



# Daily Current Affairs



## To The Point by Dhananjay Gautam

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## 1 NBFCs: A Vital Pillar of India's Financial System

**Context:** The Reserve Bank of India (RBI) has been actively urging **Non-Banking Financial Companies (NBFCs)** to adopt sustainable growth strategies while ensuring their long-term stability. NBFCs are instrumental in strengthening the financial ecosystem, especially in **rural and semi-urban areas**, where traditional banking networks remain limited.

**What are Non-Banking Financial Companies (NBFCs)?**

NBFCs are entities registered under the **Companies Act, 1956**, engaging in a range of **financial activities**, such as:

- Providing **loans and advances**.
- Acquiring **shares, stocks, bonds, and other marketable securities**.
- Operating **varied deposit schemes**.

However, NBFCs **do not include** institutions primarily involved in:

- **Agricultural or industrial activities**.
- **Trade of goods or real estate transactions**.

The **Ministry of Corporate Affairs** and the **Reserve Bank of India** oversee NBFC operations.

**Banks vs. NBFCs: Key Differences**

**While NBFCs perform functions similar to banks, there are notable differences:**

1. **Demand Deposits:** NBFCs **cannot accept demand deposits** like banks.
2. **Payment Systems:** NBFCs are not part of the **payment and settlement system** and cannot issue cheques.
3. **Deposit Insurance:** Unlike banks, NBFCs lack **Deposit Insurance and Credit Guarantee Corporation (DICGC)** protection for their depositors.

**The Significance of NBFCs:**

NBFCs play a crucial role in advancing **financial inclusion** and **economic growth**, particularly in underserved regions. Their contributions include:

- **Expanding Financial Access:** Extending credit to **remote areas**.
- **Efficient Services:** Simplified processes and **doorstep delivery**.
- **Priority Sector Lending (PSL):** Addressing credit demands in sectors like **agriculture** and **microfinance**.
- **Boosting Growth:** Financing **housing, infrastructure, and small businesses**.

**Challenges Faced by NBFCs:**

**Despite their significance, NBFCs encounter numerous challenges:**

1. **Higher Risk Weights:**
  - RBI's increased **risk weights** for loans to NBFCs have raised borrowing costs.
  - Bank funding to NBFCs has dropped from **22% to 15%** as of April 2024.
2. **Funding Constraints:** Smaller NBFCs with low credit ratings face **high borrowing costs** and limited financing options.
3. **Underdeveloped Debt Market:** India's **bond market** lacks depth, restricting access to diversified funding sources.
4. **Regulatory Barriers:** Caps by **SEBI** on International Securities Identification Numbers (ISINs) and a lack of market makers hinder market efficiency.
5. **Rising Costs:** Credit costs are projected to rise from **2.6% in 2024 to 4% in 2025**, affecting profitability.
6. **Challenges in Overseas Borrowing:** Although overseas funding offers lower hedging costs, many NBFCs are still exploring its full potential.

**The Road Ahead for NBFCs:**



1. **Developing the Bond Market:** Creating a **liquid and vibrant bond market** will help NBFCs access long-term capital with reduced dependence on banks.
2. **Co-Lending Models:** Strengthening partnerships between **NBFCs and banks** can lower costs and ensure broader credit availability.
3. **Enhancing Compliance:** Adhering to RBI's regulations will improve **risk management** and **public trust**.
4. **Diversifying Funding Sources:** NBFCs should explore **securitization, commercial papers, and equity markets** while balancing domestic and international funding.

### Conclusion:

NBFCs are the backbone of **India's financial ecosystem**, driving **financial inclusion** and supporting **economic growth**. However, addressing funding limitations, regulatory challenges, and market inefficiencies is crucial to ensuring their resilience and long-term sustainability.





## 2 PAN 2.0 Project: A Modern Tax Revolution

**Context:** The PAN 2.0 Project, approved by the Cabinet Committee on Economic Affairs, is set to transform the Income Tax Department's e-governance landscape. With a budget of 1,435 crore, this initiative promises a free upgrade to PAN cards, introducing QR Codes as a unified identifier across various government agencies.

**What is the PAN 2.0 Project?**

The PAN 2.0 Project is a cutting-edge e-governance initiative aimed at modernizing PAN and TAN services with technology-driven upgrades. It focuses on making tax-related processes simpler, faster, and more user-friendly.

**Key Features and Benefits:**

- Easy PAN Applications** The project simplifies the process, enabling individuals to apply for a PAN card effortlessly.
- Enhanced Tax Filing** Filing taxes will become less cumbersome, faster, and highly accurate, incorporating advanced digital features.
- Sustainability Boost** With the digitalization of services, the project will significantly reduce paper waste, contributing to environmental sustainability.
- Cybersecurity Enhancements** Robust cybercrime protections and enhanced security features will safeguard user data.

**Responsibilities of Service Providers:**

The companies implementing the PAN 2.0 system will undertake three crucial duties:

- Infrastructure Development** Establishing the required hardware, software, and network systems for the upgraded system.
- Data Migration** Ensuring a seamless transfer of existing tax records to the new system with zero errors.
- System Integration** Aligning the new system with government regulations and ensuring smooth compatibility with existing frameworks.

**Why PAN 2.0 Matters?**

- Unified Identification:** The QR code upgrade enhances PAN's usability as a universal identifier for multiple services.
- User-Friendly Approach:** This upgrade focuses on improving taxpayer convenience while reducing procedural complexities.
- Digital India Goal:** Supports the government's vision of a tech-driven, efficient tax ecosystem.

The PAN 2.0 Project is more than just a system upgrade; it's a leap towards a futuristic, streamlined, and citizen-friendly tax infrastructure, setting new benchmarks in digital governance.

## 3 India's 6GHz Spectrum Debate: Balancing Progress and Priorities

**Context:** India faces a critical decision on the **allocation and use of the 6GHz spectrum**, a move that could shape its future in **technology, economic growth, and global competitiveness**. The dilemma highlights the need to balance the interests of various stakeholders while keeping pace with international standards.

**Understanding Spectrum Management:**

**Spectrum** is a finite and vital resource enabling **wireless communication**. Effective **spectrum management** ensures efficient and equitable utilization of this resource. In India, the **Telecom Regulatory Authority of India (TRAI)** and the **Department of Telecommunications (DoT)** oversee spectrum allocation and regulation.

**What is Spectrum?**

- **Spectrum** refers to the range of invisible radio frequencies that carry **wireless signals**, forming a part of the **electromagnetic spectrum**.
- It spans from **3 Hz to 300 EHz**, with frequencies used for communication ranging between **20 KHz and 300 GHz**.
- These frequencies are grouped into **bands** based on their wavelength, with different bands serving various technological purposes.

**Key Spectrum Bands:**

1. **2.4GHz and 5GHz Bands:**
  - Widely used for **WiFi and wireless communications**.
  - **2.4GHz** offers **wider coverage** but slower speeds.
  - **5GHz** delivers **faster speeds** but covers shorter distances.
2. **6GHz Band (WiFi 6E):**
  - Operates between **5,925MHz and 7,125MHz**.
  - Allows **maximum theoretical speeds of up to 9.6Gbps**.
  - Globally, countries like the **U.S., U.K., Japan, South Korea**, and others have **de-licensed the 6GHz spectrum for WiFi**, enabling faster internet speeds.
  - **India and China**, however, are yet to approve this band for WiFi use, creating a regulatory bottleneck.

**India's Current Status:**

- The **6GHz spectrum** in India is primarily allocated to the **Indian Space Research Organisation (ISRO)** for **satellite communications**.
- This allocation limits its availability for **telecom operators** and **technology firms**, who view it as crucial for expanding **5G** and enabling advanced **WiFi services**.
- The **Cellular Operators' Association of India (COAI)** emphasizes that unlocking this spectrum is key to achieving the goals of the **National Broadband Mission** and ensuring cost-effective **5G deployment**.
- The **World Radiocommunications Conference** has extended the deadline for global decisions on the 6GHz band until **2027**.

**The 6GHz Spectrum Debate:****Telecom Operators vs. Tech Companies**

- **Telecom Operators:** Argue that the 6GHz band is essential for scaling **5G networks** and meeting rising **data demands**.
- **Tech Firms:** Advocate for its unlicensed use in **WiFi** to support **connected devices** and the growing need for **high-speed internet**.

**Economic Implications:**

- Using the 6GHz spectrum for unlicensed purposes could **reduce costs** for 5G rollout.
- Retaining it solely for **satellite communication** might hinder **innovation** and **economic growth**.

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**Global Standards and Competitiveness:**

- Many countries have already **de-licensed** the 6GHz spectrum for unlicensed use.
- India's delay risks affecting its **global competitiveness** and reducing its appeal to **technology investors**.

**Potential Solutions:**

1. **Partial De-licensing:**
  - Allocate a portion of the spectrum for **unlicensed use** while reserving some for satellite needs.
2. **Phased Implementation:**
  - Gradually transition the spectrum for WiFi use, giving stakeholders time to adapt.
3. **International Collaboration:**
  - Work with **global regulatory bodies** to align India's policies with **international best practices**.

**Conclusion:**

India's decision on the **6GHz spectrum** will shape its **technological future**. Striking the right balance between the needs of **telecom operators**, **technology firms**, and **satellite communication** is critical for fostering **innovation**, supporting **economic development**, and maintaining **global competitiveness**.



## 4 Constitution Day of India 2024: Celebrating the Spirit of Democracy

**Context:** Constitution Day, also known as **Samvidhan Divas**, is observed every year on **November 26** to mark the **adoption of the Indian Constitution** in 1949. This monumental day celebrates India's transformation into a **secular and democratic nation**, emphasizing the principles of **justice, liberty, equality, and fraternity**.

Let's explore the **origin, significance**, and this year's highlights of **Constitution Day 2024**.



### Origin and History of Constitution Day:

Constitution Day commemorates the day when the **Indian Constituent Assembly** adopted the **Indian Constitution** on **November 26, 1949**, which later came into effect on **January 26, 1950**.

### Key Highlights of the Constitution's Origin:

- **Architect of the Constitution:** Drafted under the leadership of **Dr. B.R. Ambedkar**, the Constitution lays the foundation for India's **sovereignty, secularism, and democracy**.
- **Historical Adoption:** The adoption process involved contributions from **visionary leaders** who shaped the principles of governance and citizens' rights.
- **Samvidhan Divas Initiative:** First celebrated in 2015 to honor **Dr. B.R. Ambedkar's 125th birth anniversary**, this day recognizes the enduring legacy of the Constitution.

### Significance of Constitution Day:

#### Why is Constitution Day Important?

1. **Tribute to Visionaries:** A day to honor the **members of the Constituent Assembly**, particularly **Dr. Ambedkar**, for crafting this historical document.
2. **Core Values of Governance:** Highlights the Constitution's principles, such as **Fundamental Rights, Directive Principles**, and the framework of **governance**, which uphold Indian democracy.
3. **Awareness and Education:** Encourages citizens to learn about their **rights and duties** while fostering a deeper understanding of the **Constitution's importance**.
4. **Inspiring the Youth:** Motivates younger generations to value the Constitution and contribute to building an **inclusive and equitable society**.

### Difference Between Constitution Day and Republic Day:

Both days celebrate the Indian Constitution but focus on different aspects of its journey.

Aspect	Constitution Day	Republic Day
Date	November 26	January 26
Significance	Adoption of the Constitution	Implementation of the Constitution
Focus	Raising constitutional awareness	Celebrating national identity
Celebration Style	Discussions, readings, seminars	Parades, cultural events, awards

### "Hamara Samvidhan, Hamara Samman" Campaign:

To deepen public engagement with the **Constitution**, the **Vice President of India** launched the **"Hamara Samvidhan, Hamara Samman"** Campaign on **January 24, 2024**.

#### Objectives of the Campaign:

- **Simplifying the Constitution:** Spreading awareness about **Fundamental Rights and Duties** through interactive platforms.
- **Legal Empowerment:** Providing tools for citizens to access **justice** with initiatives like **Sabko Nyay** and **Har Ghar Nyay**.
- **Community Upliftment:** Special programs, such as **Vidhi Jagriti Abhiyaan**, aimed at empowering rural and marginalized communities.
- **Digital Outreach:** Launch of a dedicated **online portal** offering **quizzes, forums, and resources** to educate citizens about constitutional values.

### Conclusion:

**Constitution Day** is a reminder of the **vision and ideals** that form the backbone of our nation. By celebrating this day, we not only honor the legacy of **Dr. B.R. Ambedkar** and the **Constituent Assembly** but also commit ourselves to uphold the Constitution's values in our daily lives.

This year's campaign, **"Hamara Samvidhan, Hamara Samman"**, furthers the mission of empowering citizens and fostering active participation in **nation-building**. Let's take inspiration from our **Constitution** to work towards a more **just, equitable, and inclusive India**.

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## 5 SC Upholds Inclusion of 'Secular' and 'Socialist' in the Constitution's Preamble

**Context:** The **Supreme Court of India** has dismissed petitions challenging the **constitutional validity** of the **42nd Amendment Act, 1976**, which introduced the words '**secular**' and '**socialist**' into the **Preamble of the Constitution**.

In its verdict on **Dr. Balram Singh & Others vs. Union of India**, the court emphasized the **acceptance** and **importance** of these terms in reflecting the ethos of the Indian Constitution.

**Understanding the Preamble to the Indian Constitution:**

The **Preamble** serves as the **introduction** to the Constitution, outlining its **philosophy, principles, and objectives**. It reflects the ideals envisioned by the **Objective Resolution**, adopted in **1947**, and was finalized on **November 26, 1949**.

**Key Highlights of the Preamble:**

- **Source of Authority:** The Constitution derives its power from the "**people of India**".
- **Non-Justiciable:** While it is an integral part of the Constitution, violations of its principles cannot directly lead to legal action. However, it serves as a guiding framework for judicial interpretation.

**'Socialist' and 'Secular' in the Preamble:**

**Historical Context**

The terms '**socialist**' and '**secular**' were added through the **42nd Amendment**, often referred to as the "**mini-Constitution**", during the Emergency in **1976**.

**What Do These Terms Mean?**

- **Socialist:**
  - **Western Perspective:** Advocates collective or government ownership of resources to achieve economic equality.
  - **Indian Perspective:** Supports **democratic socialism**, encouraging fair resource distribution while allowing a **mixed economy** of public and private sectors.
- **Secular:**
  - **Western Perspective:** Emphasizes strict separation between religion and state.
  - **Indian Perspective:** Advocates **religious harmony**, with the state treating all religions with **equal respect** rather than maintaining absolute separation.

**Supreme Court Judgment: Key Highlights:**

**Legitimacy of the 42nd Amendment:**

- The petitioners argued the amendment's legitimacy, citing its passage during the Emergency.
- The SC noted that the **Constitution Forty-Fourth Amendment Bill, 1978**, retained the terms after **parliamentary debate**, affirming their importance.

**Parliament's Power to Amend the Preamble:**

- The court ruled that **Article 368** empowers Parliament to amend the Preamble.
- Arguments against **retrospective amendments** were dismissed, as the power to amend is clearly granted by the Constitution.

**Constitution as a Living Document:**

- The SC highlighted that while the **Constituent Assembly** initially excluded these terms, their inclusion reflects **India's evolving democratic framework**.

**Delay in Filing Petitions:**

- The court criticized the **44-year delay** in challenging the amendment, emphasizing the widespread acceptance of these terms in Indian society.

**Interpretation of Key Terms:**







- **Secularism:** The state remains **neutral**, neither endorsing nor opposing any religion. This principle is enshrined in **Articles 14, 15, and 16**.
- **Socialism:** Indicates the state's commitment to being a **welfare state** without restricting economic policies.

### Significance of Including 'Secular' and 'Socialist':

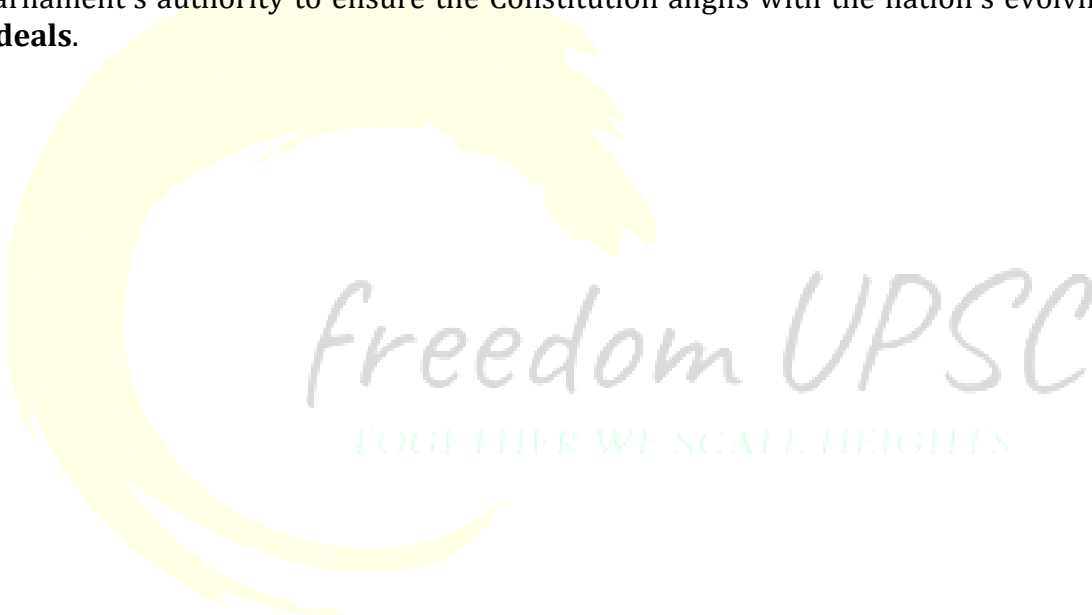
- **Reinforces Democracy:** Strengthens India's commitment to **inclusive governance** and **social justice**.
- **Guides Legislation:** Ensures that laws align with constitutional rights and the **basic structure doctrine**.
- **Dynamic Adaptation:** Reflects the Constitution's ability to evolve with India's **societal needs**.

### Understanding the 44th Amendment:

The **44th Amendment Act of 1978** was introduced to safeguard citizens' **Fundamental Rights** against potential misuse by governments. It strengthened protections against arbitrary actions, ensuring the rights of the people remain

### Conclusion:

The Supreme Court's judgment upholding the **42nd Amendment** underscores the **dynamic and adaptive nature** of the Indian Constitution. By reaffirming the inclusion of '**secular**' and '**socialist**', the verdict highlights Parliament's authority to ensure the Constitution aligns with the nation's evolving **democratic and social ideals**.



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## One Nation One Subscription Scheme, Benefits, Significance

**Context:** The **One Nation One Subscription (ONOS)** scheme, recently approved by the Indian Cabinet with a **budget of 6,000 crore for 2025–27**, aims to transform the research landscape in India. By granting seamless access to high-impact **scholarly articles and journals**, the initiative seeks to empower **students, researchers, and faculty members** across government-managed **higher education institutions and R&D centers**. It aligns with the vision of **Viksit Bharat@2047, NEP 2020, and the Anusandhan National Research Foundation (ANRF)** to foster a research-centric learning environment.

**Key Objectives of One Nation One Subscription:**

1. **Comprehensive Access to Research Material:** The scheme will offer **subscriptions to over 13,000 international e-journals** from around 30 leading publishers.
2. **Boosting Interdisciplinary Research:** It aims to **encourage detailed and diverse research**, especially benefitting institutions in **Tier 2 and Tier 3 cities**, which often lack access to premium resources.
3. **Simplified Digital Access:** A **unified portal** will streamline the process, ensuring faster and easier access for students, researchers, and faculty members.

**Implementation and Oversight:****Implementation Authority**

- The **Department of Higher Education**, along with associated ministries, will lead awareness campaigns to ensure **maximum adoption** by users.
- The campaigns will focus on educating stakeholders about the benefits and usage of the scheme.

**Role of ANRF:**

- The **Anusandhan National Research Foundation (ANRF)** will oversee **periodic reviews** of the scheme.
- It will monitor **resource utilization** and assess **Indian authorship contributions** in global research output.

**Significance of the ONOS Scheme:**

1. **Alignment with NEP 2020:** The scheme supports the **National Education Policy's vision** of creating a robust ecosystem for **research and innovation**, driving **academic synergy**.
2. **Strengthening India's Research Position:** By providing high-quality resources, the initiative positions India as a potential **global research hub**, promoting **collaboration and innovation**.
3. **Bridging the Knowledge Divide:** Access to premium journals will extend to **rural and underserved regions**, reducing the **information gap** and ensuring **inclusive growth** in the field of research.

**Conclusion:**

The **One Nation One Subscription Scheme** is a landmark step toward creating a **research-oriented academic environment** in India. It not only aligns with national policies like **NEP 2020** but also works toward fostering **inclusive education** by bridging regional disparities in access to knowledge. With its focus on empowering researchers and promoting interdisciplinary studies, ONOS is poised to significantly contribute to India's ambition of becoming a **global leader in research and innovation**.

