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Saturday, August 01, 2026

TABLE OF CONTENT

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IMPORTANT INSIGHTS

Supreme Court Strikes Down 2021 Office Memorandum on Ex-Post Facto Environmental Clearances While Permitting Limited Statutory Amnesty

Recent Developments:

- **The Supreme Court** has **quashed the Union Government's 2021 Office Memorandum (OM)** that created a continuing mechanism for granting **ex-post facto Environmental Clearances (ECs)** to projects that commenced without prior approval.
- **The Court** held that **retrospective Environmental Clearances cannot be granted through executive instructions**, but recognised that **a narrowly tailored statutory notification** under **Section 3 of the Environment (Protection) Act, 1986** may be issued in exceptional cases based on **overriding public interest**. The judgment will operate **prospectively**, thereby protecting clearances already granted under the 2021 OM.

Environmental Clearance (EC):

Meaning:

- **Environmental Clearance (EC)** is a **prior statutory approval** granted to specified developmental projects after assessing their likely environmental impacts.
- **The Environmental Impact Assessment (EIA) Notification, 2006** mandates that notified projects must obtain **prior EC** before commencement of construction or operations.
- **The EC process** ensures that environmental concerns are integrated into developmental decision-making before irreversible ecological damage occurs.

Environmental Clearance Process:

- **The process** generally involves **screening, scoping, preparation of EIA Report, public consultation, appraisal by Expert Appraisal Committee (EAC), and grant or rejection of EC**.
- **The EC** contains legally enforceable environmental safeguards, monitoring requirements, and mitigation measures throughout the project lifecycle.

Background to the Present Judgment:

Issue of Ex-Post Facto Environmental Clearance:

- **Several projects** had commenced construction or operations without obtaining mandatory prior Environmental Clearance.
- **The Central Government** introduced mechanisms to regularise such violations instead of ordering immediate closure.

Government Measures:

- **March 2017 Statutory Notification:** Introduced a **one-time, six-month statutory amnesty** allowing eligible violators to disclose violations and seek Environmental Clearance after environmental appraisal.

- **July 2021 Office Memorandum:** Introduced a **Standard Operating Procedure (SOP)** creating a continuing administrative mechanism for granting **ex-post facto Environmental Clearances** in violation cases.

Supreme Court Judgment:

Invalidation of the 2021 Office Memorandum:

- **The Court** held that the **2021 OM lacked statutory authority** because it was merely an administrative instruction.
- **The OM** created a **permanent mechanism** for regularising environmental violations, which was inconsistent with the statutory framework.
- **Executive instructions** cannot amend, override, or dilute **delegated legislation** framed under a Parliamentary statute.
- **The 2021 OM** was therefore declared **ultra vires** the **Environment (Protection) Act, 1986**.

Limited Statutory Amnesty Permitted:

- **The Court** clarified that **ex-post facto Environmental Clearance cannot be granted through executive orders**.
- **The Central Government** may issue a **limited statutory notification under Section 3 of the Environment (Protection) Act, 1986** only when:
    - **There exists overriding public interest.**
    - **The notification applies only to clearly identified categories of projects.**
    - **The measure satisfies the constitutional principles of reasonableness and proportionality.**
- **The judgment** therefore prohibits blanket regularisation while permitting narrowly tailored statutory relief in exceptional circumstances.

Prospective Application:

- **Environmental Clearances** already granted under the **2021 OM** will continue to remain valid.
- **The judgment** will apply only to future cases to prevent disruption of ongoing projects.

Office Memorandum (OM) vs Statutory Notification:

Key Differences:

- **An Office Memorandum** is an **administrative instruction**, whereas **a Statutory Notification** is issued under powers conferred by a statute.
- **An Office Memorandum** does not possess the force of law, whereas **a Statutory Notification** is legally enforceable.
- **An Office Memorandum** cannot amend delegated legislation, whereas **a Statutory Notification** may establish a legally valid regulatory framework within statutory limits.
- **Office Memoranda** are issued by Ministries for administrative purposes, whereas **Statutory Notifications** are issued under powers delegated by Parliament.
- **The Court** reaffirmed that environmental regulation must derive authority from **law rather than executive convenience**.

Evolution of Supreme Court Jurisprudence on Ex-Post Facto Environmental Clearance:

Common Cause v. Union of India (2017):

- **The Supreme Court** held that projects requiring Environmental Clearance cannot commence without prior approval.
- **The judgment** strengthened the preventive character of environmental regulation.

Alembic Pharmaceuticals Ltd. v. Rohit Prajapati (2020):

- **The Court** declared that routine **ex-post facto Environmental Clearance** violates the **Precautionary Principle** and preventive environmental governance.
- **The judgment** emphasised that environmental assessment must precede project execution.

Pahwa Plastics Pvt. Ltd. v. Dastak NGO (2022):

- **The Supreme Court** adopted a pragmatic approach by observing that environmental remediation and regulatory compliance may, in appropriate cases, better serve public interest than immediate closure of functioning industries.

Vanashakti Litigation:

- **May 2025 Judgment:** Declared both the **2017 Notification** and **2021 OM** invalid by holding that ex-post facto Environmental Clearance was impermissible.
- **November 2025 Review Judgment:** Recalled the earlier judgment after observing that binding precedents and public interest considerations required reconsideration.
- **July 2026 Judgment:** Distinguished between a **time-bound statutory amnesty** and **permanent administrative regularisation**, permitting only the former under strict statutory safeguards.

Constitutional and Legal Provisions:

Environment (Protection) Act, 1986:

- **Section 3** empowers the Central Government to take measures for environmental protection, including issuing statutory notifications where legally justified.

Environmental Impact Assessment (EIA) Notification, 2006:

- **The Notification** makes **prior Environmental Clearance** mandatory for specified developmental projects before commencement.

General Clauses Act, 1897:

- **Sections 20 and 21** recognise the power to issue, amend, modify, or rescind statutory notifications where authorised by law.

Constitutional Provisions:

- **Article 14** prohibits arbitrary state action and requires equal treatment before law.
- **Article 21** includes the **Right to a Clean and Healthy Environment** as part of the Right to Life.
- **Article 48A** directs the State to protect and improve the environment.
- **Article 51A(g)** imposes a Fundamental Duty upon every citizen to protect and improve the natural environment.

Role of the Jan Vishwas Act, 2023:

Legislative Significance:

- **The Act** decriminalised several regulatory contraventions under the **Environment (Protection) Act, 1986**.
- **The Supreme Court** observed that legislative preference for regulatory compliance does not authorise unrestricted post-facto environmental approvals.
- **Decriminalisation** cannot dilute statutory environmental safeguards or the requirement of prior Environmental Clearance.

Projects Affected by the Judgment:

Extent of Impact:

- **More than 100 projects** had already received **ex-post facto Environmental Clearance** before the Supreme Court stayed the **2021 OM** in January 2024.
- **Around 150 additional projects** had entered the environmental appraisal process before the legal challenge concluded.

Major Sectors Involved:

- **Coal, iron ore and bauxite mining, greenfield airports, cement plants, steel plants, chemical industries, industrial estates, hospitals, and commercial buildings.**

Significance of the Judgment:

Environmental Governance:

- **The judgment** reinforces the **Precautionary Principle** while recognising legitimate developmental requirements.
- **The ruling** discourages routine legalisation of environmental violations after project commencement.
- **The decision** strengthens the distinction between **executive instructions** and **statutory delegated legislation**.
- **The judgment** establishes **public interest** as the constitutional benchmark for any future statutory amnesty.
- **The ruling** promotes a balanced framework for **environmental protection, sustainable development, regulatory certainty, and administrative flexibility.**

Related Environmental Principles for UPSC:

Key Environmental Principles:

- **Precautionary Principle:** Environmental harm should be prevented even where scientific certainty is incomplete.
- **Polluter Pays Principle:** The polluting entity must bear the cost of prevention, mitigation, and restoration.
- **Sustainable Development:** Development must meet present needs without compromising the ability of future generations to meet their own needs.
- **Inter-Generational Equity:** Natural resources must be conserved for future generations.
- **Public Trust Doctrine:** The State acts as trustee of natural resources and must protect them for public benefit.

Value Addition for UPSC:

Prelims Value:

- **Environment (Protection) Act, 1986 – Section 3**
- **Environmental Impact Assessment Notification, 2006**
- **Office Memorandum vs Statutory Notification**
- **Ex-Post Facto Environmental Clearance**
- **Precautionary Principle**
- **Polluter Pays Principle**
- **Article 21, Article 48A, Article 51A(g)**
- **Jan Vishwas Act, 2023**

Mains Value (GS-III):

- **The judgment reinforces that environmental governance must remain rule-based, preventive, and legally authorised while allowing narrowly tailored statutory flexibility only when compelling public interest justifies exceptional departures from the general requirement of prior Environmental Clearance.**

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Indian Association for the Cultivation of Science Marks 150 Years, Celebrating India's Scientific Awakening and Research Legacy

Recent Developments:

- **The Indian Association for the Cultivation of Science (IACS)** is commemorating its **150th anniversary**, marking the journey of India's oldest scientific research institution established by Indians for original scientific research.
- **The Union Government** inaugurated an **indigenous Plasma Enhanced Chemical Vapor Deposition (PECVD) facility** for India's first **amorphous silicon solar cell**, along with **RETINA (Research Entrepreneurship for Translation, Innovation and NAvigation)** to strengthen the research-to-innovation ecosystem.

- **IACS** is also expanding its scientific infrastructure through a proposed **second campus at Baruipur**, aimed at enhancing research capacity and doubling student intake.

Indian Association for the Cultivation of Science (IACS):

Introduction:

- **The Indian Association for the Cultivation of Science (IACS)** was established on **29 July 1876** in **Calcutta (now Kolkata)** by **Dr. Mahendralal Sircar** as India's first national institution created specifically for scientific research by Indians.
- **IACS** occupies a unique position in the history of modern Indian science because it introduced an indigenous institutional framework for original scientific research during colonial rule.
- **The institution** laid the intellectual foundation for scientific self-reliance long before the emergence of modern national research laboratories.
- **At present**, **IACS** functions as an **autonomous institution under the Department of Science and Technology (DST), Government of India**, and is also a **Deemed-to-be University**.

Vision Behind its Establishment:

- **The establishment of IACS** represented not merely the creation of a laboratory but the beginning of an organised national movement for scientific research by Indians.
- **Its central objective** was to enable Indians to generate original scientific knowledge instead of remaining passive recipients of Western science.
- **The institution** sought to cultivate scientific temperament, experimental inquiry, and intellectual independence among Indians.

Historical Background:

Connection with the Bengal Renaissance:

- **IACS** emerged during the broader intellectual and cultural movement known as the **Bengal Renaissance**.
- **The Bengal Renaissance** became the leading centre of India's modern intellectual awakening by influencing philosophy, literature, education, social reform, and scientific thought.
- **Within this environment**, **IACS** became one of the earliest institutional expressions of scientific nationalism by promoting original scientific research among Indians.

Mahendralal Sircar and Scientific Self-Reliance:

Scientific Vision:

- **Dr. Mahendralal Sircar (1833–1904)** was the principal architect behind the establishment of **IACS** and one of nineteenth-century India's foremost scientific thinkers.
- **He believed** that scientific education was essential for India's intellectual, social, and economic advancement.
- **He argued** that the development of the physical sciences offered the most effective means for strengthening the intellectual capabilities of Indian society.

Advocacy for Scientific Research:

- **In 1869**, through an article published in the **Calcutta Journal of Medicine**, **Sircar** emphasised the necessity of scientific education for national progress.
- **In 1872**, while addressing the **Bethune Society** at the **Medical College Theatre, Calcutta**, he criticised the colonial administration for failing to create adequate opportunities for scientific research by Indians.
- **His long-term vision** ultimately materialised with the establishment of **IACS** on **29 July 1876**, creating India's first indigenous institution dedicated to scientific research.

Role of IACS in Modern Indian Science:

Promotion of Scientific Research Culture:

- **IACS** provided one of the earliest institutional platforms where Indians could undertake independent scientific research during the colonial period.
- **The institution** promoted experimentation, scientific inquiry, and critical thinking instead of rote learning.
- **It established** a sustainable research culture that encouraged originality and scientific excellence.

Institution Building:

- **IACS** nurtured several generations of Indian scientists and contributed significantly to the evolution of India's scientific institutional framework.
- **The institution** demonstrated that world-class scientific research could be conducted through indigenous institutions built and managed by Indians.

Contribution to Nation Building:

- **IACS** linked scientific advancement with national development by promoting science as an instrument of modernisation, self-confidence, and nation-building.
- **Its success** strengthened confidence in India's ability to create globally competitive scientific institutions.

C.V. Raman and the Global Recognition of Indian Science:

Association with IACS:

- **Sir C.V. Raman** joined the **Accountant General's Office, Calcutta**, in **1907**, where he first came across **IACS**.
- **Amrit Lal Sircar**, son of **Mahendralal Sircar**, recognised Raman's scientific interest and permitted him to conduct research in the Association's laboratories outside office hours.
- **For nearly a decade**, Raman balanced his government service with experimental research at **IACS** before resigning in **1917** to become **Palit Professor of Physics** at the **University of Calcutta**.
- **Even after leaving government service**, **IACS** remained the principal centre of his experimental research.

Discovery of the Raman Effect:

- **Sir C.V. Raman** announced the discovery of the **Raman Effect** on **28 February 1928** at the laboratories of **IACS**.
- **The Raman Effect** describes the inelastic scattering of light resulting in a change in wavelength after interaction with molecules.

- **This discovery** earned **Sir C.V. Raman** the **1930 Nobel Prize in Physics**, making him the **first Asian scientist** to receive a Nobel Prize in the sciences and securing India's first Nobel Prize in Science.

IACS as a Symbol of National Scientific Awakening:

National Intellectual Transformation:

- **The establishment of IACS** represented much more than the creation of a scientific research institution because it marked the beginning of India's organised scientific awakening during the colonial period.
- **The institution** demonstrated that **science could be pursued as a national mission**, and that scientific advancement was essential for India's intellectual, economic, and social transformation.
- **IACS** proved that Indians possessed the capability to establish and sustain world-class institutions dedicated to scientific research without depending exclusively on colonial support.
- **The institution** strengthened the idea that **scientific progress, social reform, and national development** were closely interconnected and mutually reinforcing.
- **The growth of modern India** required not only political consciousness but also scientific temper, research capability, and technological advancement.
- **IACS** therefore emerged as one of the foundational institutions responsible for shaping the evolution of modern Indian science.

Continuing Legacy:

Scientific Relevance in Contemporary India:

- **The legacy of IACS** continues because it represents the convergence of **scientific excellence, institution-building, and national self-reliance**.
- **The institution** remains one of India's leading centres for advanced research in **physics, chemistry, biological sciences, materials science, and interdisciplinary scientific research**.
- **Its continuing relevance** aligns closely with India's present emphasis on **research, innovation, indigenous technology development, Startup ecosystem, Deep Technology, and Atmanirbhar Bharat**.
- **The history of IACS** demonstrates that scientific capability develops through sustained institutional support, long-term investment, and a culture of inquiry rather than through short-term initiatives.
- **The celebration of the 150th anniversary** recognises not only the survival of a historic institution but also India's continuing commitment to scientific excellence and knowledge creation.

Contribution to India's Scientific Institution-Building:

Long-Term Institutional Impact:

- **IACS** pioneered the model of independent scientific research institutions, which later influenced the establishment of several national scientific organisations in independent India.
- **The institution** strengthened India's research ecosystem by demonstrating the importance of dedicated laboratories, scientific collaboration, and institutional autonomy.
- **Its success** inspired the expansion of scientific education and research infrastructure across the country during the twentieth century.
- **The scientific culture** nurtured by **IACS** contributed significantly to India's emergence as an important scientific and technological nation.

Related Institutions for UPSC:

Major Scientific Research Institutions:

- **Council of Scientific and Industrial Research (CSIR):** India's largest publicly funded research and development organisation with laboratories across diverse scientific disciplines.
- **Indian Institute of Science (IISc), Bengaluru:** India's premier institution for higher scientific education and advanced research.
- **Indian Institutes of Science Education and Research (IISERs):** Institutions established for integrating high-quality scientific education with research.
- **Department of Science and Technology (DST):** Nodal department responsible for formulating and implementing policies relating to science, technology, and innovation.
- **Department of Biotechnology (DBT):** Apex department promoting biotechnology research, innovation, and industrial applications.
- **Anusandhan National Research Foundation (ANRF):** National funding body established to strengthen research and innovation across universities, colleges, research institutions, and industry through competitive funding.

Timeline of Major Events:

Important Milestones:

- **1869: Mahendralal Sircar** advocated scientific education through the **Calcutta Journal of Medicine**.
- **1872: Sircar** publicly called for an Indian scientific research institution while addressing the **Bethune Society**.
- **29 July 1876: Indian Association for the ~~Cultivation of~~ Science (IACS)** was established in **Calcutta**.
- **1907: Sir C.V. Raman** began conducting research at **IACS** while serving in the **Accountant General's Office**.
- **1917: Sir C.V. Raman** joined the **University of Calcutta** as **Palit Professor of Physics** but continued his experimental research at **IACS**.
- **28 February 1928: Sir C.V. Raman** announced the discovery of the **Raman Effect** at **IACS**.
- **1930: Sir C.V. Raman** received the **Nobel Prize in Physics**, becoming the first Asian scientist to receive a Nobel Prize in the sciences.
- **2026: IACS** is commemorating its **150th anniversary**, highlighting its enduring contribution to Indian science.

Significance for UPSC:

Why the Topic Matters:

- **IACS** represents the origin of India's organised scientific research ecosystem and the institutionalisation of scientific inquiry.
- **The institution** illustrates the relationship between **science, nationalism, education, and socio-economic development** during the colonial period.
- **The topic** links the **Bengal Renaissance**, **scientific nationalism**, **modern Indian history**, and **science & technology**, making it relevant across multiple UPSC General Studies papers.
- **The contribution of IACS** reflects the role of scientific institutions in promoting **Atmanirbhar Bharat**, innovation-driven growth, and knowledge-based development.

Value Addition for UPSC:

Prelims Value:

- **Indian Association for the Cultivation of Science (IACS)**
- **Mahendralal Sircar**
- **Bengal Renaissance**
- **Raman Effect**
- **28 February – National Science Day**
- **Sir C.V. Raman**
- **1930 Nobel Prize in Physics**
- **Department of Science and Technology (DST)**
- **Anusandhan National Research Foundation (ANRF)**

Mains Value (GS-I & GS-III):

- **The evolution of modern Indian science demonstrates that institution-building, scientific temper, and indigenous research capability constitute essential foundations of national development, technological self-reliance, and long-term economic competitiveness.**

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ADR–NEW Report Highlights Persistent Criminalisation of Politics Among Chief Ministers, Reviving Debate on Electoral Reforms

Recent Developments:

- **The Association for Democratic Reforms (ADR)** and **National Election Watch (NEW)** have analysed the self-sworn election affidavits of all **31 incumbent Chief Ministers** of **28 States and 3 Union Territories**, based on the affidavits submitted before their latest elections.
- **The report** reveals that **14 out of 31 Chief Ministers (45%)** have declared criminal cases against themselves, while **11 Chief Ministers (35%)** face serious criminal cases punishable with imprisonment of **five years or more**.
- **The analysis** also shows that the **average declared assets** of Chief Ministers stand at **₹118.07 crore**, while **D.K. Shivakumar (Karnataka)** has declared assets exceeding **₹1,413 crore**, making him the wealthiest Chief Minister according to the affidavits.

Criminalisation of Politics:

Meaning:

- **Criminalisation of politics** refers to the increasing participation, nomination, and election of individuals with criminal backgrounds to legislative and executive public offices.
- **The phenomenon** becomes particularly serious when persons facing grave criminal charges influence law-making, public policy, governance, and administrative decision-making.
- **The issue** represents both the entry of criminals into politics and the growing nexus between political actors and organised criminal networks.

Why the Issue Matters:

- **Democratic governance** depends upon representatives possessing integrity, accountability, and respect for the rule of law, whereas criminalisation weakens these democratic foundations.
- **The presence of elected representatives** facing serious criminal charges raises concerns regarding ethical governance, public confidence, and institutional credibility.
- **The issue** has emerged as one of India's most important electoral reform challenges because it directly affects the quality of representative democracy.

Key Findings of the ADR–NEW Report:

Criminal Background of Chief Ministers:

- **14 out of 31 Chief Ministers (45%)** have declared pending criminal cases in their election affidavits.
- **11 Chief Ministers (35%)** have declared serious criminal cases involving offences punishable with imprisonment of **five years or more**.
- **Two Chief Ministers** have declared cases relating to **attempt to murder**, indicating that serious criminal allegations are not uncommon even among the highest executive offices at the State level.

Financial Profile of Chief Ministers:

- **The average declared assets** of all **31 Chief Ministers** amount to **₹118.07 crore**, reflecting substantial variation in personal wealth.
- **Four Chief Ministers** have declared assets exceeding **₹100 crore**, indicating the concentration of high personal wealth among a section of political executives.
- **The report** is based entirely on **self-sworn election affidavits**, thereby enhancing transparency while relying upon legally declared information submitted to the **Election Commission of India**.

Status of Criminalisation of Politics in India:

Present Scenario:

- **Criminalisation of politics** has emerged as a persistent structural challenge in India's electoral democracy, with a considerable proportion of elected representatives facing pending criminal proceedings.
- **The Association for Democratic Reforms** has consistently reported an increase in the proportion of elected representatives declaring criminal cases over successive elections.
- **During the 2014 Lok Sabha Elections**, **186 out of 541 elected Members of Parliament (34%)** declared criminal cases, compared to **158 out of 521 Members (30%)** elected in **2009**, indicating a rising long-term trend.
- **The continuation of this trend** demonstrates that electoral success often remains disconnected from the criminal background of candidates.

Major Causes of Criminalisation of Politics:

Political and Electoral Factors:

- **Political parties** often prioritise electoral winnability over ethical considerations by nominating candidates possessing significant financial resources, local influence, or coercive capacity.
- **Money power and muscle power** continue to influence electoral competition because criminal networks frequently provide financial support, logistical assistance, and political mobilisation.

- **The politico-criminal nexus** enables mutual exchange of protection, influence, and electoral benefits between politicians and organised criminal groups.

Institutional and Governance Factors:

- **Delayed judicial processes** allow criminal cases against politicians to remain pending for several years, enabling accused persons to contest multiple elections before final judicial determination.
- **Weak enforcement of electoral laws** and inadequate compliance with judicial directions reduce the deterrent effect of existing legal provisions.
- **Limited voter awareness**, identity-based voting patterns, and inadequate dissemination of candidate information often reduce the electoral impact of criminal antecedents.
- **Loopholes in the electoral process** permit individuals facing serious criminal charges to contest elections until conviction, thereby sustaining the problem despite greater transparency.

Implications for Indian Democracy:

Governance and Democratic Institutions:

- **Criminalisation of politics** weakens public confidence in democratic institutions by creating perceptions that political influence can override the rule of law.
- **The increasing presence of criminally accused representatives** may adversely affect transparency, accountability, ethical governance, and evidence-based public decision-making.
- **The phenomenon** reinforces the need for comprehensive electoral reforms, including speedy disposal of criminal cases involving elected representatives, stronger institutional accountability, and greater transparency in candidate selection.
- **The issue** also highlights the importance of balancing the constitutional principle of **presumption of innocence** with the broader public interest in maintaining the integrity of democratic governance.

Constitutional and Legal Framework:

Constitutional Position:

- **The Constitution of India** does not expressly prescribe criminal antecedents as a ground for disqualification from contesting elections to **Parliament** or **State Legislatures**.
- **Articles 102 and 191** empower **Parliament** to prescribe disqualifications for Members of Parliament and State Legislatures through legislation.
- **Article 324** vests the **Election Commission of India (ECI)** with the superintendence, direction, and control of elections, forming the constitutional basis for ensuring free and fair elections.

Representation of the People Act, 1951 (RPA):

- **The Representation of the People Act, 1951** provides the statutory framework governing qualifications, disqualifications, and the conduct of elections in India.
- **Section 8** disqualifies a person convicted of specified offences from contesting elections, and a person sentenced to imprisonment for **two years or more** remains disqualified during imprisonment and for **six years** after release.
- **The existing legal framework** does not disqualify candidates merely because criminal cases are pending against them, as the criminal justice system follows the principle of **presumption of innocence until proven guilty**.

Judicial Interventions:

Important Supreme Court Judgments:

- **Association for Democratic Reforms v. Union of India (2002):** The **Supreme Court** directed all electoral candidates to disclose their criminal antecedents, educational qualifications, assets, and liabilities through election affidavits, significantly improving electoral transparency.
- **Lily Thomas v. Union of India (2013):** The **Supreme Court** struck down **Section 8(4)** of the **Representation of the People Act, 1951**, resulting in the immediate disqualification of convicted Members of Parliament and Members of Legislative Assemblies without waiting for the disposal of an appeal.
- **Public Interest Foundation v. Union of India (2019):** The **Supreme Court** directed political parties to publish the criminal antecedents of their candidates through their official websites, social media platforms, and newspapers, along with reasons for selecting such candidates over individuals with clean backgrounds.
- **The Supreme Court** has consistently emphasised that while courts cannot legislate new disqualification criteria, greater transparency and informed voting are essential for preserving democratic integrity.

Measures Taken by the Election Commission of India:

Institutional Initiatives:

- **The Election Commission of India** has strengthened transparency by making the disclosure of criminal cases, financial assets, liabilities, and educational qualifications mandatory through election affidavits.
- **The Commission** has implemented the **Model Code of Conduct** using its constitutional authority under **Article 324** to promote ethical electoral practices.
- **The Election Commission** has adopted strict measures to curb **booth capturing, intimidation, illegal possession of arms near polling stations, and the misuse of muscle power** during elections.
- **Continuous monitoring, deployment of security forces, and enhanced election management** have contributed to improving the credibility of the electoral process.

Challenges in Decriminalising Politics:

Persisting Structural Issues:

- **Slow judicial proceedings** continue to delay the disposal of criminal cases involving political representatives, allowing many accused candidates to remain electorally active for prolonged periods.
- **Political parties** often continue to prioritise electoral success over ethical considerations while selecting candidates.
- **The influence of money power, identity politics, and local patronage networks** continues to reduce the electoral costs associated with criminal antecedents.
- **The absence of internal democracy within political parties** further limits transparency and merit-based candidate selection.

Way Forward:

Electoral and Institutional Reforms:

- **Fast-track courts** should ensure the timely disposal of criminal cases involving elected representatives and electoral candidates without compromising the principles of natural justice.
- **Political parties** should adopt transparent and merit-based candidate selection processes while voluntarily avoiding the nomination of individuals facing serious criminal charges.

- **Voter awareness programmes** should encourage informed electoral choices based on constitutional values, integrity, and public service rather than narrow identity considerations.
- **The Election Commission of India** should continue strengthening disclosure norms, digital access to candidate information, and effective monitoring of electoral expenditure.
- **State funding of elections**, as recommended by committees such as the **Dinesh Goswami Committee (1990)** and the **Indrajit Gupta Committee (1998)**, may reduce the influence of illicit money and improve electoral fairness.
- **Institutional reforms** should balance the **presumption of innocence**, **electoral fairness**, and **the need to preserve the integrity of democratic institutions**, thereby ensuring that reforms remain constitutionally sustainable.

Significance for UPSC:

Why the Topic Matters:

- **Criminalisation of politics** directly relates to **Indian Polity, Governance, Electoral Reforms, Constitutional Bodies, Rule of Law, and Ethics in Public Administration**, making it relevant for both **Prelims** and **General Studies Paper II**.
- **The issue** illustrates the interaction between **constitutional rights, judicial activism, electoral transparency, democratic accountability, and institutional reforms**.
- **The topic** frequently features in questions relating to **free and fair elections, political reforms, and strengthening democratic institutions**.

Value Addition for UPSC:

Prelims Value:

- **Article 102, Article 191, Article 324**
- **Representation of the People Act, 1951**
- **Section 8 of the Representation of the People Act, 1951**
- **Association for Democratic Reforms v. Union of India (2002)**
- **Lily Thomas v. Union of India (2013)**
- **Public Interest Foundation v. Union of India (2019)**
- **Model Code of Conduct**
- **Election Affidavit**
- **Association for Democratic Reforms (ADR)**
- **National Election Watch (NEW)**

Mains Value (GS-II):

- **The criminalisation of politics weakens democratic legitimacy, public trust, and ethical governance; therefore, sustainable electoral reforms must combine judicial efficiency, institutional accountability, political responsibility, and informed citizen participation while fully respecting constitutional principles and the rule of law.**

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PM-Vidyalaxmi Expands Inclusive Higher Education Financing Through Collateral-Free Education Loans and Targeted Interest Support

Recent Developments:

- **PM-Vidyalaxmi**, approved by the **Union Cabinet** in **November 2024**, has emerged as a flagship initiative to ensure that no meritorious student is denied higher education due to financial constraints by providing **collateral-free** and **guarantor-free** education loans.
- **The PM-Vidyalaxmi Portal**, operational since **25 February 2025**, provides a unified digital platform for applying for education loans and interest subvention through all participating banks under a common application process.
- **As of 21 July 2026**, more than **1.12 lakh education loans** worth **₹15,634.78 crore** have been sanctioned under the scheme, demonstrating its growing role in expanding access to quality higher education.

PM-Vidyalaxmi Scheme:

About the Scheme:

- **PM-Vidyalaxmi** is a **Central Sector Scheme** approved in **November 2024** to provide **collateral-free** and **guarantor-free** education loans to meritorious students admitted through merit-based selection in designated **Quality Higher Education Institutions (QHEIs)** across India.
- **The scheme** operationalises the vision of the **National Education Policy (NEP), 2020**, which emphasises equitable access to quality higher education through adequate financial assistance for deserving students.
- **Its primary objective** is to remove financial barriers to higher education while promoting educational equity, social inclusion, and human capital development.

Objectives:

- **The scheme** seeks to ensure that financial limitations do not prevent deserving students from pursuing higher education in recognised quality institutions.
- **It promotes** equal educational opportunities by making institutional finance accessible without requiring collateral security or third-party guarantees.
- **The initiative** supports India's long-term objective of developing a knowledge-based economy through greater participation in higher education.

Eligibility and Institutional Coverage:

Eligible Students:

- **Students** securing admission purely on **merit** in designated **Quality Higher Education Institutions (QHEIs)** are eligible to avail benefits under the scheme.
- **Admissions obtained through management quota, Non-Resident Indian (NRI) quota, or similar non-merit categories** are not eligible for benefits under **PM-Vidyalaxmi**.
- **The scheme** applies uniformly across undergraduate, postgraduate, professional, and technical programmes offered by eligible institutions.

Quality Higher Education Institutions (QHEIs):

- **At present, 1,425 Quality Higher Education Institutions (QHEIs)** have been included under the scheme, covering both **public** and **private** institutions that satisfy prescribed quality benchmarks.

- **The list of eligible institutions** is periodically updated by the **Department of Higher Education** to include newly qualified institutions meeting the notified criteria.
- **The institutional eligibility framework** ensures that financial assistance is linked with recognised centres of academic excellence.

Salient Features of the Scheme:

Collateral-Free Education Loans:

- **PM-Vidyalaxmi** provides **collateral-free** and **guarantor-free** education loans to eligible students, thereby reducing financial entry barriers for higher education.
- **The scheme** enables students from economically weaker families to access institutional credit without pledging family assets or arranging third-party guarantees.

Government Credit Guarantee:

- **The Central Government** provides a **75% credit guarantee** for education loans up to **₹7.5 lakh**, thereby reducing lending risks for banks and encouraging wider credit availability.
- **The credit guarantee mechanism** strengthens financial inclusion by improving the willingness of banks to extend education loans to deserving students.

Flexible Loan Coverage:

- **The scheme** does not prescribe any upper ceiling on the education loan amount, allowing financing according to the actual educational requirement.
- **Eligible expenses** include **tuition fees, hostel charges, mess charges, refundable and non-refundable institutional fees, laptops, books, equipment, and other reasonable educational and living expenses** directly related to the course.

Affordable Loan Terms:

- **Interest rates** are capped at **External Benchmark Lending Rate (EBLR) + 0.5%**, making loans comparatively more affordable than conventional education loans.
- **The repayment period** may extend up to **15 years**, excluding the **course duration** and **one-year moratorium period**, thereby reducing repayment pressure on students during the initial stages of their careers.

Interest Subvention Mechanism:

Support for Economically Weaker Students:

- **Students** belonging to families with an annual income up to **₹4.5 lakh** are eligible for **100% interest subvention** under the **PM-USP Central Sector Interest Subsidy Scheme (PM-USP CSIS)**, subject to the prescribed eligibility conditions.
- **Students** with annual family income up to **₹8 lakh** are eligible for a **3% interest subvention** under **PM-Vidyalaxmi** on education loans up to **₹10 lakh** during the moratorium period.
- **The Union Government** has earmarked an outlay of **₹3,600 crore** from **2024–25 to 2030–31** to provide the **3% interest subvention** benefit to up to **7 lakh fresh students** during the implementation period.

PM-Vidyalaxmi Digital Rupee App (CBDC Wallet):

Digital Benefit Transfer Mechanism:

- **Eligible students** may apply for interest subvention after loan sanction and disbursement based on their verified annual family income.
- **The approved subsidy amount** is credited directly to the beneficiary's **PM-Vidyalaxmi Digital Rupee App (CBDC Wallet)** before being transferred to the student's education loan account through a secure digital process.
- **The scheme** uses **Aadhaar-based de-duplication**, **Direct Benefit Transfer (DBT)**, and **semester-wise academic performance monitoring** to ensure transparency, prevent duplication, and promote efficient implementation.

Significance of the Scheme:

Expanding Access to Higher Education:

- **PM-Vidyalaxmi** removes financial barriers by ensuring that meritorious students are not denied admission to quality higher education institutions solely because of inadequate financial resources.
- **The scheme** promotes equitable access to higher education by extending institutional credit to students from diverse socio-economic backgrounds without requiring collateral security or guarantors.
- **The initiative** strengthens India's objective of improving the **Gross Enrolment Ratio (GER)** in higher education by making quality education financially accessible to deserving students.

Promoting Inclusive Growth:

- **Students belonging to Economically Weaker Sections (EWS), Other Backward Classes (OBC), Scheduled Castes (SC), Scheduled Tribes (ST), Persons with Disabilities (PwD), and other disadvantaged groups** receive enhanced financial support, thereby reducing socio-economic inequalities in higher education.
- **The scheme** promotes equal educational opportunities for **women** and **transgender students**, thereby improving higher education participation, employability, and long-term workforce inclusion.
- **The interest subvention mechanism** ensures that students from low-income families complete higher education with a reduced financial burden during the initial years of employment.

Contribution to National Development:

Alignment with National Education Policy (NEP), 2020:

- **PM-Vidyalaxmi** directly supports the vision of **NEP 2020** by promoting affordability, equity, inclusion, and universal access to quality higher education.
- **The scheme** complements the policy objective of expanding multidisciplinary education, improving educational participation, and strengthening human capital development.
- **Financial accessibility** under the scheme encourages talented students to pursue professional, technical, and research-oriented programmes without financial constraints.

Contribution to Sustainable Development Goals (SDGs):

- **The scheme** contributes directly to **Sustainable Development Goal (SDG) 4**, which seeks to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

- **It also supports SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequalities)** by expanding educational opportunities for disadvantaged sections of society.
- **Improved access to higher education** strengthens India's demographic dividend by creating a skilled, productive, and innovation-driven workforce capable of supporting long-term economic growth.

Implementation Mechanism:

Digital Governance Framework:

- **The PM-Vidyalaxmi Portal** functions as a **single-window digital platform** for application, loan processing, tracking, interest subsidy claims, and grievance redressal under participating banks, thereby reducing procedural complexity.
- **The integrated digital system** enhances transparency through real-time application monitoring, faster processing, and improved coordination among students, banks, educational institutions, and government agencies.
- **The digital dashboard** enables continuous monitoring of applications, loan sanctions, subsidy disbursement, and overall scheme performance, thereby improving administrative efficiency.

Role of Digital Public Infrastructure:

- **Direct Benefit Transfer (DBT), Aadhaar authentication, Digital Rupee (CBDC Wallet), and digital verification mechanisms** minimise leakages, improve transparency, and ensure timely transfer of interest subsidies.
- **Technology-enabled implementation** reduces paperwork, accelerates loan processing, and strengthens accountability across the entire education financing ecosystem.

Challenges:

Implementation and Operational Issues:

- **Awareness regarding the scheme** remains limited among students residing in rural, remote, and economically weaker regions, thereby restricting its potential outreach.
- **Differences in processing timelines** among participating banks may delay loan sanction and disbursement despite a common digital platform.
- **Students enrolled in institutions outside the notified Quality Higher Education Institutions (QHEIs)** remain outside the scheme's coverage, limiting benefits for some deserving candidates.
- **Rising higher education costs** may require periodic revision of financial support mechanisms to ensure that educational financing remains adequate across different disciplines and institutions.

Way Forward:

Strengthening Higher Education Financing:

- **Awareness campaigns** should be expanded through schools, higher education institutions, and digital platforms to improve scheme outreach among eligible students.
- **Periodic expansion of the list of Quality Higher Education Institutions (QHEIs)** should ensure that deserving institutions meeting quality standards are included under the scheme.
- **Participating banks** should adopt uniform service standards to ensure timely loan approval, disbursement, and grievance resolution.

- **Continuous monitoring, periodic evaluation, and data-driven policy improvements** should strengthen implementation efficiency while ensuring transparency and accountability.
- **The scheme** should be integrated with India's broader higher education reforms to promote equitable access, research, innovation, employability, and long-term human capital development.

Significance for UPSC:

Why the Topic Matters:

- **PM-Vidyalaxmi** is an important topic for **Governance, Social Justice, Education, Financial Inclusion, Human Resource Development, and Welfare Schemes**, making it highly relevant for **Prelims** and **General Studies Paper II**.
- **The scheme** demonstrates the integration of **education policy, digital governance, financial inclusion, and social equity** in achieving inclusive national development.
- **The topic** is also relevant for questions related to **National Education Policy 2020, Digital Public Infrastructure, Central Sector Schemes, and inclusive human capital development**.

Value Addition for UPSC:

Prelims Value:

- **PM-Vidyalaxmi**
- **National Education Policy (NEP), 2020**
- **Quality Higher Education Institutions (QHEIs)**
- **PM-USP Central Sector Interest Subsidy Scheme (PM-USP CSIS)**
- **External Benchmark Lending Rate (EBLR)**
- **Central Bank Digital Currency (CBDC) Wallet**
- **Direct Benefit Transfer (DBT)**
- **Gross Enrolment Ratio (GER)**
- **Sustainable Development Goal (SDG) 4**

Mains Value (GS-II):

- **PM-Vidyalaxmi represents a significant step towards equitable higher education by combining financial inclusion, digital governance, targeted interest support, and institutional quality, thereby strengthening India's human capital, improving educational equity, and advancing the long-term objectives of the National Education Policy 2020 and sustainable socio-economic development.**

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RBI Governor Highlights Rupee Undervaluation Amid Exchange Rate Volatility and External Sector Developments

Recent Developments:

- **The Governor of the Reserve Bank of India (RBI)** has stated that the **Indian rupee** is **undervalued** in both **Nominal Effective Exchange Rate (NEER)** and **Real Effective Exchange Rate (REER)** terms, indicating that its current market value is weaker than what India's macroeconomic fundamentals would ordinarily justify.

- **The RBI** has reiterated that it does **not target any specific exchange rate**, but intervenes in the foreign exchange market only to contain excessive volatility and maintain orderly market conditions under India's **managed float exchange rate regime**.
- **Recent movements in the rupee** have been influenced by geopolitical tensions in **West Asia**, elevated global crude oil prices, a stronger US dollar, and fluctuations in foreign capital flows, prompting calibrated interventions by the RBI.

Understanding Currency Undervaluation:

Meaning of an Undervalued Currency:

- **A currency** is considered **undervalued** when its prevailing market exchange rate remains below the level justified by a country's underlying macroeconomic fundamentals.
- **Economic fundamentals** include **economic growth, inflation, productivity, current account position, foreign exchange reserves, fiscal stability, external debt sustainability, and investor confidence**, all of which influence the long-term equilibrium value of a currency.
- **An undervalued currency** generally reflects that the domestic currency is trading at a weaker level than its estimated equilibrium value despite relatively sound economic conditions.
- **Temporary external shocks**, such as geopolitical conflicts, global financial uncertainty, or sudden capital outflows, may push a currency below its equilibrium value, resulting in temporary undervaluation.
- **Persistent undervaluation**, however, may also arise from structural weaknesses such as prolonged external imbalances, declining productivity, or weak capital inflows.

Why the RBI Governor's Statement is Significant:

- **The Governor's observation** indicates that the recent depreciation of the rupee does not necessarily reflect deterioration in India's economic fundamentals but is largely influenced by external global developments.
- **The statement** reassures financial markets that India's external sector fundamentals remain relatively resilient despite short-term exchange rate pressures.
- **It also signals** that the RBI considers recent exchange rate movements to be largely market-driven rather than indicative of long-term macroeconomic weakness.

RBI's Exchange Rate Management:

Managed Float Exchange Rate System:

- **India follows** a **managed float exchange rate regime**, under which the value of the rupee is primarily determined by market forces of demand and supply, while the RBI intervenes only when necessary to reduce excessive volatility.
- **The RBI** does not maintain any predetermined exchange rate target or fixed exchange rate band for the rupee.
- **Foreign exchange market interventions** are undertaken only to prevent disorderly market conditions rather than to artificially maintain a particular exchange rate level.
- **The objective of intervention** is to preserve financial stability, ensure adequate market liquidity, and prevent speculative attacks on the domestic currency.

Role of Foreign Exchange Reserves:

- **The RBI** uses India's foreign exchange reserves as an important instrument for managing excessive exchange rate volatility.
- **During periods of sharp depreciation**, the RBI may sell US dollars in the foreign exchange market to moderate abrupt movements in the rupee.
- **Conversely, during periods of excessive appreciation**, the RBI may purchase foreign currency to prevent undue strengthening of the rupee while simultaneously augmenting foreign exchange reserves.
- **Such calibrated intervention** supports orderly market functioning without compromising the overall flexibility of the exchange rate regime.

Major Factors Responsible for Recent Rupee Depreciation:

Rise in International Crude Oil Prices:

- **India's heavy dependence on crude oil imports** increases the demand for US dollars whenever international crude oil prices rise.
- **Higher import payments** widen the import bill, increase demand for foreign currency, and exert downward pressure on the value of the rupee.
- **Elevated energy prices** also contribute to imported inflation, thereby affecting overall macroeconomic stability.

Geopolitical Uncertainty:

- **Conflicts in West Asia** have disrupted global energy markets, increased uncertainty, and intensified pressure on the currencies of oil-importing emerging economies such as India.
- **Heightened geopolitical risks** often trigger capital movement towards safer financial assets, thereby weakening emerging market currencies.

Strengthening of the US Dollar:

- **A stronger US dollar**, supported by relatively higher US interest rates and increased global demand for dollar-denominated assets, reduces the relative value of most other currencies, including the Indian rupee.
- **Appreciation of the US dollar** also increases the cost of servicing foreign currency-denominated liabilities for emerging market economies.

Higher Global Risk Aversion:

- **Periods of global financial uncertainty** encourage investors to shift investments towards safe-haven assets such as the US dollar and US Treasury securities.
- **Capital outflows from emerging markets** consequently increase demand for dollars and contribute to depreciation of domestic currencies.

Foreign Portfolio Investment (FPI) Outflows:

- **Foreign Portfolio Investors (FPIs)** selling Indian equity and debt investments convert rupee holdings into foreign currency before repatriation, thereby increasing demand for US dollars.
- **Sustained portfolio outflows** exert additional depreciation pressure on the rupee and may increase exchange rate volatility.

Nominal Effective Exchange Rate (NEER):

Meaning of NEER:

- **The Nominal Effective Exchange Rate (NEER)** is a **trade-weighted average index** that measures the value of the Indian rupee against the currencies of India's major trading partners.
- **Instead of comparing** the rupee with only one foreign currency such as the US dollar, **NEER** evaluates its movement against a basket of multiple currencies, thereby providing a broader assessment of exchange rate performance.
- **The RBI currently computes 40-currency trade-weighted NEER**, covering currencies that together account for nearly **88% of India's merchandise trade**.
- **The base year** for the present NEER series is **2015–16 = 100**, and the weight assigned to each currency is based on its respective share in India's external merchandise trade.
- **NEER**, however, measures only nominal exchange rate movements and **does not adjust for inflation differentials** between India and its trading partners, making it less suitable for assessing external competitiveness over the long term.

Real Effective Exchange Rate (REER):

Meaning of REER:

- **The Real Effective Exchange Rate (REER)** is the **inflation-adjusted version of the Nominal Effective Exchange Rate (NEER)** and measures the value of the Indian rupee against the currencies of India's major trading partners after accounting for relative inflation differences.
- **REER** reflects changes in both the nominal exchange rate and domestic price levels, thereby providing a more accurate measure of a country's international price competitiveness.
- **The RBI** currently publishes the **40-currency trade-weighted REER** with **2015–16 as the base year**, using relative consumer price indices to adjust for inflation differentials.
- **A rise in REER** generally indicates appreciation in real terms and a possible decline in export competitiveness, whereas **a decline in REER** suggests improvement in price competitiveness of domestic goods and services.
- **Among exchange rate indicators, REER** is regarded as the most comprehensive measure for assessing external competitiveness because it captures both exchange rate movements and inflation dynamics.

NEER and REER:

- **NEER** measures only the trade-weighted movement of the rupee against a basket of foreign currencies without considering inflation differences.
- **REER** adjusts **NEER** for inflation differentials between India and its trading partners, thereby providing a more realistic assessment of international competitiveness.
- **While NEER** primarily reflects nominal exchange rate movements, **REER** indicates the real purchasing power and competitiveness of the domestic currency in international trade.
- **Consequently, policymakers, economists, and the RBI** generally rely more on **REER** while assessing the external competitiveness of the Indian economy.

Economic Implications of an Undervalued Rupee:

Major Challenges:

- **An undervalued rupee** increases the domestic cost of imports, thereby raising India's overall import bill and widening pressures on the current account balance.
- **Higher import costs**, particularly for crude oil, natural gas, fertilisers, edible oils, and electronic components, contribute to **imported inflation** and increase production costs across multiple sectors.
- **Industries dependent on imported intermediate goods and raw materials** experience higher input costs, which may reduce profitability and competitiveness in the domestic market.
- **External debt denominated in foreign currency** becomes more expensive to service because larger amounts of rupees are required to repay the same foreign currency obligations.
- **Persistent depreciation**, if driven by structural weaknesses rather than temporary shocks, may weaken investor confidence and increase exchange rate uncertainty.

Potential Advantages:

- **A relatively weaker rupee** improves the price competitiveness of Indian exports in international markets by making domestic goods relatively cheaper for foreign buyers.
- **Export-oriented sectors**, including information technology services, pharmaceuticals, textiles, engineering goods, and agricultural exports, may experience higher demand due to improved international competitiveness.
- **Indian exporters** receive higher earnings in rupee terms for the same amount of foreign currency revenue, thereby improving profitability.
- **A weaker exchange rate** may also encourage import substitution by making domestically produced goods relatively more competitive than imported products.

RBI's Foreign Exchange Market Intervention:

Objectives of Intervention:

- **The RBI** intervenes in the foreign exchange market primarily to contain excessive volatility rather than to defend any predetermined exchange rate.
- **Its intervention strategy** seeks to prevent disorderly market movements that could adversely affect financial stability, trade, investment, and overall macroeconomic confidence.
- **The RBI** purchases or sells foreign currencies depending on prevailing market conditions while preserving sufficient foreign exchange reserves for external sector stability.
- **The intervention framework** supports India's **managed float exchange rate regime**, under which market forces determine the exchange rate while the central bank addresses abnormal fluctuations.

Way Forward:

Strengthening External Sector Stability:

- **Maintaining adequate foreign exchange reserves** remains essential for managing temporary external shocks and strengthening confidence in India's external sector.
- **Reducing dependence on imported crude oil** through renewable energy expansion, energy efficiency, and domestic exploration can moderate long-term exchange rate pressures.
- **Diversification of exports** towards high-value manufacturing and knowledge-intensive services would improve export resilience and reduce vulnerability to global demand fluctuations.

- **Stable capital inflows**, supported by a predictable policy environment and continued structural reforms, can strengthen the balance of payments and support exchange rate stability.
- **Prudent monetary policy, fiscal discipline, and sustained productivity growth** remain critical for preserving macroeconomic stability and maintaining the long-term strength of the Indian rupee.

Significance for UPSC:

Why the Topic Matters:

- **Currency valuation, NEER, REER, exchange rate management, foreign exchange reserves, imported inflation, current account deficit, and capital flows** are core concepts under **Indian Economy (GS-III)** and are frequently examined in both **Prelims** and **Mains**.
- **The topic** also has strong relevance for questions relating to **monetary policy, external sector management, inflation, balance of payments, and macroeconomic stability**.
- **The RBI's managed float exchange rate regime** is an important conceptual area for understanding India's exchange rate policy and financial sector governance.

Value Addition for UPSC:

Prelims Value:

- **Reserve Bank of India (RBI)**
- **Managed Float Exchange Rate Regime**
- **Nominal Effective Exchange Rate (NEER)**
- **Real Effective Exchange Rate (REER)**
- **Foreign Exchange Reserves**
- **Foreign Portfolio Investment (FPI)**
- **Current Account Deficit (CAD)**
- **Balance of Payments (BoP)**
- **Imported Inflation**
- **Trade Competitiveness**

Mains Value (GS-III):

- **An exchange rate should broadly reflect macroeconomic fundamentals while remaining flexible enough to absorb external shocks. India's managed float exchange rate regime, supported by prudent foreign exchange reserve management and calibrated Reserve Bank of India intervention, seeks to balance external competitiveness, price stability, financial market confidence, and long-term macroeconomic resilience.**

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QUESTIONS

1. Given below are two statements, one labeled as Assertion (A) and the other as Reason (R):

Assertion (A): The Supreme Court held that the Central Government retains the power to grant a limited, time-bound environmental amnesty under Section 3 of the Environment (Protection) Act, 1986.

Reason (R): Blanket regularisation of environmental violations through executive instructions satisfies the principles of reasonableness and proportionality under Article 14.

In the light of the above statements, choose the correct option:

(A) Both A and R are true and R is the correct explanation of A.

(B) Both A and R are true but R is NOT the correct explanation of A.

(C) A is true but R is false.

(D) A is false but R is true.

2. Consider the following individuals, publications, and organizations associated with the early movement for scientific self-reliance in 19th-century India:

(1) Mahendralal Sircar

(2) Calcutta Journal of Medicine

(3) Bethune Society

(4) Amrit Lal Sircar

(5) Accountant General's Office

How many of the above entities played a role in the founding, institutional development, or early research support at the Indian Association for the Cultivation of Science (IACS)?

(A) Only two

(B) Only three

(C) Only four

(D) All five

3. Consider the following state-level jurisdictions and electoral data context:

(1) India has 31 incumbent Chief Ministers across its States and Union Territories with legislative assemblies.

(2) Karnataka is the state represented by the wealthiest incumbent Chief Minister, with declared assets exceeding ₹800 crore.

Which of the statements given above is/are correct regarding the geographic and administrative scope of Chief Ministers in India?

(A) 1 only

(B) 2 only

(C) Both 1 and 2

(D) Neither 1 nor 2

4. Consider the following provisions, income ceilings, and operational mechanisms under the PM-Vidyalaxmi Scheme:

(1) It provides collateral-free and guarantor-free education loans to meritorious students admitted to designated Quality Higher Education Institutions (QHEIs).

(2) The Central Government provides a 75% credit guarantee for education loans up to ₹7.5 lakh.

(3) Students admitted under Management Quota or NRI Quota are strictly excluded from getting scheme benefits.

(4) A 3% interest subsidy is provided during the moratorium period for students with an annual family income up to ₹8 lakh on loans up to ₹10 lakh.

(5) The maximum loan repayment tenure is fixed at 10 years, which includes the course duration and moratorium period.

How many of the above statements are correct?

(A) Only two

(B) Only three

(C) Only four

(D) All five

5. Consider the following macroeconomic drivers associated with the depreciation of the Indian Rupee against foreign currencies:

(1) Substantial decline in global crude oil prices reducing India's import bill.

(2) Resolution of geopolitical conflicts in West Asia restoring global market stability.

(3) Persistent capital outflows by Foreign Portfolio Investors (FPIs).

(4) Increased global risk aversion prompting demand for safe-haven assets.

(5) Strengthening of the US Dollar driven by expectations of tighter monetary policy in the US.

How many of the above factors act as downward pressures on the Indian Rupee exchange rate?

(A) Only two

(B) Only three

(C) Only four

(D) All five

ANSWER KEY

1 – Answer (C), 2 – Answer (D), 3 – Answer (A), 4 – Answer (C), 5 – Answer (B)

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