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'FinMin undertaking parallel review of RBI buffers with eye on dividends'

Since January, RBI officials are said to be reviewing the central bank's Economic Capital Framework; a lower Contingency Risk Buffer would mean higher transfers to the govt., which is reportedly seeking to hike its defence expenditure this year

T.C.A. Sharad Raghavan
NEW DELHI

The Ministry of Finance is taking direct interest in the Reserve Bank of India's (RBI) review of its rules pertaining to capital buffers, which affect how much dividend it can send to the government, *The Hindu* has learnt.

Since January this year, RBI officials have been reviewing the central bank's Economic Capital Framework (ECF).

The ECF was last reviewed in 2018 by a committee headed by former RBI Governor Bimal Jalan, which recommended that the bank's Contingency



Strengthening coffers: A higher surplus would certainly give the government greater fiscal flexibility, said an official. REUTERS

Risk Buffer (CRB) should be 5.5-6.5% of the RBI's balance sheet. Once these levels are met, the rest is to be transferred to the government as surplus or di-

vidend. The CRB is a precautionary fund against a crisis that could hurt financial stability.

A lower CRB would mean higher transfers to

the government, which is reportedly seeking to hike its defence expenditure this year due to the ongoing tensions with Pakistan.

The Ministry of Finance is conducting a "parallel" review process to arrive at its own findings on the buffers, a government official told *The Hindu*.

On Thursday, the RBI announced that its central board had held its 615th meeting and that it had reviewed the ECF. "The RBI's review process is parallel and our review process is running parallel," the government official aware of the developments told *The Hindu*. "There is a perception that the Jalan committee recommendations on

the kind of buffers the RBI must maintain were too conservative, and that there might be scope to lower these. Let us see what the RBI decides, but government will also form its view."

The recommendations of the Jalan committee were adopted in 2019.

"The government is not worried about its finances, even if defence expenditure is hiked," the official asserted. "But, if the RBI can send a higher surplus while also maintaining adequate safety buffers as per its own assessment, then this higher surplus would certainly give us [the government] greater fiscal flexibility."



The ingredient to turn around nutrition outcomes

The analysis of India's free foodgrain programme for 800 million people underscores a grim reality: that hunger and malnutrition remain pressing concerns. Yet, in India's long battle against malnutrition, women and girls remain the most overlooked section. Despite steady economic progress and numerous welfare schemes, nutritional inequality continues to be deeply gendered. Launched in 2018 with the vision of a malnutrition-free India by 2022, the Prime Minister's Overarching Scheme for Holistic Nourishment (POSHAN) Abhiyaan has the aim of improving nutrition for pregnant women, lactating mothers, adolescent girls, and young children. However, stark disparities persist.

Structural failures

The National Family Health Survey (NFHS)-5 reveals that 57% of women in the age group 15 to 49 years are anaemic, in comparison to 26% of men; nearly one in five women are underweight. In other words, women are far more likely to be malnourished than men in India. These figures point to structural failures in how we address nutrition. Even after merging schemes into 'POSHAN 2.0' and investing heavily, the needle has not moved enough for women.

Indeed, POSHAN Abhiyaan is India's largest nutrition programme with a hefty budget. In 2022-23, the Ministry of Women and Child Development was allocated nearly ₹24,000 crore for Saksham Anganwadi and Poshan 2.0, but by December 2022, only 69% of those funds had been utilised. Despite such spending, the prevalence of anaemia among women actually rose from 53% to 57% between the last two NFHS rounds, and about 18.7% of women remain underweight.

This contrast suggests that just pumping in resources into a women-centric nutrition scheme is not enough. In many Indian households,



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especially the poorer ones, women's nutritional needs are literally last in line. Entrenched cultural norms often mean that when food is scarce, women and girls eat last and least. Thus, malnutrition is not just a biomedical or food-supply issue; it is a social justice issue. If a woman lacks economic independence or decision-making power, she may have little control over her diet and health. Even government data underscores this link: the NFHS-5 found that 49% of women lack decision-making power over how their own earnings are spent. This financial dependence often translates into compromised nutrition – a result of gender-based deprivation.

The issue of empowerment

Studies have shown that empowering women financially is one of the most effective ways to improve nutrition. Nobel laureate Esther Duflo, for instance, finds that when women control extra income, they are more likely to spend it on nutrition and children's well-being. In a study we conducted among low-income communities, we observed that women with even a modest independent income or control over household spending were far less likely to be undernourished.

The missing piece in India's nutrition puzzle is women's economic and social empowerment. The state of women's employment suggests that female labour force participation has risen from about 23% in 2017-18 to around 33% in 2021-22 – a positive shift on paper. But a vast majority of working women are in insecure, low-paying jobs. According to the Periodic Labour Force Surveys, as of 2021-22 only 5% of working women held a regular salaried job, while nearly 20% were self-employed (mostly in small-scale or informal activities). Moreover, self-employed women earned on average 53% less than men in similar work. In effect, many women who do work are

barely earning enough to survive, employment has not yet translated into the power to make decisions or invest in their own nutrition and well-being.

Thus, it is not enough to get women into the workforce; the quality and security of their jobs matter just as much. Without skills training, equal pay, and access to stable employment, women remain economically vulnerable even when they work.

As a result, even well-intentioned nutrition programmes such as POSHAN will have limited impact if women cannot afford or are not empowered to consume the nutritious food being provided. Government reports praise Poshan Abhiyaan for creating awareness and a "Jan Andolan" around nutrition, but awareness alone cannot fill an empty stomach.

Need for convergence

If POSHAN 2.0 aims to eliminate undernutrition, it should work in tandem with schemes that boost women's incomes and status. First, it must set measurable targets not just for reducing anaemia or stunting, but also for increasing the proportion of women with independent incomes and decision-making power. Second, it must break the silos, making sure that nutrition, health, and livelihood departments work together on joint interventions in high-malnutrition districts. Third, it must use Anganwadi centres and health workers to not only distribute food and supplements but also to connect women with skill training, credit schemes, or job opportunities. An Anganwadi can double as a one-stop hub for women's welfare (meals, antenatal care, financial literacy workshops).

Ultimately, a malnutrition-free India will be possible only when women are not seen as passive beneficiaries of nutrition schemes but as active agents driving the health and the prosperity of their families.

Empowering women financially is an effective way to improve the nutritional outreach in India



The new normal after Pahalgam, India's response

Operation Sindoor is on 'pause' and though the ceasefire began somewhat shakily on Saturday evening (May 10), it seems to be holding. On May 12, the two Director Generals of Military Operations (DGMO) – India and Pakistan – had a follow-up conversation and discussed further de-escalatory measures to reduce troop presence in the forward areas that had seen a buildup in recent weeks.

Addressing the nation on Monday evening (May 12), Prime Minister Narendra Modi declared, "Operation Sindoor has redefined the fight against terror...setting a new benchmark and a new normal in counter-terrorism measures." Kinetic retaliation is not new. The Modi government conducted "surgical strikes" across the Line of Control (LoC) in 2016 after the Uri attack, and an air strike on a Jaish-e-Mohammed (JeM) camp in Balakot in 2019 following the Pulwama suicide attack. Yet, the Pahalgam response was qualitatively different.

Eighty-eight hours to a ceasefire

After the Pahalgam attack on April 22, 2025, it was clear that the Indian government would respond with force. The only question was when and in what manner. The measures announced in the days that followed such as reducing diplomatic presence, switching off trade, closing down the Wagah-Attari border crossing, cancelling existing visas, and putting the Indus Waters Treaty in abeyance, were a strong response but not a substitute for kinetic retaliation.

The intervening fortnight till May 7 was used in finalising targets for kinetic retaliation and ramping up diplomatic engagement at all levels. Post 2019, Indian authorities were certain that, sooner or later, there would be a terrorist attack of a magnitude that would compel a calibrated military response. This demanded planning and periodic updating, based on evolving technical capabilities. Eventually, nine targets were chosen out of nearly two dozen options. The intense diplomatic engagement at all levels, in Delhi and other key capitals, prepared the ground to ensure an acceptance (though sometimes with caveats) of India's right to target the terrorists and their infrastructure. India's challenge was to restore red lines while managing the escalation narrative and leaving a de-escalation option open.

Shortly after the May 7 early morning strike was concluded (Operation Sindoor), the Pakistan DGMO Major General Kashif Abdullah was informed of the nine locations targeted as these were closely associated with designated terrorist groups, the Lashkar-e-Taiba (LeT), the JeM, and the Hizb-ul-Mujahideen. India emphasised the point that Operation Sindoor was against terrorists and not the Pakistani military or the Pakistani people. It added that if the Pakistani forces responded, India would reserve the right to retaliate. Pakistan acknowledged the strike (at six locations) and claimed that it had downed between five to six Indian aircraft, including some Rafale fighter jets, though this was denied by India. It offered an off-ramps de-escalation



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option – Pakistan claiming success in terms of taking down Indian aircraft, playing down the impact of Indian strikes, and taking the issue of violation of its territory to the United Nations Security Council, where it is currently a non-permanent member.

However, Pakistan's military leadership saw it as an opportunity to bolster its faltering image and vowed military retaliation. The following two nights, Pakistan mounted escalating drone intrusions, together with some loitering munitions and missile firings, over 36 locations along the 3,300 kilometre-long India-Pakistan border, more with the intent to probe for gaps in India's air defences. India retaliated, with its declared quid pro quo plus policy, targeting Pakistani air bases and air defence units.

However, Pakistan denied its intrusions even as it blamed India for repeated violations and attacks. Its air space remained open for civilian air traffic, prompting an Indian warning on May 9 that this was jeopardising civilian air traffic. The International Monetary Fund (IMF) board meeting on May 9 to approve the next tranche of the IMF Extended Fund Facility (loan to Pakistan) necessitated prudence.

The night of May 9-10 witnessed a dramatic escalation. Pakistan claimed to have struck 26 Indian targets "to reestablish deterrence after repeated Indian attacks". India acknowledged "limited damage to equipment and personnel at air force stations Udhampur, Pathankot, Adampur, and Bhuj". The Indian response on the morning of May 10 was ferocious and targeted nine military airfields, from Skardu and Chaklala in the north to Rahim Yar Khan and Jacobabad in the south as well as three forward air defence units. The stand-off weapons used included the Scalp and BrahMos missiles as well as the Crystal Maze, Hammer and Spice 2000 precision guided munitions. The previous 24 hours had seen intense diplomatic activity with a flurry of telephone calls between Washington, Islamabad, and Delhi. Following a conversation between the two DGMOs in the afternoon, a ceasefire came into effect at 5 p.m. (1700 hours) on May 10.

The U.S.'s role

Initially, the U.S. adopted a hands-off approach, with United States Vice-President J.D. Vance suggesting on May 8 that the U.S. was not going to get involved "in the middle of a war that is fundamentally none of our business". However, within 24 hours, the U.S. assessment changed as it picked up signs of more cross-border strikes and reports that Pakistan was scheduling a meeting of its National Command Authority (NCA), or the body that oversees the country's nuclear arsenal. While Mr. Vance spoke to Mr. Modi on the evening of May 9 (Indian time), sharing the U.S.'s concerns about a "dramatic escalation", the following day (Indian time) U.S. Secretary of State Marco Rubio spoke with Pakistani Army Chief General Asim Munir, following it up with calls to his counterparts India's External Affairs Minister S. Jaishankar and Pakistan's Deputy Prime Minister and Foreign Minister Ishaq Dar. Pakistan's Defence Minister

Khawaja Asif announced on May 10 that no meeting of the NCA had taken place.

U.S. President Donald Trump's message on May 10 pre-empted the official announcement about the ceasefire raising questions about the U.S.'s role. The fact is that after 1998, the U.S. has played a role in de-escalating multiple crises: Kargil in 1999, the Indian Parliament attack and Operation Parakram in 2001, Mumbai in 2008 and Balakot in 2019, the exception being the 2016 surgical strikes that Pakistan denied had happened. Yet, none of these instances has led to U.S. mediation and there is little reason to think otherwise this time. There are only two ways of avoiding external intervention – first, increase the economic and military differential with Pakistan, and second, have independent communication channels between the two countries.

Conflict under the nuclear shadow

Since 1998 when both India and Pakistan emerged as nuclear-weapon-states, Pakistan's approach has been to reduce the space for conventional war, by flashing the nuclear card and threatening early nuclear use. The objective is to constrain India's space for a kinetic response to a terrorist attack. However, this is no longer working. If the 2016 'surgical strikes' made kinetic retaliation the new normal, Balakot enlarged it in 2019 by introducing air power, and Operation Sindoor has expanded it to cover all of Pakistan. So far, India has emphasised that it has been retaliating against terrorist targets – launch pads across the LoC in 2016, a Balakot training camp in 2019, and the nine locations now (Operation Sindoor). However, Mr. Modi has added a new dimension.

In the expansive 'new normal' that he outlined on May 12, he reiterated India's right to respond militarily to any terror attack and not be deterred by "nuclear blackmail", but added that India would not differentiate between terrorists and their masterminds or the governments sponsoring terrorism. This addition puts the Pakistani military on notice that the next time, India's kinetic response under an Operation Sindoor 2.0 may not be limited to terrorist targets. The hardening position is evident in his statement, "terror and talks cannot go together; terror and trade cannot go together; water and blood cannot flow together."

By expanding the scope of conventional operations below the nuclear threshold, Mr. Modi is seeking to nullify the nuclear overhang but this requires a significant expansion in conventional capabilities. Capabilities to suppress hostile air defences and adopt a network-centric approach that seamlessly integrates manned and unmanned air systems with satellite-based support for surveillance, communication and targeting, will need to be introduced. Simultaneously, India needs to draw lessons from the intelligence and security lapses that led to Pahalgam, in order to better plan, predict and prevent future Pahalgams. Only then will the expansive 'new normal' be a credible deterrent against future terrorist attacks.

India needs to work on its expansive 'new normal' in order for it to be a credible deterrent against terrorist attacks

SC strikes down retrospective environmental clearances

Before starting a new project or expanding one, a clearance must be obtained, says court; concept of an *ex post facto* nod is in derogation of basic principles of environmental jurisprudence, it adds

Krishnadas Rajagopal
NEW DELHI

The Supreme Court on Friday held the grant of *ex post facto*, or retrospective, Environmental Clearances (EC) by the Centre to building projects and constructions a “gross illegality” and an anathema against which the courts must come down heavily.

A Bench of Justices A.S. Oka and Ujjal Bhuyan, in a judgment on a plea filed by Vanashakti, an NGO, restrained the Union government from granting *ex post facto* clearances in any form to regularise illegal constructions.

The court struck down the 2017 notification and 2021 Office Memorandum (OM) of the Centre, which in effect recognised the grant of *ex post facto* ECs, and connected government circulars, orders, and notifications as illegal and completely arbitrary.

However, the Bench clarified that ECs already granted till date under the 2017 notification and the 2021 OM would be unaffected by the judgment.

Accusing the Centre of “crafty drafting” to clear il-



Judicial stand: Development cannot come at the cost of the environment, says the Supreme Court. FILE PHOTO

legal constructions through retrospective ECs, the court said the government was only protecting project proponents who had committed gross illegality by commencing construction or operations in these illegal constructions without obtaining prior EC.

“Before undertaking a new project or expanding or modernising an existing one, an EC must be obtained... The concept of an *ex post facto* EC is in derogation of the fundamental principles of environmental jurisprudence and is an anathema to the EIA Notification of January 27, 1994,” Justice Oka observed.

The judgment said the

government had issued the 2017 notification despite a clear declaration of the law in favour of prior EC by the Supreme Court in the *Common Cause* judgment the same year.

“The reason why a retrospective EC or an *ex post facto* clearance is alien to environmental jurisprudence is that before the issuance of an EC, the statutory notification warrants a careful application of mind, besides a study into the likely consequences of a proposed activity on the environment,” Justice Oka explained.

The effect of granting an *ex post facto* clearance would amount to giving permission to complete

the construction of a project which had started without prior EC. In cases in which the construction was already completed and activities had begun, the retrospective EC would facilitate continuation.

Thus, in effect, the *ex post facto* EC regularised something which was illegal with retrospective effect.

Referring to the 2021 OM, the court said the Union government had “cleverly” avoided the words “*ex post facto*”, but the provisions had the effect of allowing a retrospective regime.

“The 2021 OM talks about the concept of development. Can there be development at the cost of the environment? Conservation of the environment and its improvement is an essential part of the concept of development. Therefore, going out of the way by issuing such OMs to protect those who have caused harm to the environment has to be deprecated by the courts... Even the Central government has a duty to protect and improve the natural environment,” Justice Oka underscored.

SC's 3-month timeline in Governor verdict was adopted from Centre's own guidelines

The court's April 8 judgment made it clear that it was adopting guidelines issued by the Ministry of Home Affairs through two Office Memorandums issued in 2016 fixing a three-month timeline for the President; the govt. had also posted directions for Central Ministries involved in the process

NEWS ANALYSIS

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The Centre, through the means of a Presidential Reference, has questioned the Supreme Court's decision in the Tamil Nadu Governor case to "impose" a three-month timeline for the President to decide on State legislations reserved for consideration under Article 201 by Governors.

The Reference wants the Supreme Court to answer whether a time limit could be imposed through a judicial order on the President when the Constitution did not prescribe it under Article 201.

However, the Supreme Court's April 8 judgment made it clear that it was merely adopting guide-

lines issued by the Ministry of Home Affairs (MHA) through two back-to-back Office Memorandums (OMs) issued in 2016 fixing a three-month timeline for the President.

"We deem it appropriate to adopt the timeline prescribed by the Ministry of Home Affairs in the aforesaid guidelines, and prescribe that the President is required to take a decision on the Bills reserved for his consideration by the Governor within a period of three months from the date on which such reference is received," Justice J.B. Pardiwala had observed in the Supreme Court verdict.

The recommendations made by the Sarkaria and Punchhi commissions and the guidelines framed by the Central government had collectively called for expediency in the disposal



The Supreme Court verdict had said that introducing timelines was in line with constitutional accountability. FILE PHOTO

of references made by Governors to the President under Article 201.

The first OM of February 4, 2016, reproduced in the pages of the judgment, highlighted the "undue delay" caused in taking a final decision on State Bills despite clear guidelines.

"A time limit of maximum three months be strictly adhered to for fina-

lising the Bills after their receipt from the State governments," the OM said.

The court detailed that the MHA, as the nodal Ministry, would refer the substantive issues involved in a State Bill to the appropriate Ministry at the Centre. Issues pertaining to the Bill's language, drafting or constitutional validity would be referred to the

Union Law Ministry. The Ministry concerned with the substantive issues must report back to the MHA within 15 days. If there was a delay, the Ministry must assign reasons for it. Any failure to do so within a maximum period of a month would be understood to mean that it had no comments to offer.

"A perusal of the OM makes it clear that a timeline of three months has been prescribed for the decision on Bills reserved for the President. A time limit of three weeks has been prescribed for the disposal of ordinances of an urgent nature," Justice Pardiwala interpreted.

The second OM, also issued on February 4, 2016, said that objections, if any, raised by the Ministry concerned must be shared with the State government in question for its views or

further clarifications.

"This is done with the object of apprising the Central Ministry of the clarifications of the State government on the matter. A time-limit of one month has been prescribed for the same," the judgment had said.

The State government had to cooperate with the one-month timeline, the court said, as delay would have the "ripple effect" of postponing the decision of the Centre on the matter.

"The idea of imposing timelines on the various stakeholders would not be antithetical or alien to the procedure that surrounds the discharge of constitutional functions under Article 201. The existence of the two Office Memorandums further substantiates such an interpretation," Justice Pardiwala had reasoned in the judgment.





Bihar govt. approves plan to rename Gaya city as 'Gaya Jee'

The Bihar government on Friday approved a proposal to rename Gaya city as 'Gaya Jee', an official said. The decision was taken at a meeting of the State Cabinet, chaired by Chief Minister Nitish Kumar. The decision was taken because of the city's historic and religious importance, Additional Chief Secretary S. Siddharth said. The Cabinet also approved the formation of the Bihar State Jeevika Fund Credit Cooperative Society Ltd, paving the way for setting up 'Jeevika Bank' from which 'Jeevika Didis' will be able to avail loans, he said. The Cabinet also gave its nod to set up a cancer care and research society. PTI

