulating its procedure and the conduct of its business, providing the procedural backing for forming committees like the JCP.
- **Constitutional Provision:** Under the Seventh Schedule of the Constitution of India, incorporation, regulation, and winding up of corporations (other than universities) fall under the Union List (List I, Entry 43), giving Parliament exclusive legislative competence.

Conclusion

The Joint Committee's backing of the Corporate Laws (Amendment) Bill, 2026, represents a progressive stride toward modernizing India's regulatory ecosystem. By shifting from punitive criminal measures to civil penalties for procedural defaults, the state successfully balances ease of doing business with strict corporate governance, fostering an investor-friendly climate without compromising accountability.

UPSC Relevance

This topic is highly relevant for the UPSC Civil Services Examination under General Studies Paper II (Parliament and State Legislatures-Structure, Functioning, Conduct of Business) and General Studies Paper III (Indian Economy-Industrial Policy, Growth, and Corporate Governance). Aspirants must analyze legislative reforms, ease of doing business frameworks, and the evolving role of parliamentary committees in policy formulation.

10. Rajya Sabha Clears Bill to Tackle Payment Delays to MSMEs

Key Highlights and Summary



- **Passage of MSME Amendment Bill:** The Rajya Sabha passed the Micro Small and Medium Enterprises Development (Amendment) Bill, 2026, aimed at resolving chronic payment delays and liquidity crunches faced by the sector.
- **Fast-Track Dispute Adjudication:** The legislation prescribes strict timelines for dispute resolution, providing streamlined mechanisms for the recovery of settlement agreements.
- **Interim Payment Mandate:** It empowers courts to order buyers to pay at least 50% of the awarded amount directly to MSME suppliers if an application to set aside an arbitral or institutional order remains pending for more than six months.
- **Support Amid Parliamentary Disruption:** The bill was successfully cleared despite disruptions by opposition members, highlighting the government's legislative priority for micro and small enterprises.

- **Mitigating Working Capital Crises:** By ensuring predictable cash flows and reducing judicial delays, the reform safeguards MSMEs from insolvency triggered by unpaid receivables from larger corporate buyers.

Essential Definitions

- **Micro Small and Medium Enterprises (MSMEs):** Enterprises classified based on investment in plant, machinery, or equipment and annual turnover, serving as the backbone of India's manufacturing and employment ecosystem.
- **Working Capital:** The capital available to a business for day-to-day operations, heavily dependent on timely realization of trade receivables and customer payments.
- **Arbitral Award:** A determination or ruling made by an arbitrator or dispute resolution council under statutory frameworks like the Micro, Small and Medium Enterprises Development Act.

Legal and Constitutional Framework

- **Micro, Small and Medium Enterprises Development (MSMED) Act, 2006:** The principal legislation governing the promotion, development, and enhancement of MSMEs, including provisions for Micro and Small Enterprises Facilitation Councils (MSEFC) to arbitrate payment disputes.
- **Arbitration and Conciliation Act, 1996:** Governs domestic arbitration, international commercial arbitration, and enforcement of arbitral awards, interfacing with MSME dispute mechanisms.
- **Constitutional Provisions:** Under the Seventh Schedule of the Constitution of India, industries and economic planning fall under both the Union List (List I) and Concurrent List (List III), giving Parliament full authority to enact laws facilitating commercial ease and industrial justice.

Conclusion

The passage of the MSME Development (Amendment) Bill, 2026, represents a critical milestone in protecting small businesses from systemic liquidity drains caused by delayed payments. By enforcing mandatory interim payouts and compressing dispute timelines, the legislation strengthens financial discipline and ensures that MSMEs can sustain operations, generate employment, and drive inclusive economic growth.

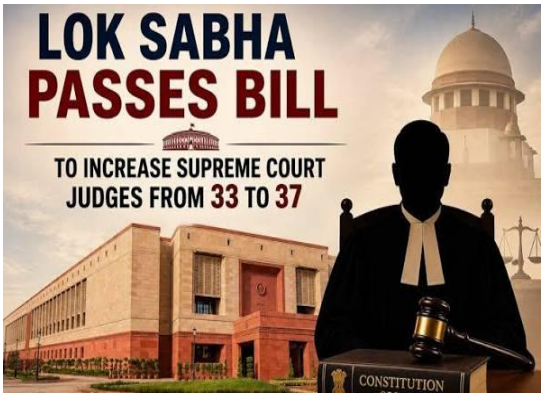
UPSC Relevance

This topic is highly relevant for the UPSC Civil Services Examination under General Studies Paper III (Indian Economy-Growth, Development, and Employment, Micro, Small and Medium Enterprises). Aspirants must examine the structural challenges faced by the manufacturing sector, institutional mechanisms for resolving commercial disputes, and legislative reforms aimed at improving ease of doing business in India.

11. Lok Sabha Passes Bill to Increase Supreme Court Judge Strength

Key Highlights and Summary

- **Passage of Judicial Bill:** The Lok Sabha passed a landmark bill replacing an earlier ordinance to increase the sanctioned strength of Supreme Court judges from 34 to 38.
- **Lack of Legislative Debate:** The bill was passed without a formal debate due to continuous opposition protests and slogan-shouting over unrelated national issues, leading to immediate adjournment of the House.



- **Addressing Judicial Backlog:** The augmentation in judge strength aims to tackle mounting docket backlogs and ensure faster disposal of cases before the apex court.
- **Ordinance Replacement:** The legislative enactment formalizes the executive ordinance previously promulgated to expand judicial capacity in response to soaring case filings.
- **Institutional Strengthening:** Enhancing the bench capacity helps manage constitutional benches, special leave petitions, and regular appellate workloads efficiently.

Essential Definitions

- **Sanctioned Strength:** The maximum legally authorized number of judges permitted to function within a judicial institution such as the Supreme Court or High Courts.
- **Ordinance:** A temporary law promulgated by the President of India under Article 123 when Parliament is not in session, requiring subsequent legislative ratification.
- **Docket Backlog:** The accumulation of unresolved legal cases pending adjudication in courts, creating delays in the delivery of justice.

Legal and Constitutional Framework

- **Article 124 of the Constitution of India:** Provides for the establishment and constitution of the Supreme Court of India, including provisions regarding the appointment and strength of its judges.
- **Supreme Court (Number of Judges) Act, 1956:** The principal parliamentary statute that originally fixed the maximum number of Supreme Court judges and is amended from time to time to scale up judicial strength.
- **Constitutional Provision:** Under the Seventh Schedule of the Constitution of India, the organization, jurisdiction, and powers of the Supreme Court fall exclusively under the Union List (List I, Entry 77), empowering Parliament to regulate judicial structures.

Conclusion

The legislative expansion of the Supreme Court's judge strength from 34 to 38 represents an essential administrative response to mounting judicial pendency. While passing key institutional reforms without debate underlines persistent legislative disruptions, bolstering judicial capacity remains vital for upholding the fundamental right to speedy justice enshrined in the constitutional framework.

UPSC Relevance

This topic is highly relevant for the UPSC Civil Services Examination under General Studies Paper II (Indian Constitution-Historical Underpinnings, Evolution, Features, Amendments, Structure, and Functioning of the Judiciary). Aspirants must examine issues related to judicial pendency, appointment mechanisms, legislative procedures, and structural reforms within India's judicial system.

12. Centre to Sell up to 6.5% Stake in LIC via Offer for Sale

Key Highlights and Summary

- **Government Disinvestment Plan:** The Central government announced an Offer for Sale (OFS) to divest up to a 6.5% stake (comprising a 2.5% base equity and an additional 4% greenshoe option) in Life Insurance Corporation (LIC) at a floor price of ₹382 per share.
- **Capital Mobilization:** If fully subscribed, the stake sale of over 822.2 million shares will fetch approximately ₹31,000 crore, significantly boosting the national disinvestment kitty for the fiscal year.
- **Compliance with Public Shareholding Norms:** The strategic stake sale enables LIC to meet the regulatory requirement mandated by the Securities and Exchange Board of India (SEBI) to achieve a minimum 10% public shareholding ahead of the May 2027 deadline.
- **Discount Pricing Strategy:** The floor price represents a 10% discount over LIC's previous closing market price of ₹424.35 on the Bombay Stock Exchange, designed to attract institutional and retail participation.
- **Phased State Divestment:** This follows the government's previous initial public offering in May 2022, which diluted a 3.5% stake, reducing the government's current holding from 96.5%.

Essential Definitions



- **Offer for Sale (OFS):** A transparent mechanism permitted by stock exchanges that allows promoters of listed companies to dilute or sell their shares directly to the public through a bidding platform.
- **Greenshoe Option:** An overallotment option provisioned in an offering that allows the issuer to sell additional shares if customer demand exceeds expectations.
- **Disinvestment:** The process wherein the government liquidates or sells its assets or stakes in public sector enterprises to raise financial resources and reduce fiscal burdens.

Legal and Constitutional Framework

- **Life Insurance Corporation Act, 1956:** The statutory enactment that originally established and regulated the operations of LIC as a state-owned corporation, subsequently amended to facilitate its listing and public shareholding.
- **SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:** Govern the disclosure norms and minimum public shareholding requirements for listed entities under statutory market oversight.
- **Constitutional Provisions:** Under the Seventh Schedule of the Constitution of India, matters relating to incorporation, regulation, and winding up of trading corporations including banking and insurance fall under the Union List (List I, Entries 43 and 44), giving Parliament exclusive legislative authority.

Conclusion

The decision to divest a 6.5% stake in LIC via an Offer for Sale reflects a balanced approach toward meeting SEBI public shareholding norms and mobilizing vital non-debt capital receipts for the exchequer. By

offering attractive pricing and complying with statutory timelines, the government reinforces transparency in public asset management while deepening capital market participation.

UPSC Relevance

This topic is vital for the UPSC Civil Services Examination under General Studies Paper III (Indian Economy-Mobilization of Resources, Growth, Development, and Disinvestment Policy). Aspirants must analyze public sector asset monetization, SEBI corporate governance norms, and fiscal management strategies.

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