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Daily Current Affairs

To The Point

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GS Paper 3 – Environment, Urban Development

1 India Launches Cities Coalition for Circularity (C-3) to Boost Sustainable Urban Development

Context: India has launched the **Cities Coalition for Circularity (C-3)**, a **multi-nation alliance** aimed at **promoting city-to-city collaboration, knowledge-sharing, and private sector partnerships**. The initiative was introduced during the **12th Regional 3R and Circular Economy Forum in Asia and the Pacific**, held in **Jaipur**.

Key Highlights of the Event:

- The **Prime Minister of India** emphasized India's commitment to the **Pro-Planet People (P3) approach** and stressed the significance of the **3R (Reduce, Reuse, Recycle) strategy** for **sustainable urban growth**.
- A **Memorandum of Understanding (MoU) for CITIIS 2.0 (City Investments to Innovate, Integrate, and Sustain)** was signed, involving agreements worth **₹1,800 crore** to support **18 cities across 14 states**. These projects will act as **models for other urban centers**.

Background:

The **Regional 3R and Circular Economy Forum in Asia and the Pacific** was launched in **2009** to promote **regional cooperation** for **sustainable waste management and circular economy initiatives** in rapidly growing urban areas.

Key Developments Over the Years:

- The **Hanoi 3R Declaration (2013-2023)** outlined **33 voluntary goals** for shifting towards a **resource-efficient and circular economy**.
- The forum has been actively negotiating for a **Global Plastic Treaty** to tackle plastic pollution worldwide.

Cities Coalition for Circularity (C-3): A Step Towards a Circular Economy:

What is C-3?

The **Cities Coalition for Circularity (C-3)** is an **international alliance** created to help urban areas **adopt circular economy principles** by integrating sustainable practices into **urban planning, waste management, and resource utilization.**

Key Objectives:

- **Waste Reduction:** Promoting **waste segregation, composting, and upcycling.**
- **Resource Efficiency:** Encouraging **reuse, shared materials, and sustainable production**.
- **Sustainable Infrastructure:** Integrating **eco-friendly solutions into urban development**.

Why C-3 Matters for Urban Sustainability?

1. **Combating Climate Change:** By **minimizing waste** and **optimizing resource use**, C-3 plays a crucial role in **reducing greenhouse gas emissions** and tackling **environmental degradation**.
2. **Economic Growth and Job Creation:** A **circular economy** fosters **business opportunities** in sectors such as **recycling, remanufacturing, and waste management**, creating **employment in renewable energy, eco-friendly construction, and green manufacturing**.

3. **Building Resilient Cities:** C-3 helps cities **reduce their dependence on finite resources**, making them **more self-sufficient and resilient** against **economic downturns and supply chain disruptions**.
4. **Enhancing Quality of Life:** Cleaner environments, **better waste management, and greener public spaces** contribute to **improved public health and overall well-being** for urban residents.

Circular Economy: Global and Indian Context:

Global Adoption:

Several cities, including **Amsterdam, Copenhagen, and Tokyo**, have successfully implemented **circular economy frameworks** under similar initiatives.

India's Efforts Towards Circularity:

In India, **circular economy principles** are gaining momentum through initiatives such as:

- **Swachh Bharat Mission** – Promoting **waste segregation and recycling**.
- **Smart Cities Mission** – Encouraging **sustainable and efficient urban development**.
- **Extended Producer Responsibility (EPR)** – Holding manufacturers accountable for the **entire lifecycle of their products.**
- **GOBAR-Dhan Scheme** – Currently implemented in **67.8% of India's districts**, focusing on **biogas and organic waste utilization**.

Challenges in Implementing Circularity in Cities:

Despite its benefits, implementing a **circular economy model** faces several **obstacles**, including:

- **Lack of Awareness & Technical Expertise** – Many stakeholders are **unfamiliar with circular practices**.
- **High Initial Investment Costs** – Shifting to **sustainable systems** requires **significant financial support**.
- **Resistance to Change** – Businesses and consumers may be reluctant to **adopt new models of production and consumption**.
- **Weak Policy Implementation** – Existing **regulations on waste management and sustainability** are often **poorly enforced.**

Way Forward: Steps to Strengthen Circularity in Urban Areas:

To successfully integrate **circular economy practices**, cities must focus on:

- **Developing and enforcing policies** that make **circular economy principles mandatory**.
- **Investing in research and innovation** for **sustainable materials and production methods.**
- **Raising awareness** through **community education programs on circular living.**
- **Strengthening public-private partnerships** to **scale up circular economy projects**.

Conclusion: The launch of the **Cities Coalition for Circularity (C-3)** marks a **significant step** in India's journey toward **sustainable urban development**. By embracing **circular economy principles**, Indian cities can **reduce waste, optimize resources, and create a cleaner, greener future**. The success of **C-3** will depend on **strong policies, active participation, and a commitment to sustainability from all stakeholders**.

GS Paper 2 – Governance & Social Justice

2 IRCTC & IRFC Attain Prestigious Navratna Status

Context: The **Union Government** has conferred **Navratna status** upon the **Indian Railway Catering and Tourism Corporation (IRCTC)** and the **Indian Railway Finance Corporation (IRFC).** With this recognition, they become the **25th and 26th Central Public Sector Enterprises (CPSEs)** to achieve this esteemed classification.

What is Navratna Status?

The **Navratna designation** is a prestigious recognition granted to **high-performing CPSEs**, offering them **greater investment autonomy** and **enhanced operational flexibility**.

- This status is awarded by the **Department of Public Enterprises (DPE)**, which functions under the **Ministry of Finance**.
- The primary goal is to **empower CPSEs** to function more efficiently while reducing government intervention.

Eligibility Criteria for Navratna Status:

To qualify for **Navratna status**, a CPSE must fulfill the following conditions:

- **Miniratna-I Status** – The company must already hold **Miniratna-I classification** and maintain a **positive net worth**.
- **Consistent Performance** – It must receive an **"Excellent" or "Very Good" rating** in its **Memorandum of Understanding (MoU) evaluation** for at least **three out of the last five years**.
- **Financial Strength** – A CPSE must score **60+ points** based on key **financial metrics**, such as **net profit, net worth, total cost of manpower, and performance ratio**.
- **Independent Governance –** The firm must have at least **four independent directors** on its board.

How Does Navratna Status Benefit Companies?

1. **Greater Financial Autonomy:** Navratna CPSEs can make **investment decisions up to 1,000 crore or 15% of their net worth** without seeking prior government approval.
2. **Increased Operational Flexibility:** They gain the freedom to form **strategic alliances, joint ventures, and subsidiaries**—both within India and globally—enabling **faster expansion and diversification.**
3. **Stronger Market Credibility:** Achieving **Navratna status enhances corporate reputation**, making companies **more attractive to investors, financial institutions, and business partners.**
4. **Strategic Decision-Making Power:** Navratna firms enjoy greater authority over **capital expenditure, mergers, acquisitions, and human resource management**, allowing them to operate with **efficiency and independence.**

Conclusion: The elevation of **IRCTC and IRFC** to **Navratna status** is a **significant milestone** for India's railway sector. This recognition **empowers them with financial and operational independence**, fostering **greater efficiency, market expansion, and strategic growth**. As these enterprises gain momentum, their contributions will play a **crucial role in shaping India's economic landscape and public sector dynamism.**

GS Paper 3 – Taxation Policies and Reforms

3 Taxation of Virtual Digital Assets (VDAs) in India

Context: India's **Income Tax Bill, 2025** has introduced a **comprehensive legal framework** for **Virtual Digital Assets (VDAs)**, bringing the nation's tax policies in line with **global best practices**.

- Countries like the **U.K., U.S., Singapore, and Australia** classify **VDAs as property or securities** for taxation purposes.
- The new tax regime aims to enhance **transparency, investor confidence, and regulatory oversight** in India's growing digital asset market.

Understanding Virtual Digital Assets (VDAs):

- VDAs were formally defined in the **Finance Act, 2022**, with the addition of **Clause 47A** to **Section 2 of the Income Tax Act, 1961**.
- The **Supreme Court of India**, in the landmark case **Internet and Mobile Association of India v. RBI**, referred to the **Financial Action Task Force (FATF) Report**, recognizing **Virtual Currencies (VCs)** as digital units used for:
    - **Medium of exchange**
    - **Unit of account**
    - **Store of value**
- The Court concluded that VDAs could be categorized as **property, commodities, or even a payment method**, treating them as **intangible assets**.

Taxation of VDAs in India:

The **Income Tax Bill, 2025** officially recognizes **crypto assets, NFTs, and other VDAs** as **property and capital assets**, aligning India's tax treatment with nations like the **U.K., Australia, and New Zealand.**

Key Features of VDA Taxation

- **Flat 30% Tax Rate** – Profits from VDA transactions will be taxed at **30%**, with **no deductions** allowed for transaction costs.
- **1% TDS (Tax Deducted at Source)** – Applicable on **all VDA transfers**, including **peer-to-peer (P2P) transactions**.
- **Exemptions for Small Traders** – TDS exemption thresholds are set at **50,000** for small traders and **10,000** for other investors.
- **Capital Gains Tax Rules Apply** – Gains from VDAs will be taxed under **short-term or long-term capital gains provisions**, depending on the **holding period**.
- **Seizure During Investigations** – Tax authorities now have the power to **seize VDAs** during **investigations and tax raids**, similar to assets like **cash or gold**.
- **Mandatory Reporting** – Entities dealing in VDAs (such as **crypto exchanges and wallet providers**) must **report transactions** in a prescribed format.

- **Inclusion in AIS (Annual Information Statement)** – VDA transactions will be **automatically recorded** in taxpayers' financial profiles, ensuring transparency.

Significance of VDA Taxation:

- **Enhanced Transparency** – The requirement to report VDA transactions will help **curb tax evasion** and ensure authorities can **track large crypto transactions**.
- **Encouraging Financial Discipline** – Taxation may influence **investment behavior**, prompting investors to **carefully assess tax implications** before trading.
- **Boosting Investor Confidence** – Establishing a **clear legal framework** for VDAs will **attract foreign investments** and increase **trust in India's digital asset market**.

Challenges and Concerns:

- **Regulatory Gaps** – While taxation has been addressed, challenges remain in **investor protection, market regulation, and enforcement mechanisms**.
- **High Tax Burden** – The **30% tax rate** could **discourage small investors and frequent traders**, making VDAs less attractive compared to traditional investments.

Way Forward:

- **Aligning with Global Standards** – India's move to classify VDAs as **capital assets** follows the regulatory approach of nations like the **U.K. and the U.S.**, strengthening **legal recognition**.
- **Comprehensive Policy Framework** – A well-rounded policy integrating **financial regulations, consumer rights, and technological safeguards** is essential for a **secure and sustainable digital asset ecosystem**.

India's new tax framework for VDAs marks a **significant step** in regulating **digital assets**, but further refinements are needed to ensure a **balanced and investor-friendly environment**.

GS Paper 3 – Banking and Financial Institutions

4 SEBI Expands Investment Scope in Asset Reconstruction Market

Context: The **Securities and Exchange Board of India (SEBI)** has granted permission to **all Non-Banking Financial Companies (NBFCs), including Housing Finance Companies (HFCs),** to invest in **Security Receipts (SRs)** issued by **Asset Reconstruction Companies (ARCs).**

- This decision aligns with the **SARFAESI Act, 2002**, which provides the legal framework for **securitization and asset reconstruction** in India.
- The move aims to **broaden market participation** and **enhance liquidity** in the **distressed asset sector.**
- **ARCs**, which are **registered with the Reserve Bank of India (RBI),** play a key role in handling **Non-Performing Assets (NPAs)** under this regulatory structure.

Understanding Security Receipts (SRs):

Security Receipts (SRs) are financial instruments issued by **ARCs** when they purchase **bad loans (NPAs)** from **banks and financial institutions.**

How They Work?

- ARCs buy **distressed assets** at a discounted rate (after applying a **haircut**).
- Investors in **SRs** receive returns **based on the recovery of these bad loans.**
- This mechanism **helps in managing NPAs** and **revitalizing the banking sector.**

Impact on the Distressed Asset Market:

- **Wider Participation:** With NBFCs and HFCs now allowed to invest, more institutions can contribute to **resolving NPAs**, leading to **greater capital inflow.**
- **Increased Liquidity:** More investment in **SRs** will create **higher demand**, making it easier for **ARCs to offload distressed assets.**
- **Stronger NPA Resolution:** The decision **encourages active investment** in the recovery of bad loans, **improving financial system stability.**

Role of Asset Reconstruction Companies (ARCs):

ARCs are **specialized financial institutions** that focus on **purchasing and recovering NPAs** from banks.

- **Objectives of ARCs:**
- **Clean Up Bank Balance Sheets** – Helps banks **offload bad loans** and focus on fresh lending.
- **Acquire Financial Assets** – ARCs purchase NPAs **via auctions or negotiated deals.**
- **Facilitate Debt Recovery** – Work on restructuring and recovering **stressed assets.**

Qualified Institutional Buyers (QIBs) and Their Role:

QIBs are large institutional investors with expertise in **evaluating and investing in capital markets.**

Key Features of QIBs:

- **Recognized by SEBI** – Enjoy exclusive privileges in **capital markets.**
- **Participate in IPOs and Institutional Placements** – Allowed special access to **primary market investments.**

- **Invest in Security Receipts (SRs) –** Strengthen the **distressed asset market** by investing in ARC-issued securities.

Conclusion:

SEBI's decision to **expand investment eligibility in SRs** is a **significant step** in enhancing the **distressed asset market** in India. By **encouraging broader participation, improving liquidity, and strengthening NPA recovery,** this move supports the overall **health of the financial sector** and boosts **economic resilience.**

GS Paper 3 – Environmental Impact Assessment

5 India's First Comprehensive River Dolphin Survey

Context: Prime Minister **Narendra Modi** has unveiled the results of **India's first large-scale population survey of riverine dolphins,** conducted between **2021 and 2023.**

- The survey, covering the **Ganga and Brahmaputra basins,** estimated an average of **6,324 Gangetic dolphins.**
- Alarmingly, only **three Indus River dolphins** were found in the **Beas River, Punjab.**
- The findings highlight **serious threats** to these **endangered species**, including **pollution, habitat destruction, prey depletion, and climate change.**
- Both dolphin species are given **top protection** under the **Wildlife Protection Act, 1972.**

Key Findings of the River Dolphin Survey (2021-2023):

This **first-of-its-kind study** provides valuable insights into the status of **India's endangered river dolphins** and emphasizes the need for **strong conservation measures.**

Survey Overview:

- Conducted by the **Wildlife Institute of India (WII)** under the **Union Environment Ministry.**
- Covered **28 rivers by boat** and **30 rivers by road** across the **Ganga, Brahmaputra, and Beas basins.**
- Surveyed:
    - **7,109 km** of the **Ganga and its tributaries.**
    - **1,297 km** of the **Brahmaputra river system.**
    - **101 km** of the **Beas River.**

Dolphin Population Estimates:

- **Total Gangetic Dolphins: 6,324** (range: **5,977 – 6,688**).
    - **Ganga (Main Stem): 3,275**
    - **Ganga's Tributaries: 2,414**
    - **Brahmaputra (Main Stem): 584**
    - **Brahmaputra's Tributaries: 51**
- **Indus River Dolphins: Only 3**, found in **Beas River, Punjab.**

State-Wise Distribution of Gangetic Dolphins:

- **Uttar Pradesh – 2,397** (highest population).
- **Bihar – 2,220.**
- **West Bengal – 815.**
- **Jharkhand – 162.**
- **Rajasthan & Madhya Pradesh – 95.**
- **Punjab – 3.**

Survey Methodology and Challenges:

Challenges in Dolphin Population Estimation:

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- **Difficult to Track:** River dolphins live in **turbid waters** and surface only for **1.26 seconds** before diving for **107 seconds.**
- **Observer Errors:** Some surfacing dolphins might be **missed** during counting.
- **Availability Errors:** Some dolphins may **not surface** at all during the survey period.

Survey Techniques:

- **Visual Surveys**: **Double Observer Method** (for deep & wide rivers) – Two teams scan both sides of the vessel, reducing errors.
- **Tandem Method** (for narrow & shallow rivers) – A boat moves slowly to count visible dolphins.
- **Single Boat Method** (for small channels) – Focused on areas less than **300m wide.**

Acoustic Surveys

- **Hydrophones (Underwater Microphones)** detect **dolphin echolocation clicks.**
- **Dolphins navigate using sound,** so acoustic methods improve detection accuracy.

This **multi-method approach** ensures a **more reliable estimation** of India's **endangered river dolphin population.**

Dolphin 'Hotspots' & 'Coldspots':

Areas with Low or No Dolphin Presence ('Coldspots')

Ganga River:

- **Narora to Kanpur (366 km):** Very **low dolphin count** (0.1/km).
- **Farukkhabad-Kannauj Stretch:** Another **major coldspot.**

Other Coldspots:

- **Yamuna River** (Kaushambi-Chitrakoot).
- **Sharda River** (Pilibhit).
- **Rapti River** (Balrampur-Siddharth Nagar).
- **Barak River** (Assam).
- **Subansiri & Kulsi Rivers** (Assam) – **Declining populations.**

Areas with High Dolphin Population ('Hotspots'):

- **Uttar Pradesh: 0.62 dolphins/km.**
- **Bihar: 1.62 dolphins/km** (highest encounter rate).
- **Brahmaputra River:** Deep waters but **low dolphin density.**

Densely Populated Stretches:

- **Chausa-Manihar Stretch (590 km): 2.20 dolphins/km.**
- **Manihari (Bihar) to Rajmahal (Jharkhand): 2.75 dolphins/km** (highest density).

Conclusion: Deeper river sections and **tributary confluences** offer the best habitats for dolphins, making them **priority zones for conservation.**

Final Thoughts:

India's **first-ever river dolphin survey** provides **critical data** for the **conservation of these endangered species.** The findings highlight the **urgent need** to protect their habitats from **pollution, habitat degradation, and climate change.**

With these insights, **targeted conservation programs** can be developed, ensuring that **India's river dolphins thrive** in the coming years.

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GS Paper 3 – Government Initiatives & Policies

6 From Borrowers to Builders: Women Driving India's Financial Growth" Report Released

Context: The report has been jointly published by **TransUnion CIBIL, the Women Entrepreneurship Platform (WEP) of NITI Aayog,** and **MicroSave Consulting (MSC).** It sheds light on the **growing financial participation of women** in India and the challenges they continue to face.

Key Highlights of the Report

Surge in Women Borrowers:

- The number of **women seeking credit** has **tripled** between **2019 and 2024,** signaling a strong **rise in financial inclusion.**

Demographic Trends:

- **60% of women borrowers** come from **semi-urban or rural areas,** showing increasing financial participation beyond metro cities.
- However, **women under 30** make up only **27% of total retail credit**, while men in the same age group account for **40%.**

Regional Insights:

- **Southern states** report **higher participation** of women in borrowing compared to **Northern and Central India.**

Growing Awareness:

- **27 million women borrowers** have checked their **credit scores** through **CIBIL,** indicating a rising awareness of financial health.

Challenges Faced by Women Borrowers:

Credit Aversion:

- Many women **hesitate to take loans** due to **social norms, fear of debt,** and the **complicated loan application process.**

Unfriendly Banking Experience:

- Several financial institutions **lack tailored advisory services** for women, making banking less welcoming.

Limited Institutional Support:

- **Women entrepreneurs** are often seen as **high-risk borrowers** due to their **limited credit history** and **lack of formal business experience.**
- **Example: 79% of women-owned businesses** are **self-financed,** while only **7% of MSME credit** is directed towards them.

Barriers to Credit Readiness:

- Many women **struggle to access loans** due to the **lack of proper documentation, collateral,** or a **guarantor.**
- **Example: 22.2% of women-led collective enterprises** are still **not credit-ready.**

Conclusion:

The report highlights **the remarkable progress** women have made in India's financial landscape but also underscores the **existing challenges** that need urgent attention. Addressing these barriers will be key to **empowering more women entrepreneurs** and ensuring **inclusive economic growth.**