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Credit - Drishti Ias

Revamping India’s BFSI Sector

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For Prelims: Reserve Bank of India , Capital formation , Sustainable development , Financial inclusion , Bank privatisation , Equities markets , Corporate bonds

For Mains: State of Banking, Financial, Services and Insurance (BFSI) Sector in India, Challenges Related to BFSI sector, Steps to be Taken to Address Challenges in India’s BFSI Sector

Source: TH

Why in News?

India's **Banking, Financial, Services and Insurance (BFSI)** sector faces ongoing **structural challenges** , including **fragmented regulations, a shallow corporate bond market,** and **unregulated shadow bankin** g, highlighting the need for **comprehensive reforms** to **strengthen and stabilize** the financial system for sustainable growth.

What is the Current Status of India’s BFSI Sector?

- **About:** The BFSI sector refers to **Banking, Financial Services, and Insurance** , which collectively form the backbone of a country’s financial infrastructure.
  - It includes institutions such as **banks, non-banking financial companies (NBFCs), insurance firms, mutual funds, pension funds,** and **fintech companies** that provide financial products and services to individuals and businesses.
- **State of India’s BFSI Sector:**
  - **Rapid Expansion and Changing Sector Dynamics:** India’s BFSI sector saw a **50-fold surge in market capitalisation** , from **Rs 1.8 trillion in 2005** to **Rs 91 trillion in 2025** , with a **CAGR of around 22%** .
    - While **banks remain foundational,** their **share in total market cap dropped** from **85% to 57%** , as **Non-Banking Financial Companies (NBFCs) and fintechs** gained ground through agility, innovation, and targeted financial solutions.
  - **Rise of Fintechs and NBFCs:** Since **2015,** the fintech sector has **grown exponentially** , now valued at over **Rs 12 trillion** .
    - Alongside, **NBFCs have expanded significantly** , bridging credit gaps for underserved populations, particularly in **rural and informal sectors,** thereby enhancing **financial inclusion.**

    - **Resilience & Financial Strength:** The **BFSI sector's contribution** to **Nifty-50** earnings (share of profits made by companies in the BFSI industry within the total earnings of the top-50 companies listed on the stock market) **increased from 16% in FY10 to 33% in FY24,** supported by **better asset quality, strong credit demand, and lower provisioning** .
        - By FY24, banks' net worth reached Rs 26 trillion and NBFCs' Rs 12.4 trillion, strengthening the sector's resilience.

What are the Key Challenges Related to India's BFSI Sector?

- **Fragmented Regulatory Framework:** India's BFSI sector faces challenges due to a **fragmented regulatory structure,** with different regulators like **RBI, SEBI , and IRDAI** overseeing various segments.
    - This leads to **overlapping jurisdictions, regulatory gaps, and inconsistent supervision** , resulting in **compliance complexities** and **operational inefficiencies for financial institutions.**
        - The **RBI' s directive to the National Stock Exchange (NSE) to build a secondary bond market was ignored** , as **equity trading offers higher profits** —often through **opaque algorithmic strategies** that have drawn scrutiny.
- **Underdeveloped Corporate Bond Market:** India's corporate bond market remains **shallow, illiquid, and opaque** which **keeps the cost of capital high, hampering business viability** and economic growth.
    - India's **domestic corporate bond market,** valued at around **Rs 64 trillion,** represents only **18–20% of the country's nominal GDP.**
- **Opacity in Ownership and UBO Disclosure** India faces challenges in **ensuring transparency of capital flows** and **ownership in its financial markets** due to **lack of effective disclosure of the Ultimate Beneficial Owner (UBO)** .
    - Current **thresholds for UBO disclosure** (10% for companies and 15% for partnerships) **allow investors to structure their holdings just below the limit to avoid reporting.**
        - Investors **often keep holdings just below disclosure limits (e.g., 9.9%)** to **evade UBO rules** , hindering SEBI's ability to trace actual control.
    - Some **Foreign Portfolio Investors (FPIs) resist sharing detailed ownership data** , weakening SEBI's oversight. Despite India's **Financial Action Task Force (FATF)** commitments, **poor implementation** hampers enforcement, transparency, and investor trust.
- **Weak Insurance Penetration:** Despite rising awareness, **insurance penetration in India remains low** by global standards. As of 2023, it stood at just **4.2% of GDP,** indicating **limited coverage and underutilization of insurance** as a financial safety net.
- **Non-Performing Assets (NPAs):** Despite recent declines, **Non-Performing Assets** remain a key challenge for Indian banks, especially **public sector banks. High levels of bad loans** constrain their lending capacity to productive sectors.
    - Measures like the **Insolvency and Bankruptcy Code (IBC)** and **bank recapitalization** have been undertaken, yet the **NPA ratio continues to affect the overall efficiency** and **stability of the banking syste** m.
- **Shadow Banking Risks:** Shadow banking (where **NBFCs, margin lenders, and brokers** provide **banking-like service** s **without comprehensive regulation)** , poses a significant **threat to India's financial stability** .
    - Retail investors **frequently end up paying high interest rates (over 20%)** on **margin loans,** as

brokers lend back the investor’s own funds and charge interest on the entire amount.

  - The scale of such unregulated lending remains unclear to regulators, raising concerns about **financial stability akin to the 2008 global financial crisis** triggered by unregulated derivatives.

- **Cybersecurity Threats:** With growing digital adoption in the BFSI sector, cybersecurity **risks have intensified** . The **rise in online banking and digital payments** has **increased vulnerability to data breaches,** fraud, and cyber-attacks.
  - In 2024, over **1.35 lakh phishing attacks targeting India’s financial sector** were reported by cybersecurity firm Kaspersky.

What are the Key Committees Related to Financial Sector Reforms in India?

Area	Committee	Key Focus
Banking Reforms	**Narasimham Committee**	Banking sector reform, Asset Reconstruction
Financial Sector Reforms	**Raghuram Rajan Committee**	Overall financial sector reform
Bank Licensing	**Bimal Jalan Committee**	New bank licenses
NBFC Regulation	**A.C. Shah Committee**	Regulation of NBFCs
Cooperative Finance	**R.N. Mirdha Committee**	Cooperative societies
	Marathe Committee	Licensing of Urban Cooperative Banks
Banking Technology	**Rangarajan Committee**	Computerization of banks
NPAs & Credit Issues	**Khanna Committee**	Non-performing assets (NPAs)
	S.S. Kohli Committee	Willful defaulters
Financial Inclusion	**Nachiket Mor Committee**	Payment banks
	H.R. Khan Committee	Business Correspondent (BC) model
Rural & Priority Sector Banking	**M.L. Dantwala Committee**	Regional Rural Banks (RRBs)
	Gadgil Committee	Lead banking scheme
Capital Markets & Investment	**Sodhani Committee**	Forex & NRI investments
	Y.V. Reddy Committee	Small savings reform

What Measures can be Implemented to Revamp India’s BFSI Sector?

- **Development of a Deep Bond Market:** India's corporate bond market, at just **18-20% of GDP,** lags significantly behind countries like **South Korea (80%) and China (36%).**
    - **Strengthening this market** can l **ower borrowing costs, improve access to long-term capital** , and **support industrial growth and employment.**
- **Strengthening KYC and UBO Norms:** Ensure **accurate and accessible data on ownership and control of financial investments** . Enforcing **strict KYC and Ultimate Beneficial Ownership (UBO) compliance** by **SEBI** will curb misuse, enhance transparency, and build investor trust in capital markets.
- **Regulating Shadow Banking** : Mandate c **omprehensive data collection and transparency** in shadow banking operations, especially **among NBFCs, brokers, and margin lenders** .
    - India should **adopt a regulatory approach** similar to the **European Union's,** using data as a foundation before enforcing tighter oversight.
- **Integrated Financial Regulation:** India needs **harmonised regulation among RBI, SEBI, IRDAI, and PFRDA** to address **oversight gaps and regulatory inconsistencies** .
    - **Different KYC norms** across financial sectors **cause inefficiencies and loopholes** . A **unified framework** can enhance **regulatory efficiency, transparency, and compliance.**
- **Improving NPA Resolution Framework:** To improve asset quality, **NPA resolution must be faster and more efficient.**
    - **Strengthening the IBC with support for quicker resolutions** and incentivized asset sales, along with **enhancing the capacity of NCLTs and DRTs ,** can significantly **boost recovery rates and reduce the burden on financial institutions.**
- **Reimagining the Insurance Market: Promote micro-insurance for low-income groups** and offer **tax incentives to middle-income segments.**
    - **Simplify claim procedures, enhance transparency, and ensure timely settlements** to build trust and expand insurance coverage.
- **Promoting Digital Transformation & Cybersecurity:** As digital adoption grows, **strengthening cybersecurity** is crucial. **Financial institutions should implement robust security frameworks** and **adopt AI, ML , and blockchain** for **better fraud detection** and efficiency.
    - Initiatives like **RBI's Mulehunter.ai** highlight the move towards **secure and intelligent digital banking.**

Drishti Mains Question:

What are the key factors behind the growth of India's BFSI sector? Examine the major challenges it faces in ensuring financial stability and inclusive growth.

UPSC Civil Services Examination, Previous Year Question (PYQ)

Prelims:

Q1. With reference to 'Urban Cooperative Banks' in India, consider the following statements: (2021)

1. They are supervised and regulated by local boards set up by the State Governments.
2. They can issue equity shares and preference shares.
3. They were brought under the purview of the Banking Regulation Act, 1949 through an Amendment in 1966.

Which of the statements given above is/are correct?

(a) 1 only

(b) 2 and 3 only

(c) 1 and 3 only

(d) 1, 2 and 3

Ans: (b)

Q. Which one of the following links all the ATMs in India? (2018)

(a) Indian Banks' Association

(b) National Securities Depository Limited

(c) National Payments Corporation of India

(d) Reserve Bank of India

Ans: (c)

Mains:

Q. Pradhan Mantri Jan Dhan Yojana (PMJDY) is necessary for bringing unbanked to the institutional finance fold. Do you agree with this for financial inclusion of the poorer section of the Indian society? Give arguments to justify your opinion. (2016)

Trust-Based Regulation

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For Prelims : **Jan Vishwas (Amendment of Provisions) Act, 2023** , **Environment Protection Act, 1986** , **MSMEs** , **Union Budget 2025–26** , **Indian Forest Act, 1927** , **Invoice Management System (IMS)** , **GST** , **Alternative Dispute Resolution (ADR)** , **73rd/74th Amendments** , **PARIVESH** , **MCA21** .

For Mains : Regulatory bodies and Jan Vishwas (Amendment of Provisions) Act, 2023, Need of trust-based regulation in India.

Source: TOI

Why in News?

The **Jan Vishwas (Amendment of Provisions) Act, 2023** , effective **from August 2023** , replaces **criminal penalties** with **fines** for minor violations, **decriminalizing 183 provisions across 42 Central Acts** to promote **ease of living** , **ease of doing business** , and a **trust-based regulatory approach** .

What is Jan Vishwas (Amendment of Provisions) Act, 2023?

- **About:** It is a significant legislative reform aimed at enhancing the **ease of doing business** and promoting **trust-based regulation** in India, covering laws under **19 ministries** like **environment** , **agriculture** , and **corporate affairs.**
  - E.g., **Procedural lapses** under **Environment Protection Act, 1986** are now met with **financial penalties** instead of imprisonment.
- **Objective:** The reform shifts from **punitive to reformative legal mechanisms** by replacing **jail terms** for minor, non-malicious violations with **monetary penalties** , reducing **fear and harassment** , and improving **compliance ease** , especially for **MSMEs** **.**
- **Need:** Many **outdated provisions** created **legal uncertainty** , disproportionately affecting **marginalised communities** and burdening businesses with fear of prosecution.
  - A **uniform compliance framework** placed unequal stress on **MSMEs** , with high costs discouraging formalisation and expansion.
  - To **unlock economic potential** , India needed a **trust-based governance model** replacing **colonial-era, fear-driven laws** that criminalised minor violations.
- **Future Steps:** The **Union Budget 2025–26** proposed **Jan Vishwas Bill 2.0** to **decriminalise over 100 more provisions** and strengthen a **trust-based regulatory system** .
  - It urges **states and municipalities** , where most jail-term laws exist, to adopt reforms, **modernise legal frameworks** , and define clear **criteria for imprisonment.**

What is a Trust-based Regulatory Approach?

- **About:** It is a governance approach where the **government assumes that individuals and businesses will act in good faith** and comply with the law, instead of treating them as potential **offenders from the start** .
- **Approach:** This model focuses on **reducing unnecessary legal burdens** and **promoting voluntary**

compliance , while still retaining strict penalties for serious violations.

  - It shifts from a **policing mindset** (strict penalties for minor violations) to a **partnership model** (encouraging voluntary compliance with reasonable consequences for lapses).

- **Key Features:**
  - **Decriminalization of Minor Offenses** : Replacing **jail terms** with **fines** for **procedural or technical violations** .
  - **Risk-Based Enforcement** : Strict action only for **serious violations** (e.g., **fraud** , **safety risks**).
  - **Simplified Compliance** : Reducing **bureaucratic red tape** to encourage **business growth** .
  - **Self-Declaration & Transparency** : Trusting **businesses/citizens** to comply with audits only for **high-risk cases** .
  - **Reduced Government Interference** : Minimizing **harassment** and **rent-seeking** by officials.

Why does India Need a Trust-based Regulatory Approach?

- **Reducing Colonial-Era Punitive Measures:** Many colonial-era laws like the **Indian Forest Act, 1927** were designed to **control rather than facilitate economic activity** , imposing **criminal penalties** for minor violations that **disproportionately impacted** small businesses.
  - These laws fostered a climate of **fear, harassment, and rent-seeking** , which can be addressed through a **trust-based regulatory approach.**
- **Ease of Doing Business:** Excessive **compliance burdens** hinder **entrepreneurship** , with over **75% of MSMEs** struggling with **digital compliance** and **95%** needing more **time and resources** to adopt the **Invoice Management System (IMS)** under **GST** **.**
  - The **Act** helps address this by **simplifying regulations** , and making compliance **easier and less intimidating** for businesses.
- **Decongesting the Judiciary:** Over **5 crore cases** burden Indian courts, many from **minor violations** better handled with **penalties** than criminal trials.
  - Mechanisms like **arbitration, mediation and conciliation** can **ease litigation** and allow courts to focus on more **critical cases.**
- **Reducing Corruption & Harassment:** The **threat of imprisonment for procedural lapses** enabled **rent-seeking** by corrupt officials, while **mandatory attestations** , **inspections** , and **redundant data requests** wasted resources, shifting to a **trust-based system** can cut **bureaucracy** and free resources for **productive use** .
- **Economic Growth: Fear of criminal charges from unintentional non-compliance** deters **small business expansion** , but **states like Madhya Pradesh, Kerala, and Haryana** have adopted **reforms** that promote **regional growth** .
  - Building on this, **Jan Vishwas 2.0 (Budget 2025–26)** plans to **decriminalize 100+ more provisions** , further **easing compliance** and supporting **business-friendly governance** .
- **Aligning with Viksit Bharat 2047 Vision:** India’s **Amrit Kaal** vision promotes **minimum government, maximum governance** , enabling citizens and businesses to operate with minimal interference. A **trust-based system** prioritizes **outcome-based governance** , encouraging **innovation** and **investment** .

What are the Challenges in India's Shift Towards

Trust-based Regulation?

- **Legacy of Colonial Distrust in Governance:** India's **colonial legacy of suspicion** and **process-heavy bureaucracy** fosters **excessive oversight** , **red tape** , and **distrust** , making it hard to shift to **trust-based regulation** as systems remain focused on **control** over **facilitating compliance** and **ease of doing business** .
- **Overlapping Regulatory Framework:** India has **1,536 laws** with **69,233 compliances** , many redundant or conflicting. While the Centre decriminalizes laws (e.g., **Jan Vishwas Act**), rigid **state regulations** cause confusion, disproportionately burdening **MSMEs.**
- **Resistance to Decentralization & Autonomy:** Despite the **73rd/74th Amendments** , **local governments** lack true **autonomy** due to **top-down control** , with officials favoring **audits and penalties** over **risk-based enforcement** , sustaining **mistrust.**
- **No Trust Metrics:** A key **challenge in India's shift towards trust-based regulation** is that **trust is rarely measured** like **financial or service indicators** , making it difficult to **assess policy impact** .
  - Additionally, **implementation gaps** in initiatives like **e-Bill Systems** and **PARIVESH** lead to **delays** , weakening efforts to build a **trust-driven governance framework** .

How can Trust-based Regulation be Strengthened in India?

- **'One Nation, One Business' Identity System:** Adopting a **unified 'One Nation, One Business' identity system** can **streamline processes** , while a **digital-first approach** using tools like **Digi Locker** can **significantly reduce approval times** .
  - Lessons from initiatives such as **Digi Yatra** and **FSSAI's predictable regulatory updates** can help **guide reforms across sectors.**
- **Harmonizing Laws: Jan Vishwas 2.0** should fast-track **decriminalization** of 100+ provisions, focusing on **state-level laws** holding **80% of jail clauses** .
  - A **Deregulation Commission** is needed to align **central and state laws** , while **sector-specific reforms** should target **MSMEs** , **environment** , and **labour** , replacing outdated penalties with **graded fines** .
- **Institutionalizing Risk-Based Enforcement:** Mandate **Regulatory Impact Assessments (RIA)** to evaluate compliance burdens and align penalties with actual harm.
  - Use **AI-driven tools** for **targeted audits** over blanket inspections, and set clear criteria for **imprisonment** , reserving it for **serious offenses** like fraud or public safety risks.
- **Enhancing Transparency & Reducing Discretion:** Expand **digital platforms** like **MCA21** with **blockchain authentication** to enable paperless compliance.
  - Strengthen **whistleblower protections** against corruption and use **public dashboards** for real-time transparency in inspections and penalties.
- **Measuring Trust & Outcomes:** Create **metrics** like **compliance ease scores** and **citizen feedback** to assess reform impact. Launch **pilot programs** in sectors like **FinTech** and establish **stakeholder councils** for regular **industry-regulator dialogue** to refine policies.

Conclusion

The Jan Vishwas Act, 2023 marks a **progressive shift towards trust-based governance** by

decriminalizing minor violations and **reducing regulatory burdens** . To fully realize its potential, India must **streamline laws** , **empower local bodies** , **embrace digital tools** , and **build institutional trust** —ensuring **efficient, citizen-centric, and growth-oriented governance** aligned with **Viksit Bharat 2047 .**

Drishti Mains Question:

Q. A key feature of a developed society is the government's trust in its citizens and institutions." In this context, critically examine the shift towards trust-based governance in India.

UPSC Civil Services Examination, Previous Year Question:(PYQ)

Prelims

Q. What is/are the recent policy initiative(s)of Government of India to promote the growth of the manufacturing sector? (2012)

1. Setting up of National Investment and Manufacturing Zones
2. Providing the benefit of ‘single window clearance’
3. Establishing the Technology Acquisition and Development Fund

Select the correct answer using the codes given below:

(a) 1 only

(b) 2 and 3 only

(c) 1 and 3 only

(d) 1, 2 and 3

Ans: (d)

Mains

Q. “Industrial growth rate has lagged behind in the overall growth of Gross-Domestic-Product(GDP) in the post-reform period” Give reasons. How far are the recent changes in Industrial Policy capable of increasing the industrial growth rate? (2017)

Q. What are the major changes brought in the Arbitration and Conciliation Act, 1996 through the recent Ordinance promulgated by the President? How far will it improve India’s dispute resolution mechanism? Discuss. (2015)

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50 years of National Emergency

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Source: IE

Why in News?

50 years ago , on **12 th June 1975** , the **Allahabad High Court** invalidated **Indira Gandhi's 1971 election** in ***Indira Nehru Gandhi v. Shri Raj Narain Case, 1975*** leading to the declaration of a **national emergency (NE)** on **25 th June 1975** that continued till **March 1977.**

What are Key Facts About the Indira Nehru Gandhi v. Shri Raj Narain Case, 1975?

- **About:** It is a landmark in India's **constitutional and democratic history** , arising from the **1971 general elections** , where **Prime Minister Indira Gandhi** defeated **socialist leader Raj Narain** , leading to a legal challenge on grounds of **electoral malpractices.**
- **Electoral Context and Allegations: Raj Narain** alleged that **Indira Gandhi** misused **government machinery** and **public funds** for electoral gain, violating the **Representation of the People Act, 1951** , and filed a **petition** in the Allahabad High Court seeking to **invalidate her election** on grounds of these alleged **malpractices.**
- **Allahabad High Court Verdict:** The court found **Indira Gandhi guilty** of **misusing government machinery** for **election campaigning.**
  - As a result, her **election was invalidated** and she was **disqualified from holding Prime Ministerial office** .
- **Appeal in Supreme Court: Indira Gandhi appealed** the **High Court's decision** in the **Supreme Court** , seeking both a **stay on the High Court's order** and an **opportunity to contest its findings.**
- **Declaration of Emergency:** Amidst **political turmoil** , on **25 th June 1975** , **Indira Gandhi's government declared a National Emergency** , leading to the **suspension of civil liberties** , **press censorship** , and **postponement of elections.**

What are Key Facts About National Emergency?

- **About National Emergency:** NE is proclaimed by the **President** under **Article 352** when the **security of India or a part of it** is threatened by **War, External Aggression (external emergency), or Armed Rebellion (internal emergency).**
  - The **38 th Amendment Act, 1975** allowed the President to issue Emergency proclamations on grounds of **war** , **external aggression** , **armed rebellion** , or **imminent danger thereof** , while the **44 th Amendment Act, 1978** replaced **"internal disturbance"** with **"armed rebellion"** .
- **Territorial Extent:** NE can extend to the **whole of the country or only a part of it** . **42 nd Amendment Act, 1976** enabled the President to limit the operation of NE to a **specific part of India.**
- **Parliamentary Approval:** As per the **44 th Amendment Act** , 1978, a **NE** must be approved by **both Houses within one month** by a **special majority** (originally two months).
  - If the **Lok Sabha is dissolved** at the time of declaration, the **Rajya Sabha's approval** remains valid, but the **reconstituted Lok Sabha** must approve it within **30 days of its first sitting.**

- **Duration:** It continues for **6 months** , and can be **extended to indefinite period** with **approval of Parliament** for **every 6 months** (44 th Amendment Act 1978).
- **Revocation:** It can be **revoked anytime by the president** without requirement of approval by Parliament.
  - The **Lok Sabha** can pass a **resolution to disapprove the continuation** of a **National Emergency** . If **one-tenth of its total members** submit a **written notice** to the **Speaker** (if in session) or to the **President** (if not in session), a **special sitting** must be held within **14 days** . The resolution must be passed by a **simple majority.**
- **Judicial Review:** The **38 th Amendment Act, 1975** made the **Emergency declaration immune to judicial review** . This was later **reversed by the 44 th Amendment Act, 1978** .
  - In the **Minerva Mills case, 1980** , the Supreme Court held that a **Proclamation of NE can be challenged** if it is **mala fide** , based on **irrelevant or extraneous facts** , or is **absurd or perverse.**

What are the Implications of Imposition of National Emergency on Constitutional Framework?

- **On Centre-State Relations:**
  - **Executive:** The **Centre is empowered to issue executive directions** to states on **any matter** , bringing **state governments under complete control** of the Centre—though they are **not suspended** .
  - **Legislature:** The **state legislature is not suspended** , but **Parliament can make laws on any subject in the State List** . Such laws **cease to operate six months after the Emergency ends** . If **Parliament is not in session** , the **President can issue ordinances on state subjects** . Additionally, **Parliament can confer powers and impose duties on the Centre or its authorities** regarding matters **outside the Union List.**
  - **Financial:** The **President can modify the constitutional distribution of revenues** between the **Centre and states** , including **reducing or cancelling transfers** . Such modifications remain valid **till the end of the financial year** in which the Emergency ends, and **every order must be laid before both Houses of Parliament** .
- **Life of Legislature:**
  - **Lok Sabha:** It may be **extended** beyond its normal term (5 years) by a law of Parliament for **one year at a time** (for any length of time).
  - **State Legislative Assembly: Parliament** can extend the tenure of a **State Legislative Assembly** by **one year at a time** , for any duration. However, the **extension cannot go beyond six months** after the **Emergency ceases to operate** .
- **On Fundamental Rights:** **Article 358** automatically **suspends** **Article 19** for the **entire duration of a National Emergency** declared on grounds of **war or external aggression** (**External Emergency**). It **applies only to Article 19** and **extends to the entire country.**
  - **Article 359** requires a **Presidential Order** to **suspend Fundamental Rights (FRs)** for the **entire duration** of Emergency or a **shorter period** . It applies to **all FRs mentioned in the Order** , **except Articles 20 and 21** , operates in **both internal and external emergencies** , and may extend to **part or the entire country.**

[Watch Video on YouTube: ▶ **https://www.youtube.com/embed/g32_LQ_MwV4**]

UPSC Civil Services Examination, Previous Year Question (PYQ)

Q. Which of the following is/are the exclusive power(s) of Lok Sabha?(2022)

1. To ratify the declaration of Emergency
2. To pass a motion of no-confidence against the Council of Ministers
3. To impeach the President of India

Select the correct answer using the code given below:

(a) 1 and 2

(b) 2 only

(c) 1 and 3

(d) 3 only

Ans: (b)

Q. If the President of India exercises his power as provided under Article 356 of the Constitution in respect of a particular State, then(2018)

(a) the Assembly of the State is automatically dissolved.

(b) the powers of the Legislature of that State shall be exercisable by or under the authority of the Parliament.

(c) Article 19 is suspended in that State.

(d) the President can make laws relating to that State.

Ans: (b)

Deep Seafloor Exploration

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Source: TH

A study has revealed that about **99.999%** of the Earth's **deep seafloor,** which covers **two-thirds of the Earth** area below 200 meters depth, remains **visually unexplored.**

- More than **97%** of dives were conducted **by just 5 countries (** US, Japan, New Zealand, France, and Germany).
- Exploration has been biased toward **geomorphological features like ridges and canyons** , while vast **abyssal plains,** which cover the majority of the **seafloor remain under-studied.**

Deep Ocean:

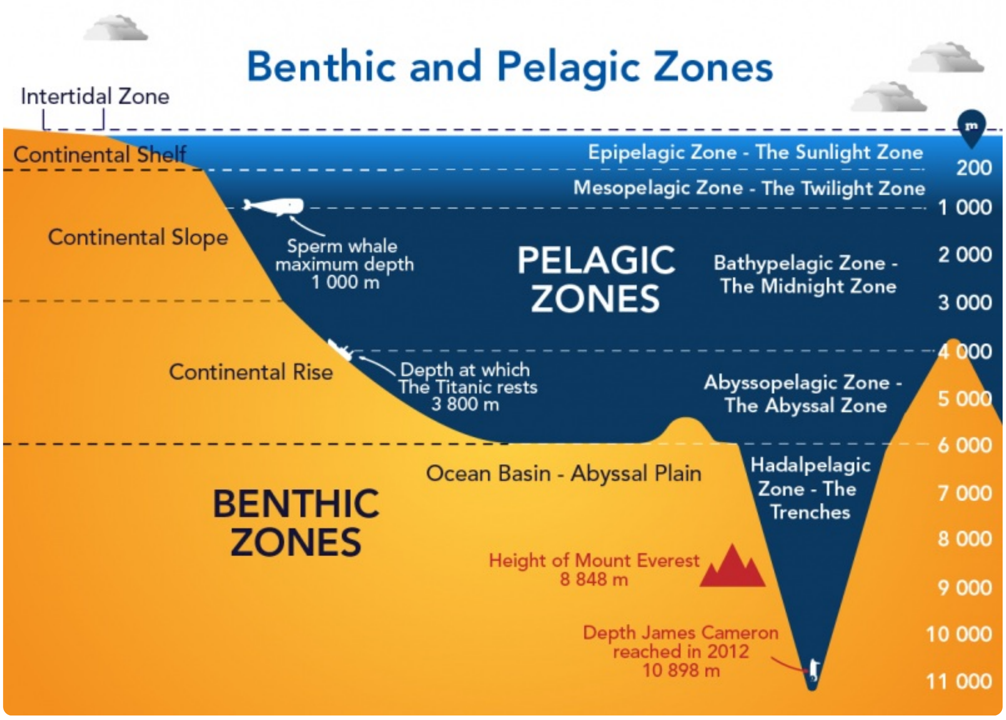
- The deep ocean refers to the part of the ocean at **depths greater than 200 meters,** where **sunlight**

no longer penetrates .

- The **deep ocean is cold** , with an **average temperature of just 4°C** , and is subjected to **extreme pressures** ranging from **40 to over 110 times** that of Earth's atmosphere.
- The deep ocean region **lacks photosynthesis** due to **absence of light** and is **nutrient-poor,** yet life thrives in its harsh conditions.
- The **mesopelagic zone (200–1,000 m),** hosts about **90% of global fish biomass** . It includes species like **fish** , **squid and krill** .
- India launched the **Deep Ocean Mission (DOM)** in **2021** to explore and sustainably harness **deep-sea resources.**
- **Significance of Exploration:** Exploration of the deep ocean **offers potential sources of energy** (such as oil, gas, methane hydrate, and ocean currents), a **promising reservoir for new antibiotics,** the discovery of **polymetallic nodules** , and critical insights into **understanding, predicting, and mitigating climate change.**

Marine Snow

- It is a **steady fall of organic matter** , like dead plankton, fecal pellets, and mucus **from the ocean surface to the deep sea.** It s **ustains deep-sea life** in the a **bsence of sunlight** and plays a crucial role in the **carbon cycle** by transporting carbon to ocean depths, aiding **long-term sequestration and climate regulation.**



Read More: Deep Ocean Mission

IREDA Bags ‘Excellent’ Ratings

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Source: PIB

The **Indian Renewable Energy Development Agency Ltd. (IREDA)** was awarded an **'Excellent' rating** for its exceptional performance in the **Power and NBFC sectors** by the **Department of Public Enterprises (DPE).**

- IREDA received the 'Excellent' rating for the **fourth consecutive year** , based on its annual performance for FY 2023-24.
- This recognition highlights **IREDA’s leadership in green financing** and reaffirms its dedication to nation-building through promoting **sustainable energy solutions.**

IREDA:

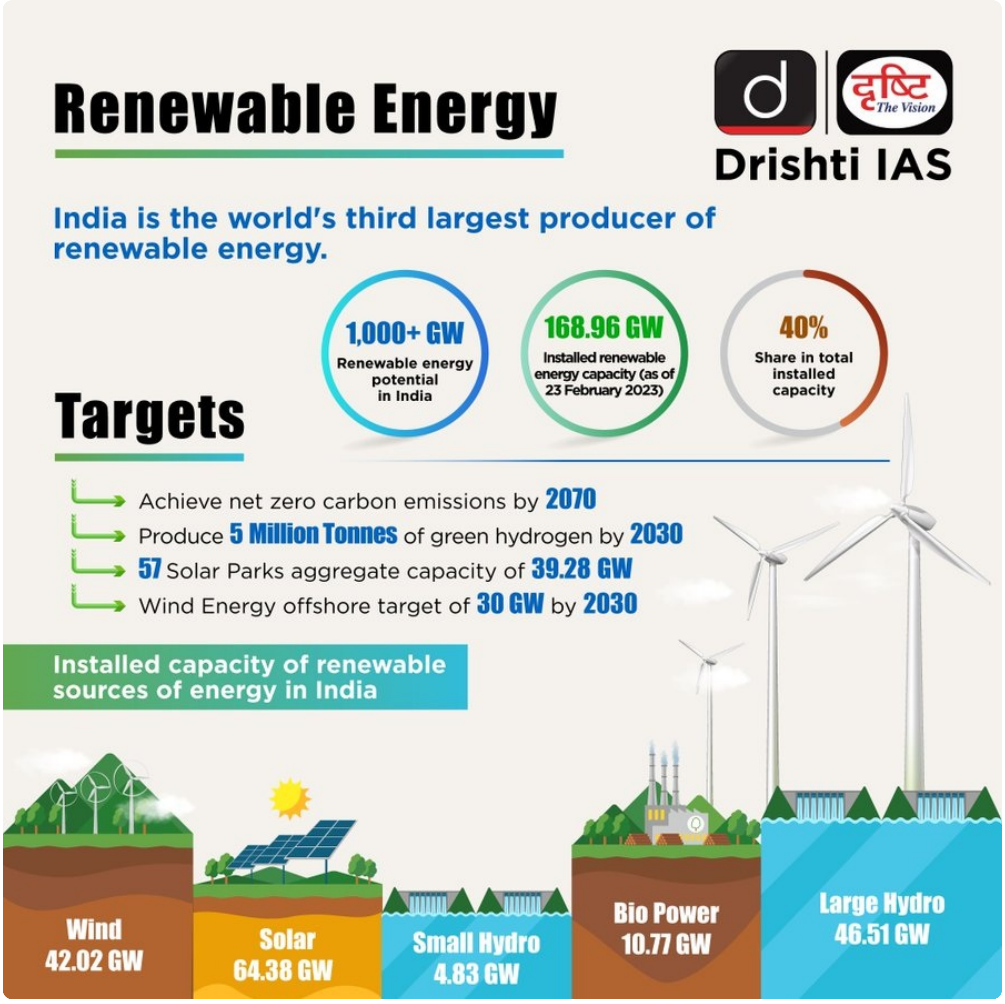
- **IREDA** is a **Navratna** **public sector company** under MNRE, established in **1987** as a **Non-Banking Financial Institution** .
- It is the **largest green financing NBFC** in India, dedicated to **promoting, developing, and financing** **renewable energy** and energy efficiency projects, while supporting the sector by encouraging lending from banks and financial institutions.

DPE Ratings:

- The DPE, under the **Ministry of Finance,** formulates policies on CPSEs' performance, autonomy, and finance, and publishes the Public Enterprises Survey for monitoring.
- DPE Ratings **annually assess CPSEs** on MoU targets like **profitability and efficiency,** grading them from **Poor to Excellent** to ensure accountability and transparency.

India's Renewable Energy Initiatives:

- **PM-KUSUM scheme**
- **PLI scheme for Solar PV manufacturing**
- **International Solar Alliance**



Read More: Tapping Renewable Energy Potential in India

Snail Infestation in Cardamom

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Source: TH

The cardamom-growing regions of Idukki, Kerala, are facing threat from **small snail infestations** following heavy summer rains. Snails feed on **new panicles, flowers, and young capsules** , causing **crop damage, reduced yield, and quality loss** .

- Farmers are using chemical sprays like **metaldehyde** (as a last resort) to **control snail infestations.**

Cardamom (*Elettaria cardamomum*)

- **About:** Known as the **"Queen of Spices,"** it is a **highly aromatic spic** e from the **Zingiberaceae (ginger) family.**
  - It is native to the **evergreen rainforests** of the **Western Ghats.**
- **Climatic Conditions:** Requires rainfall of **1500-4000 mm** , temperatures between **10°C to 35°C** , and at **altitudes of 600–1500 meters** . It requires **acidic, loamy, humus-rich soils** with a **pH of 5.0–6.5** .
- **Production Hotspots: Kerala** contributes **58%** of India's cardamom output, with **Idukki** as the leading district.
  - **Karnataka** grows it in districts like **Kodagu and Chikmagalur** .
  - **Tamil Nadu** cultivates it in the **Nilgiri hills** .
- Recently identified cardamom species include ***Elettaria facifera*** (Periyar Tiger Reserve, Idukki) and ***Elettaria tulipifera*** (Agasthyamalai hills, Thiruvananthapuram and Munnar, Idukki).

Spices Market in India: India produced **11.14 million tonnes** of spices in **2022–23,** cultivating **75 of the 109 ISO -listed spices** .

- **Chilli, cumin, turmeric, ginger,** and **coriander** accounted for **76%** of total production.
- **Major producing states** include **Madhya Pradesh, Rajasthan, Gujarat** , and **Andhra Pradesh** .
- In 2023–24, India **exported** around **14 lakh tonnes of spices** , with **chilli being the top export (31%)** to key markets such as China, Bangladesh, West Asia, and the US.

Read More: Strengthening India's Spice Industry

Stingless Bees

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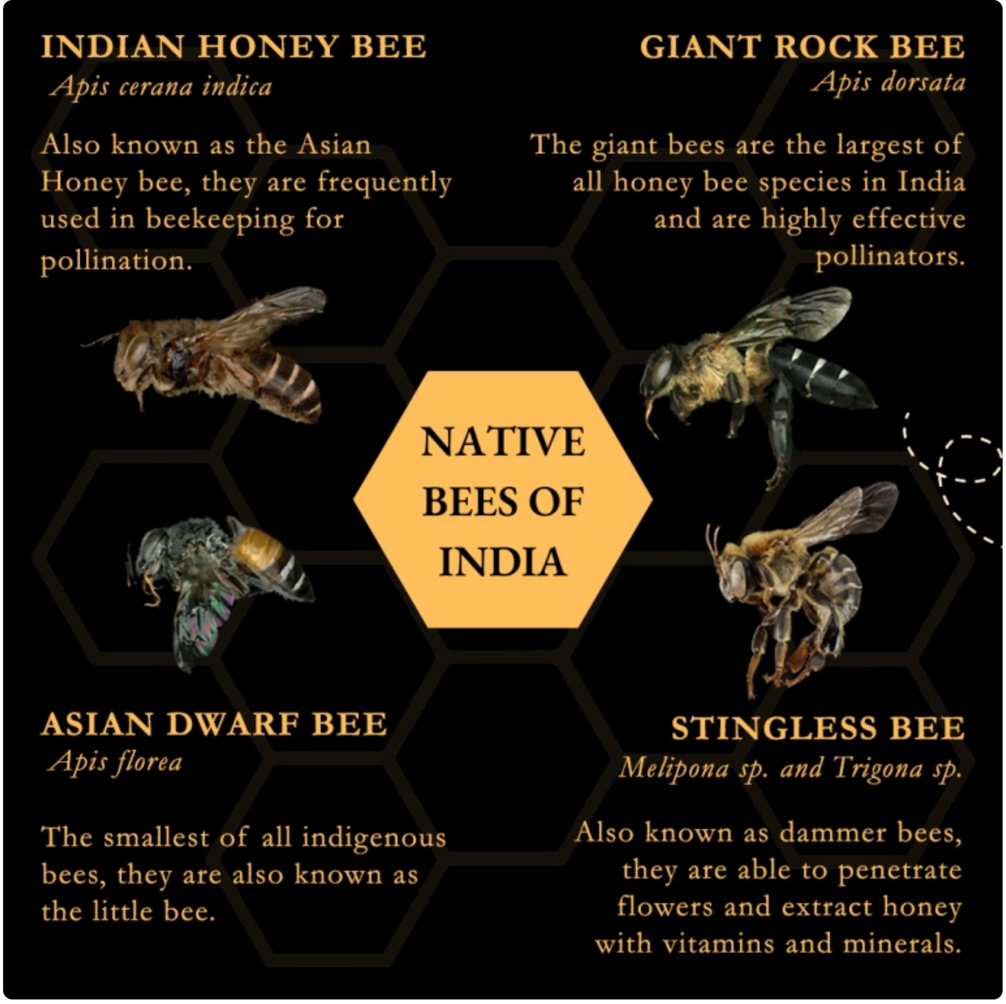
Source: DTE

Researchers in Nagaland found native **stingless bees *Tetragonula iridipennis* and *Lepidotrigona arcifera*** to be safe, effective pollinators that boost crop yields and produce medicinal honey, ideal for **Northeast India** and safer than traditional honeybees.

- **Stingless Bee:** They are **small, eusocial insects** belonging to the **tribe Meliponini** within the **family Apidae** , commonly found in **tropical and subtropical regions.**
- **Key Characteristics:**
  - **Identification Features:** Stingless bees are **small, black or dark-bodied** with yellow markings.
    - They have **2 pairs of wings, short antennae, large oval eyes,** and an o **val face with a pointed chin.**
  - **Habitat and Nesting:** They **nest in tree trunks, termite mounds, wall cavities,** or wooden boxes.
    - Nests are made of **resin, mud, and wax,** containing honey pots and brood cells arranged spirally or randomly.
  - **Diet:** Their diet includes **nectar and pollen.** Pollen is used to make protein balls for larval growth. Some species also feed on rotting fruits or carrion.
  - **Reproduction and Lifecycle:** The **queen mates once** . Fertilized eggs develop into **workers or queens (depending on nutrition),** while **unfertilized eggs become drones.** Larvae pupate in sealed wax cells.
  - **Defense Mechanism:** They **lack functional stingers** but bite with mandibles. Some, like ***Trigona* ,** inject venom through bites.
  - **Pollination Role:** Stingless bees are **buzz pollinators, vital for pollinating tropical plants and crops,** contributing significantly to ecosystem health and agriculture.



Read More: Threats to Wild Bees , KVIC's Honey Mission