

# NEXT IAS

## DAILY NEWS

# ANALYSIS



17<sup>th</sup> December

### Explained

1. LS PASSES BILL TO RAISE FDI LIMIT TO 100% IN INSURANCE SECTOR
2. NEW GDP SERIES TO ELIMINATE 'DISCREPANCIES' COMPONENT; FULL BACKSERIES BY FEB 2027
3. FROM TOMORROW, NON-BSVI CARS FROM OUTSIDE CAN'T ENTER DELHI
4. 'CONSCIOUS' DECISION TO SEPARATE FUNDING FROM REGULATOR', SAY OFFICIALS ON HIGHER EDUCATION BILL
5. INDIA-MALDIVES JOINT MILITARY EXERCISE EKUVERIN CONCLUDES

Playlist Link:



What to Read: <https://bit.ly/3FYdutC>

Daily News Analysis: <https://bit.ly/4ge9BgF>

**www.nextias.com**

**DELHI CENTRE:**  
**Vivekananda House**

6-B, Pusa Road, Metro Pillar No. 111,  
Near Karol Bagh Metro  
New Delhi-110060

**DELHI CENTRE:**  
**Tagore House**

27-B, Pusa Road, Metro Pillar No. 118,  
Near Karol Bagh Metro  
New Delhi-110060

**DELHI CENTRE:**  
**Mukherjee Nagar**

637, Banda Bahadur Marg,  
Mukherjee Nagar, Delhi-110009

**P R A Y A G R A J**  
**CENTRE:**

31/31 Sardar Patel Marg,  
Civil Lines, Prayagraj

**JAIPUR CENTRE:**

Plot No. 6 & 7, 3rd Floor,  
Sree Gopal Nagar,  
Gopalpura Bypass, Jaipur-302015

## EXPLAINED

### 1. LS PASSES BILL TO RAISE FDI LIMIT TO 100% IN INSURANCE SECTOR

#### WHAT'S IN NEWS?

The Lok Sabha passed the Sabko Bima Sabko Raksha (Amendment of Insurance Laws) Bill, 2025, that seeks to reform India's insurance framework through changes in the Insurance Act, 1938, the Life Insurance Corporation Act, 1956, and the IRDAI Act, 1999.

#### SABKO BIMA SABKO RAKSHA (AMENDMENT OF INSURANCE LAWS) BILL, 2025

- The amendment will increase the FDI limit in Indian Insurance companies from 74% to 100% to attract investment, facilitate technology transfer, increase insurance penetration and social protection.
- The requirement of Net Owned Funds for foreign reinsurers will also be reduced from Rs5,000 crore to Rs1,000 crore.
- To scale up the regulatory framework, the IRDAI will get higher enforcement powers, including the authority to disgorge wrongful gains made by insurers or intermediaries.
  - ♦ Under the revised provisions, the IRDAI Chairperson will be empowered to order searches, seizures and inspections if there is reason to believe that insurers and related entities have failed to produce documents, are withholding information relevant to an investigation, or are likely to tamper with records. These powers can be invoked in cases involving suspected violations of the law, illegal payment of commissions or rebates, or attempts to falsify or destroy books, accounts, vouchers, survey reports or other records.
  - ♦ Currently, market regulator SEBI has the power to search and seize documents and relevant papers if it suspects violation of rules and regulations. IRDAI is also set to receive enhanced enforcement powers, including the authority to disgorge wrongful gains made by insurers or intermediaries.
  - ♦ In addition, the amendments reinforce IRDAI's power to issue binding directions to insurers in the public interest, to protect policyholders, prevent mismanagement, or ensure sound governance.

- The Bill gives LIC greater operational freedom, empowering it to set up new zonal offices without requiring prior government approvals, enabling faster expansion, improved administrative efficiency, and better regional oversight.
- Amidst criticisms concerning facilitation of foreign companies in a sector where the ordinary citizens pour their life savings, the government emphasized that this move will induce competition in this sector to get better rates of return.
- The Insurance Act has seen 12 amendments since it was introduced in 1938. In 1999, foreign players were allowed with an FDI cap of 26%.
- The LIC Act has had eight amendments. In 1981, explicit power was given to the central government over working conditions of LIC, its employees and agents.
- Insurance penetration has gone up to 3.75-8% now, from 3.3% in 2014-15 (global average of 7%).
- Insurance density— average insurance paid per person in a year—was US dollars 55 in 2014-15; now it is US dollars 97.
- Penetration is premiums as a % of GDP (economic depth), while Density is premiums per person (individual spending)

#### SECTORS WHERE 100% FOREIGN DIRECT INVESTMENT IS PERMITTED UNDER THE AUTOMATIC ROUTE

1. BFSI (Banking, Financial Services, and Insurance)
2. Mining and refining
3. Manufacturing
4. Civil aviation
5. Telecom
6. Pharmaceuticals
7. Infrastructure
8. Biotechnology

### 2. NEW GDP SERIES TO ELIMINATE 'DISCREPANCIES' COMPONENT; FULL BACKSERIES BY FEB 2027

#### WHAT'S IN NEWS

INDIA'S STATISTICS ministry as part of the ongoing revision of the GDP data series, plans to do away with the contentious 'discrepancies' component that has, over the years, puzzled economists.

- The Ministry of Statistics and Programme Implementation (MoSPI) also said it plans to

publish the GDP 'back series' with the new base year by February 2022.

- A GDP back series provides historical Gross Domestic Product data, recalculated using a new base year and updated methodologies, to ensure continuity and comparability for users to analyze economic growth trends across different periods.
- The statistics ministry calculates GDP using two methods — production or income approach and the expenditure approach. But due to different sources of data used for the two approaches and variations in coverage, valuation, and lags in recording of data, the final GDP numbers arrived at through the two approaches may not match.
- As such, the difference is shown as 'discrepancies' under the expenditure approach along with Government Final Consumption Expenditure, Private Final Consumption Expenditure, Gross Fixed Capital Formation, change in stock, valuables, and net exports. This is because the expenditure-side GDP is seen as being less accurate than its production-side counterpart.
- The alternative is to remove the discrepancy by examining the data in the light of the many accounting constraints in the SNA (System of National Accounts).
- When 'discrepancies' are positive, it means that the GDP calculated through the production approach by adding the value added of the various sectors, such as manufacturing, services, and agriculture greater than the GDP arrived at is by adding together the different types of expenditures.
- Similarly when 'discrepancies' are negative, the expenditure-side GDP is more than that computed from the production side.
- The discrepancy figure was a negative Rs2.46 lakh crore, or 2.9 percent of GDP.
- Large 'discrepancies' can also lead to significant revisions in GDP growth rates in the future

### System of National Accounts 2025:

A comprehensive international framework for compiling national accounts, replacing the earlier SNA 2008. It moves beyond GDP to capture sustainability, distribution, and non-market activities.

### Key Features:

- **Natural Capital Accounting:** Depletion of minerals, coal, oil, and gas treated as production cost; renewables like solar, wind, hydro recognised as assets.

- **Distributional Accounts:** Income, wealth, consumption, and savings shown by household groups to highlight inequality.
- **Unpaid Work Inclusion:** Household and care work included in extended accounts to recognise women's contribution.
- **Broader Policy Relevance:** Links national growth with fairness, ecological balance, and inclusiveness.

## 3. FROM TOMORROW, NON-BSVI CARS FROM OUTSIDE CAN'T ENTER DELHI

### WHAT'S IN NEWS

- No non-BS VI private vehicle registered outside Delhi will be allowed to enter the NCR
- Vehicles that do not have a valid pollution under control certificate (PUCC) will not be sold fuel at fuel pumps in the capital.
- This order was targeted specifically at privately owned vehicles; the ban on the entry of non-BS VI commercial vehicles such as trucks and buses was in place already.
- Restrictions under stage IV of the Graded Response Action Plan (GRAP) have been in effect in the national capital region from Sunday. This includes the most stringent anti-pollution restrictions such as discontinuation of physical classes in schools
- 37 per cent of vehicles in Delhi-NCR were heavily polluting, compliant only with the outdated Bharat Stage (BS) I, BS II, and BS III emission norms.
- The recent restrictions announced are aimed at tackling this burden of vehicular pollution, which remains one of the largest contributors to toxic air in the region.

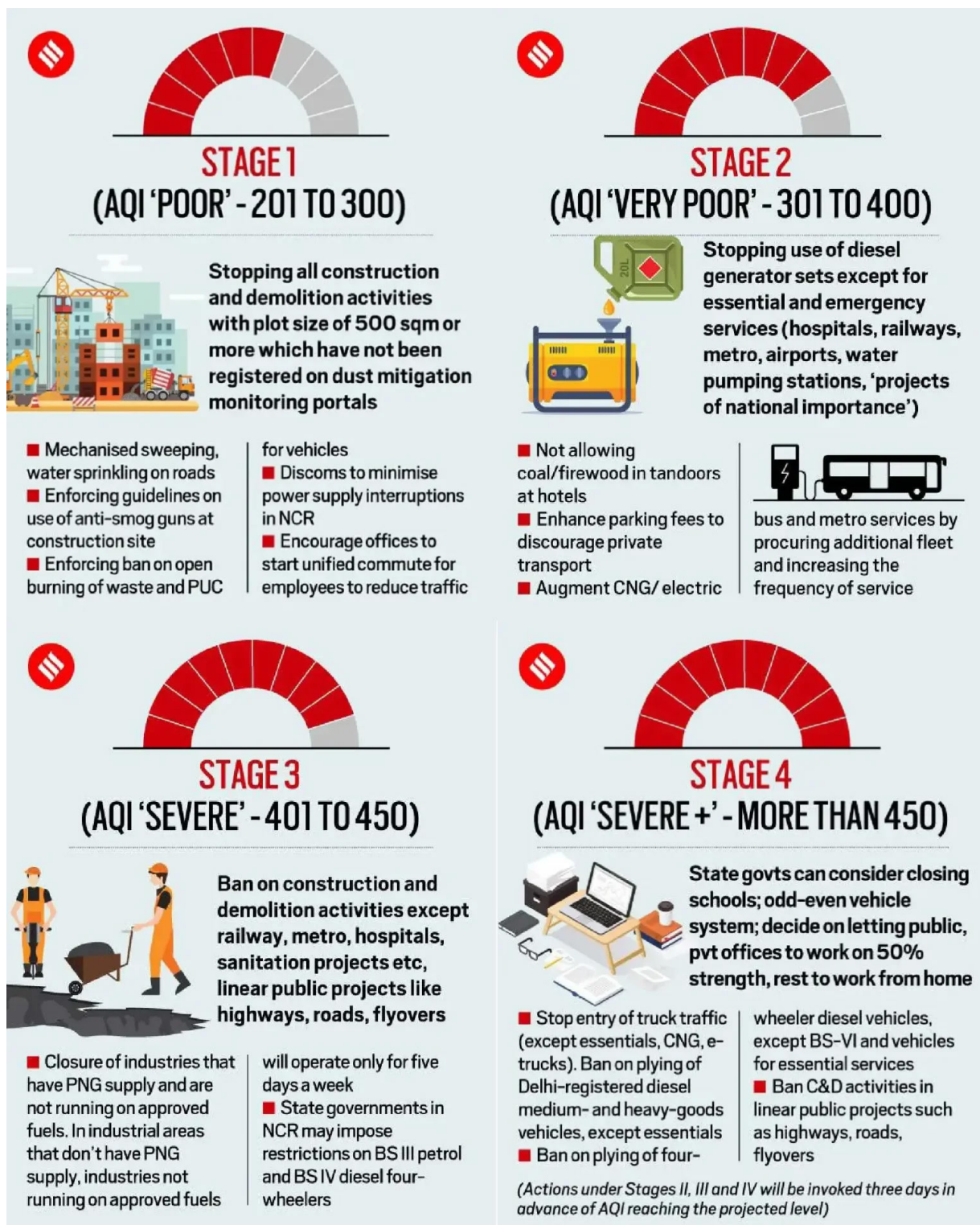
### GRAP

- GRAP is a pre-emptive and emergency framework designed to control and reduce air pollution levels in the Delhi-NCR region.
- It was formulated under the directions of the Supreme Court of India in the case of M.C. Mehta v. Union of India (2016).
- GRAP was officially notified and came into effect in 2017 and is implemented by the Commission for Air Quality Management (CAQM) in coordination with the Ministry of Environment, Forest and Climate Change (MoEFCC) and state authorities.
- The plan categorises pollution response measures into four stages, depending on the AQI levels.



**Stages of GRAP:**

1. **Stage I** – Poor (AQI 201–300): Basic pollution control measures like road dust management and enforcing vehicle PUC (Pollution Under Control) norms.
2. **Stage II** – Very Poor (AQI 301–400): Stricter actions such as limiting diesel generator use and controlling operations in pollution hotspots.
3. **Stage III** – Severe (AQI 401–450): Imposes restrictions on specific vehicles, construction activities, and allows for remote schooling measures.
4. **Stage IV** – Severe+ (AQI > 450): Enforces bans on entry of heavy vehicles, closure of schools, and shutdown of non-essential industries.



### Commission for Air Quality Management (CAQM)

- The CAQM is a statutory body set up under the Commission for Air Quality Management in NCR and Adjoining Areas Act, 2021 to coordinate and implement measures for air pollution control in NCR and adjoining areas (Punjab, Haryana, Rajasthan, and Uttar Pradesh).
- The Commission is directly accountable to Parliament and serves as the apex body for NCR air quality management.

## 4. 'CONSCIOUS' DECISION TO SEPARATE FUNDING FROM REGULATOR', SAY OFFICIALS ON HIGHER EDUCATION BILL

### WHAT'S IN NEWS?

The Union Government's decision to take away funding powers from the regulatory body has been a conscious decision and in line with the NEP, 2020 to minimise conflict of interests.

- The grant-disbursal function currently being undertaken by the UGC will be done by the Ministry of Education.

### Viksit Bharat Shiksha Adhishthan Bill, 2025

- The Bill seeks to establish a regulatory body for higher education.
- This body will **replace the following existing bodies**: (i) University Grants Commission (UGC), (ii) All India Council for Technical Education (AICTE), and (iii) National Council for Teacher Education (NCTE). The Bill repeals the three Acts providing for constituting these bodies.
- The Bill **exempts legal and medical education from its purview**. These will continue to be regulated under separate Acts.
- The Bill establishes the Viksit Bharat Shiksha Adhishthan (the Commission) as the apex regulatory body for higher education.
- The Commission will have the following three Councils: (i) Regulatory Council which will function as the common regulator for higher education, (ii) Accreditation Council to oversee the system of accreditation, and (iii) Standards Council to determine academic standards.
- Currently, UGC also allocates grants to universities and colleges. **Under the Bill, the Commission or its Councils will not have any powers regarding funding to HEIs.**

- Each Council will be headed by a President and will have up to 14 members.
- The Presidents and the full-time members of the Council will be **appointed by the President of India**, upon recommendations of a search and selection committee.
- The Commission will have a **Chairperson and 12 members**.
- The Chairperson will be a person of eminence and reputation to be appointed in honorary capacity. Members of the Commission include: (i) Presidents of the three Councils, (ii) the Higher Education Secretary of the central government, (iii) five eminent experts, and (iv) two eminent academicians from state HEIs.
- The Chairperson and the members will be appointed by the President of India, upon recommendations of the central government.
- Appeals **against the decisions of the Commission and the Councils will lie before the central government**.

## 5. INDIA-MALDIVES JOINT MILITARY EXERCISE EKUVERIN CONCLUDES

### WHAT'S IN NEWS?

The bilateral military exercise EKUVERIN between the Indian Army and the Maldives National Defence Forces (MNDF) concluded with a joint validation exercise in Thiruvananthapuram.

EKUVERIN means friends in Dhivehi and reflects the strong defence ties between India and the Maldives. It emphasizes:

- India's commitment to security and stability in the Indian Ocean Region.
- It aligns with India's Neighbourhood First policy and strengthens regional partnerships.

### INDIA'S BILATERAL EXERCISES

Exercise Name	Participants Country
SURYA KIRAN	India-Nepal
Exercise CY-CLONE	India- Egypt
DHARMA GUARDIAN	India-Japan
KHANJAR-XII	India-Kyrgyzstan
Exercise DUST-LIK-6	India-Uzbekistan Joint Military

Exercise Desert Flag-10	Australia, Bahrain, France, Germany, Qatar, Saudi Arabia, Republic of Korea, Turkey, UAE, UK, USA
NOMADIC ELE-PHANT	India- Mongolia
Exercise SHAK-TI-VIII	India and France
Khaan Quest Exercise 2025	USA and Mongolia
Passage Exercise (passex) 2025	India and the UK
Simbex Exercise 2025	RSN and Indian Navy
Exercise Divya Drishti 2025	
Exercise Slinex 2025	India – Sri Lanka
Exercise Bright Star 2025	USA, Egypt, India, Saudi Arabia, Qatar, Greece, Cyprus, Italy
EXERCISE MAITREE – XIV	India and Thailand
YUDH ABHYAS 2025	India and USA
Exercise KONKAN 2025	India and UK
Ajeaya Warrior-25	India and UK
Exercise Trishul 2025	India (Tri-services: Army, Navy, Air Force)
MITRA SHAKTI-2025	India-Sri Lanka

## == PRACTICE QUESTION ==

- With reference to Foreign Direct Investment in India, which one of the following is considered its major characteristic ?  
 (a) It is the investment through capital instruments essentially in a listed company.

- It is a largely non-debt creating capital flow.
- It is the investment which involves debt-servicing.
- It is the investment made by foreign institutional investors in the Government securities.

2. Consider the following statements:

- As per the Right to Education (RTE) Act, to be eligible for appointment as a teacher in a State, a person would be required to possess the minimum qualification laid down by the concerned State Council of Teacher Education.
- As per the RTE Act, for teaching primary classes, a candidate is required to pass a Teacher Eligibility Test conducted in accordance with the National Council of Teacher Education guidelines.
- In India, more than 90% of teacher education institutions are directly under the State Governments.

Which of the statements given above is/are correct?

- 1 and 2
- 2 only
- 1 and 3
- 3 only

3. Which of the following statements about 'Exercise Mitra Shakti-2023' are correct?

- This was a joint military exercise between India and Bangladesh.
- It commenced in Aundh (Pune).
- Joint response during counter-terrorism operations was a goal of this operation.
- Indian Air Force was a part of this exercise.

Select the answer using the code given below:

- 1, 2 and 3
- 1, 2 and 4
- 1, 3 and 4
- 2, 3 and 4

Answer		
1. (b)	2. (b)	3. (d)

■■■■■