

Monetary Policy Committee (MPC) Meeting

RBI decided to keep the **Repo Rate** unchanged at 5.50%



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6th AUGUST 2025

Monetary Policy Committee (MPC)

- **Context:** The Reserve Bank of India's (RBI) in its Monetary Policy Committee (MPC) meeting decided to keep the repo rate unchanged at 5.50%.

Key Highlights

- CPI inflation fell to 2.1% in June 2025, a six-year low. Food prices, especially vegetables and cereals, have shown deflationary trends. This led to the downward revision of FY26 inflation forecast to 3.1%.
- Rising trade tensions like US tariffs and volatile oil prices create external risks.
- RBI had already cut the repo rate by 100 basis points earlier in 2025. The committee wants to observe the full impact of these cuts on the economy.

About Repo Rate

- The repo rate is the rate at which the RBI lends short-term money to commercial banks. It is the key policy tool used by the RBI to control liquidity, inflation, and economic growth.
- A lower repo rate means banks can borrow from the RBI at cheaper rates. This encourages banks to lower lending rates, leading to:
 - Easier access to credit for consumers and businesses.
 - Boost in investment, consumption, and economic activity.
 - Increased liquidity and money supply.
 - This can stimulate growth, especially during economic slowdowns.

About Monetary Policy Committee (MPC)

- The MPC is a statutory body established under the RBI Act, 1934 (amended in 2016).
- It is responsible for fixing the benchmark interest rate (repo rate) to maintain price stability while keeping growth in mind.

- It consists of 6 members:
 - 3 from the RBI (including the Governor as Chairperson),
 - 3 external members appointed by the Government.
- Decisions are made by majority, and each member has one vote. In case of a tie, the RBI Governor has the casting vote.

About Flexible Inflation Targeting Framework (FITF)

- India adopted a Flexible Inflation Targeting Framework (FITF) in 2016. Under this, the government, in consultation with the RBI, sets an inflation target every five years.
- Under this framework, the Government sets the inflation target every five years in consultation with the RBI. The current mandate, effective until March 31, 2026, specifies a CPI inflation target of 4%, with a tolerance band of $\pm 2\%$, i.e. between 2% and 6%

Cloudburst in Dharali, Uttarakhand

- **Context:** A cloudburst over the Kheer Ganga River (a tributary of Alaknanda River) led to flash floods in the high-altitude villages of Dharali in Uttarakhand's Uttarkashi district.

About Cloudburst

- A cloudburst is a localized, extremely intense rainfall event where more than 100 mm of rain falls within an hour over a small area (typically about 10 km²).
- Cloudbursts are particularly common in mountainous regions, such as the Himalayas, due to topographical and meteorological factors.
- **Reasons for Cloudbursts:**
 - **Orographic Lifting:** Moist air is forced upwards by mountains, causing it to cool and condense rapidly, resulting in intense rainfall.
 - **Upward Air Currents:** Strong vertical currents can suspend raindrops at high altitudes; if these currents suddenly weaken, accumulated water falls in a short burst.

- **Monsoon Dynamics:** In India, monsoon clouds traveling from the Bay of Bengal or Arabian Sea rise sharply upon hitting the Himalayas, creating optimal conditions for cloudbursts.
- **Climate Change:** Rising global temperatures allow the atmosphere to hold more moisture, increasing both the frequency and intensity of cloudbursts in recent years.

District Flood Severity Index

- **Context:** Researchers from IIT Delhi and IIT Gandhinagar have developed a District Flood Severity Index (DFSI) to comprehensively assess the severity of floods across Indian districts.

About District Flood Severity Index (DFSI)

- DFSI is a data-driven tool designed to assess and categorize flood severity at the district level, India's primary administrative unit for planning and disaster management.
- The index is used to identify districts most at risk and guide resource allocation for mitigation and response.
- **Key Parameters Considered:**
 - Mean duration (in days) of all flooding events in a district.
 - Percentage of district area historically affected by floods.
 - Total deaths and number of people injured due to floods.
 - Population size of the district.
- **Data Used:** Sourced mainly from the Indian Meteorological Department (IMD), which has been collecting flood-related data since 1967.
- Custom 40 year spatial datasets developed at IIT Delhi.
- **Thiruvananthapuram District:** Recorded highest number of flood events. However, it is absent from the top 30 most severely affected districts, indicating lower severity per DFSI criteria.
- **Top Districts in Flood Severity:** Patna ranks one on DFSI. Districts in Assam (Dhemaji, Kamrup, Nagaon) and along the Indo-Gangetic Plain dominate the top rankings.

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First BIMSTEC Traditional Music Festival

- **Context:** The first BIMSTEC Traditional Music Festival was organised at New Delhi.

Key Highlights

- It was organised by the Indian Council for Cultural Relations (ICCR), the festival called 'SaptaSur: Seven Nations, One Melody', witnessed the celebration of the distinct musical traditions of the seven BIMSTEC countries.
- The festival served as a vibrant platform to promote and celebrate the rich and diverse cultural heritage of the BIMSTEC region.
- The event brought together musicians from all the BIMSTEC countries — Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand.

About BIMSTEC

- The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is a grouping of seven Member States lying in the littoral and adjacent areas of the Bay of Bengal.
- The organization was formed in 1997 with the signing of the Bangkok Declaration. It unites South and Southeast Asian nations bordering the Bay of Bengal.
- **Founding Members (1997):** Bangladesh, India, Sri Lanka, Thailand.
- **Current Members (7):** Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, and Thailand.
- **Objective:** To help countries in their economic growth, to support social development, and to encourage development in other areas, like science, technology and economic development.
- The BIMSTEC region brings together 1.7 billion people — 22% of world population with a combined GDP of US\$ 5 trillion.
- **BIMSTEC Secretariat:** Dhaka, Bangladesh.

Significance of BIMSTEC for India

- BIMSTEC connects India with Thailand and Myanmar (ASEAN) and the Bay of Bengal. It supports initiatives like the Kaladan Multi-Modal Transit Project and India–Myanmar–Thailand Trilateral Highway.
- It enhances India's regional influence and offers an alternative to China's Belt and Road Initiative (BRI).
- The Bay of Bengal is vital for India's naval strategy and energy trade routes.
- It opens new avenues for development and integration of the Northeast region with regional markets.
- Bay of Bengal has scope for collaboration in oil and gas exploration, renewable energy, and the blue economy.
- It shares civilizational links, common cultural and religious heritage, particularly Buddhism. Easier regional travel, promotion of Buddhist circuits and cultural exchanges.
- With SAARC stagnating due to Indo-Pak tensions, BIMSTEC serves as a more productive regional forum.

Biochar

- **Context:** India's carbon market is expected to rely on CO₂ removal technologies like biochar, which will play a key role in meeting climate goals and offsetting emissions.

About Biochar

- It is black carbon produced from biomass sources [i.e., wood chips, plant residues, manure or other agricultural waste products] for the purpose of transforming the biomass carbon into a more stable form (carbon sequestration).
- It offers a sustainable alternative to manage waste and capture carbon.
- India generates vast amounts of agricultural and municipal waste, much of which is burned or dumped, causing pollution.
- Utilizing 30–50% of this surplus to produce biochar could remove 0.1 gigatonnes of CO annually.

- Byproducts like syngas and bio-oil could generate 8–13 TWh of electricity and offset up to 8% of diesel/ kerosene use, reducing coal demand and cutting over 2% of India's fossil fuel emissions.
- Biochar is a durable carbon sink that can store carbon in soil for 100–1,000 years and offers scalable emission reduction across sectors.
- In agriculture, it improves water retention and can cut nitrous oxide emissions by 30–50%.
- It also restores soil health by enhancing organic carbon.
- Modified biochar can capture CO from industrial emissions, though less efficiently than other methods.
- In construction, adding 2–5% biochar to concrete boosts strength, heat resistance, and sequesters 115 kg CO₂/m³.
- In wastewater treatment, biochar can treat 200–500 litres per kg, with a potential demand of 2.5–6.3 million tonnes in India.

Hepatitis-D

- **Context:** The World Health Organization (WHO) and the International Agency for Research on Cancer (IARC) has reclassified the Hepatitis D virus (HDV) as carcinogenic to humans, placing it alongside Hepatitis B and C as known causes of liver cancer.

About HDV

- Hepatitis B, C, and D affect over 300 million people worldwide, contributing to 1.3 million deaths annually, mainly from liver cirrhosis and cancer.
- HDV infects nearly 5% of people with chronic HBV, equating to around 12 million individuals globally.
- High-Risk Populations: Residents of Asia, Africa, the Amazon Basin (high HBV prevalence), People who inject drugs, Haemodialysis patients.
- The virus spreads through infected blood, unprotected sex, unsafe injections, or occasionally passes from mother to child during birth.
- Symptoms include fatigue, nausea, abdominal discomfort, dark urine or yellowing of the skin.

- **Treatment:** HBV can be controlled with life-long antivirals. The antiviral bulevirtide has emerged in Europe as an approved therapy alongside pegylated interferon.
- HDV can only infect individuals who already carry HBV.
 - Co-infection or superinfection with HBV increases liver cancer risk 2 to 6 times compared to HBV alone.
 - Up to 75% of chronic HDV patients develop liver cirrhosis within 15 years.
- **Prevention:**
 - There is no separate vaccine for HDV.
 - The only way to eliminate HDV is through universal HBV vaccination and testing.

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Nauru

- **Context:** Pacific microstate Nauru, has a novel plan to fund its fight against climate change by selling “golden passports”.

Key Highlights

- Selling for US\$105,000 each, Nauru plans to drum up more than US\$5 million in the first year of the “climate resilience citizenship” programme.
- Nauru believes the passport programme could eventually generate \$43 million which would account for almost 20% of total government revenue.

About Nauru

- The island republic of Nauru sits on a small plateau of phosphate rock in the sparsely populated South Pacific.
- It is the world’s third-smallest country by area (21 km²) after Vatican City and Monaco.
- Unusually pure phosphate deposits — a key ingredient in fertiliser — once made Nauru one of the wealthiest places, per capita, on the planet. But these supplies have long since dried up, and researchers today estimate 80% of Nauru has been rendered uninhabitable by mining.

- What little land Nauru has left is threatened by encroaching tides as the sea levels are rising 1.5 times faster than global averages.
- Nauru will eventually need to relocate 90% of its population and the first phase of this mass relocation is estimated to cost more than \$60 million.

World Trade Organization (WTO)

- **Context:** Brazil has initiated formal consultations at the World Trade Organization (WTO) over US President Donald Trump’s decision to impose 50% tariffs on Brazilian imports, escalating diplomatic tensions between the two nations.

About World Trade Organization (WTO)

- The World Trade Organization (WTO) is the only global international organization responsible for regulating and facilitating trade between nations.
- It was established on January 1, 1995, as the successor to the General Agreement on Tariffs and Trade (GATT), which had governed global trade since 1948.
- The WTO currently has 166 member countries, representing over 98% of global trade and GDP, and is headquartered in Geneva, Switzerland.

Bharat Forecast System (BharatFS)

- **Context:** India has developed Bharat Forecast System (BharatFS), an advanced weather prediction model that improves extreme rainfall forecasting accuracy by 30% compared to earlier models.

About BharatFS

- BharatFS (Bharat Forecast System) is India’s most advanced real-time global weather prediction model, developed by IITM-Pune in collaboration with NCMRWF-Noida and the India Meteorological Department (IMD).
- It is a flagship product of the “Make in India” initiative and supports the Atmanirbhar Bharat (self-reliant India) vision.

- BharatFS uses the Triangular Cubic Octahedral (TCO) dynamical grid, enabling ultra-high horizontal spatial resolution of 6 km — the highest globally for operational real-time models.
- This is a leap from the previous GFS T1534 model (12 km resolution) and surpasses most leading global models that operate between 9–14 km.
- Its improved resolution allows highly localized forecasts, supporting disaster management and agricultural decision-making down to cluster-of-panchayat/village level.
- India is currently the only nation running a global, real-time weather prediction system at such high resolution.
- The improved speed and accuracy (with up to a 30% increase in accuracy for extreme rainfall forecasts) make it especially valuable for short- and medium-range weather predictions.

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Kakori Train Tragedy

- **Context:** The Kakori Train Action was carried out by members of the Hindustan Republican Association (HRA) on 9 August 1925 near Kakori, a village in present-day Uttar Pradesh.

About Kakori Incident

- HRA was founded in 1924 by Ram Prasad Bismil, Sachindra Nath Sanyal, and others, aimed to overthrow British colonial rule through armed revolution. It needed funds for revolutionary activities, therefore decided to target government money being transported by train.
- The Revolutionaries include Ram Prasad Bismil, Ashfaqullah Khan, Thakur Roshan Singh, Rajendranath Lahiri and Sachindranath Sanyal.
- In 1927, Ram Prasad 'Bismil', Ashfaqulla Khan and Thakur Roshan Singh were hanged to death by the British government for their involvement in the incident.

Significance of The Kakori Incident

- **Symbol of Revolutionary Sacrifice:** The executions inspired a generation of young Indians.
- **Unity Beyond Religion:** The friendship between Bismil and Ashfaqullah became a symbol of Hindu – Muslim unity in the freedom struggle.
- **Strategic Shift:** Post-Kakori, revolutionaries moved from armed robberies to more targeted political actions (e.g., Assembly Bombing, 1929).
- **British Fear of Underground Networks:** Intensified surveillance and intelligence gathering by colonial authorities.

About Hindustan Socialist Republican Association (1928)

- **Founded:** Feroz Shah Kotla, Delhi, 1928.
- **Key Leaders:** Bhagat Singh, Sukhdev, Shiv Verma, Chandrashekhar Azad, Vijay Kumar Sinha.
- **Core Principle:** Building a Socialist Republic of India; combining political liberation with socio-economic transformation.

MERITE Scheme

- **Context:** The Union Cabinet approved the Multidisciplinary Education and Research improvement in Technical Education (MERITE) Scheme in technical institutions across India.

About MERITE Scheme

- It is a central Sector Scheme which has a budget of ₹4,200 crore for 2025-30, including a ₹2,100 crore World Bank loan.
- It aligns with NEP-2020 to enhance quality, equity, and governance and will be managed via a Central Nodal Agency.
- It focuses on improving student employability through updated curricula, internships, faculty training, research hubs, and innovation centers, aiming to increase placements and reduce unemployment among engineering graduates.

- It will support 275 government technical institutions, including NITs, state engineering colleges, polytechnics, and technical universities, along with State/UT education departments.
- Prestigious institutions like IITs, IIMs, and regulatory bodies will aid implementation.

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Electric Vehicles

- **Context:** NITI Aayog launched the Report on Unlocking a \$200 Billion Opportunity: Electric Vehicles in India. This report offers a timely and comprehensive review of current challenges, alongside actionable recommendations to fast-track the EV transition in India.

Major Highlights

- **The key objectives of India's EV Push:**
 - Reduced dependence on imported fuel;
 - Increased share of renewable energy by leveraging the storage capacity of EV batteries;
 - Reduced Greenhouse Gases (GHG) emissions;
 - Improved air quality;
 - Improved Plant Load Factor (PLF) of electricity generating plants;
 - Becoming a leader in a rapidly growing global market.
- **Goal:** India seeks to attain a 30% share of electric vehicles, in the total vehicles sold, by 2030.
- **Adoption of EVs:** Sales of EVs in India went up from 50,000 in 2016 to 2.08 million in 2024 as against global EV sales having risen from 918,000 in 2016 to 18.78 million in 2024. Adoption of EV has been increasing in India but has been slower than the pace in some of the leading countries like the US, EU and China.
- India has progressed to only about 7.6 % of the sales in 2024 being electric, which is far behind its target of 30% by 2030. Thus, it has taken nearly 10 years to reach a penetration level of 7.6% and now needs to increase this share by over 22% in the next 5 years alone.

Sleeping Sickness

- **Context:** WHO has announced that Kenya has eliminated sleeping sickness as a public health problem.

About Sleeping Sickness

- It is a vector-borne disease, also known as Human African Trypanosomiasis (HAT), and is endemic in sub-Saharan Africa.
- It is caused by protozoans of the genus *Trypanosoma*, transmitted to humans by bites of tsetse flies (*glossina*) which have acquired the parasites from infected humans or animals.
- Rural populations dependent on agriculture, fishing, animal husbandry or hunting are deemed most at risk of exposure.
- Symptoms include fever, headaches, joint pain, and, in advanced stages, neurological symptoms like confusion, disrupted sleep patterns, and behavioral changes.
- Without treatment, it is generally fatal. Common treatments include Pentamidine and Nifurtimox.

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SC Ruling on Stray Dogs

- **Context:** Recently, the Supreme Court of India directed the Delhi government and authorities of Noida, Gurgaon, and Ghaziabad to capture and relocate stray dogs to shelters, calling the situation 'grim'. It stressed that 'infants and young children, at any cost, should not fall prey to rabies'.

Key Facts

- India is home to over 60 million stray dogs, accounting for 37% of the global stray dog population. Dog bites occur every 10 seconds in India, totaling over 3 million annually.
- Rabies claims two lives every three hours, making India the global epicenter for rabies-related deaths.

- Infants and elderly citizens are increasingly vulnerable, with fatal attacks reported in Delhi, Telangana, and Punjab.
- Stray dogs contribute significant health hazards.
- Even the rabies elimination goal (by 2030) is unattainable without effective stray control.

Root Causes

- **Pet Owner:** Pet ownership is rising rapidly, with 30 million pet dogs recorded in 2024 and is growing at 10–15% annually. A significant portion of the problem stems from irresponsible pet ownership like abandonment of pets, unneutered pets, and lack of identification.
- **Issue of Proxy Petting:** Feeding strays on streets — often by well-meaning citizens — makes dogs territorial and aggressive. It mirrors the issue seen with monkeys in urban India, emboldening animals and increasing attacks on non-feeders.
- Municipal laws mandate sterilization and sheltering, but implementation is patchy and underfunded.

Legal and Ethical Dilemmas

- **Protection for Feeders:** Citizens feeding stray dogs are protected under Article 51A(g) of the Constitution, which encourages compassion for living creatures.
- **India's legal frameworks:** Like Prevention of Cruelty to Animals (PCA) Act (1960), Animal Birth Control (ABC) (2001, updated in 2023), and Municipal Acts aim to balance animal welfare with public safety. However, contradictions persist:
 - Municipalities are restricted from euthanizing strays unless they are mortally ill.
 - Stray dogs are now legally recognized as 'community animals', complicating removal efforts.
- **Right to Life vs. Right to Safety:** The Supreme Court has repeatedly emphasized that stray dogs have a right to live, cautioning against indiscriminate culling.

23rd National Awards for e-Governance (NAeG), 2026

- **Context:** The Department of Administrative Reforms and Public Grievances (DARPG) issued the scheme guidelines for the 23rd National Awards for e-Governance (NAeG) 2026.

Key Highlights

- The National Awards for e-Governance are presented annually to honor and encourage excellence in implementing e-Governance initiatives.
- Nominations for National Awards for e-Governance 2026 can be submitted under 7 Categories:
 1. Government Process Re-engineering by use of technology for Digital Transformation,
 2. Innovation by Use of AI and other new age technologies for providing Citizen-Centric Services,
 3. Best e-Gov. Practices/Innovation in Cyber Security,
 4. District Level Initiatives in e-Governance,
 5. Grassroots Level Initiatives by Gram Panchayats or equivalent Traditional Local Bodies for Deepening/ Widening of Service Delivery,
 6. Replication and Scaling of Nationally Awarded and Mission-mode, e-Governance Projects by State/ UTs/Districts,
 7. Digital transformation by use of data analytics in digital platforms by Central Ministries/States/ UTs.
- The NAeG Awards 2026 will comprise; a trophy, a certificate, and an incentive of ₹10 lakh for each Gold Awardee and ₹5 lakh for each Silver Awardee.
- A total of 16 awards will be conferred, including 10 Gold Awards and 6 Silver Awards.
- The incentive will be awarded to the respective district/organization for use in project or programme implementation or to bridge resource gaps in any area of public welfare.

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Armenia-Azerbaijan Peace Treaty

- **Context:** Armenia and Azerbaijan signed a historic U.S. brokered peace agreement at the White House, ending decades of conflict over Nagorno-Karabakh.

About Nagorno-Karabakh

- It is located within the international borders of Azerbaijan.
- It is in the South Caucasus region between eastern Europe and western Asia, spanning the southern part of the Caucasus mountains that roughly includes modern-day Armenia, Azerbaijan, and Georgia.
- The Armenians are Christians, while Azeris are Muslims.

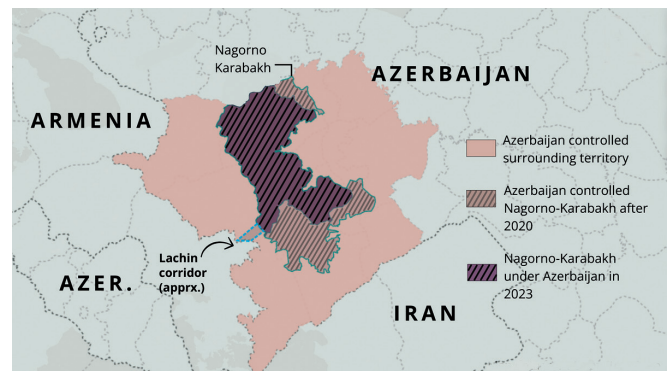
About Armenia-Azerbaijan Dispute

- Nagorno-Karabakh, historically part of the Armenian Kingdom, was ruled by empires like the Ottomans, Persians, and Russians.
 - Tsarist Russia controlled the South Caucasus during the 19th century, but its influence declined after the 1917 Russian Revolution.
- The Armenia-Azerbaijan conflict dates back nearly a century, originating during World War I when Ottoman and Azeri forces targeted ethnic Armenians in the South Caucasus.
- Nagorno-Karabakh, a predominantly Armenian region within Azerbaijan, became a key flashpoint, rooted in ethnic, religious, and geopolitical tensions.
- As the Soviet Union collapsed in 1991, Armenians in Nagorno-Karabakh declared independence, leading to a war that lasted until 1994 and caused around 30,000 deaths.
 - A Russia-brokered ceasefire followed, but borders remained unsettled despite international peace efforts.

- In 2020, Azerbaijan launched a successful offensive, regaining surrounding territories with support from Turkey and Pakistan.
 - Another offensive in 2023 allowed Azerbaijan to claim full control.

Key Outcomes of Recent Deal

- **Cessation of Hostilities:** The peace deal ends nearly 35 years of tensions and paves the way for regional stability and development.
- **Trump Route for International Peace and Prosperity (TRIPP):** It includes reopening key transport routes and creating the “Trump Route for International Peace and Prosperity” to link Azerbaijan with its Nakhchivan exclave via Armenia.
- **U.S. Exclusive Development Rights:** The U.S. won't send soldiers, but it will have the exclusive right to develop and manage the route, likely with American companies involved.



J&K Assembly

- **Context:** The Union Ministry of Home Affairs has informed the Jammu and Kashmir High Court that the Union Territory's Lieutenant-Governor can nominate five members to the J&K Legislative Assembly without the state government's “aid and advice”.

Key Facts

- The Jammu and Kashmir Reorganisation Act, 2019, bifurcated the erstwhile state into two Union Territories (J&K and Ladakh) and outlined legislative structure for J&K.

- The 2023 amendment to act added Sections 15, 15A, 15B to empower the LG to nominate;
 - 2 Kashmiri migrants (including 1 woman)
 - 1 member from the Pakistan-occupied Jammu & Kashmir (PoJK) community
 - 2 women, if not adequately represented.
- The amendment increased Assembly strength from 114 to 119 (excluding 24 seats reserved for PoJK areas).

Ulchi Freedom Shield

- **Context:** South Korea and the United States to conduct major joint military drills under Ulchi Freedom Shield.

Key Highlights

- It is an annual exercise designed to reinforce readiness and cooperation across all domains to defend the Korean Peninsula and the broader region.
- These exercises trace back to the 1960s (Taeguk Exercise) and have evolved through various iterations including Ulchi-Focus Lens and, in 2008, were renamed Ulchi-Freedom Guardian.
- This year's drill will test upgraded responses to heightened North Korean nuclear threats as well as cutting-edge technologies used in modern wars.

