

Topics of Discussion:

1. MGNREGA / VB-GRAM G Bill
2. Trade deficit / merchandise exports
3. PM Oman visit
4. SHANTI Bill – nuclear power and private sector
5. PLFS – unemployment and labour indicators
6. ACLED – conflict and violence data
7. Bondi / Sydney – background on Bondi Beach
8. Supreme Court, Governors' discretion & Article 200

1) MGNREGA / VB-GRAM G Bill

Content.

- The Union government is set to introduce the Viksit Bharat Guarantee For Rozgar and Ajeevika Mission (Gramin) Bill to replace the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005 in the Lok Sabha. The move will mark a shift from a “demand-driven framework” to a “supply-driven scheme”.
- Under the new system, allocations will be capped at a fixed budget determined by the Union government based on “parameters” not yet specified. Employment will be provided only in rural areas notified by the Centre.
- While the VB-G RAM G Bill increases the number of guaranteed workdays from 100 to 125, it significantly raises the financial burden on States from the current 10% share to 40% of total expenditure.
- The government circulated the Bill among MPs on Monday, framing it as legislation to “establish a rural development framework aligned with the national vision of Viksit Bharat @2047”.
- Under the MGNREGA, the Union government was responsible for 100% of the labour wages and 75% of the material wages.
- In practice, this translated to a 90:10 cost share between the Centre and the States. However, Section 22(2) of the Bill says “the fund-sharing pattern between the Union government and the State governments shall be 90:10 for the north-eastern States, Himalayan States/Union Territories (Uttarakhand, Himachal Pradesh, and Jammu and Kashmir), and 60:40 for all other States and Union Territories with legislature”.
- While this increases the financial burden on States, the new Bill gives the Centre greater control over where and how the scheme will be implemented. Section 4(5) says: “The Central government shall determine the State-wise normative allocation for each financial year, based on objective parameters as may be prescribed by the Central government.”

- The MGNREGA was demand-based and allowed flexibility to increase the budget based on need.
- The Centre will not only set the budget for each State but also decide where it will be spent. Section 5(1) empowers the Union government to "notify rural areas in a State" where the scheme will be implemented.
- The new Bill allows for pausing the programme during peak agricultural seasons to "facilitate availability of labour". Technological interventions introduced under the MGNREGA — such as mobile app-based attendance, and geotagging of worksites - are now codified into law.

DIP IN MGNREGS WORK, EXPENDITURE



A GRADUAL DECLINE

	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026*
Average days of employment provided per household	51.52	50.07	47.83	52.08	50.24	35.52
Average wage rate (per day, per person in Rs.)	200.71	208.84	216.57	235.63	252.68	266.98
Households that completed 100 days of wage employment	71,97,090	59,14,761	35,96,873	44,94,352	40,70,289	6,74,864
Total households that worked (cr)	7.55	7.25	6.18	5.99	5.78	4.71
Total individuals who worked (cr)	11.19	10.61	8.75	8.34	7.88	6.25

*TILL DECEMBER 12, 2025. SOURCE: UNION BUDGET, MGNREGS

THE PROPOSED FUNDING PATTERN



90% BY CENTRE, 10% BY STATES

Northeast & Himalayan states and UT

Arunachal Pradesh, Assam, Himachal Pradesh, Jammu & Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Uttarakhand.

60% BY CENTRE, 40% BY STATE

All other states and UTs with legislature

Andhra Pradesh, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh, West Bengal and Puducherry.

100% BY CENTRE

Four UTs without legislature

Ladakh, Andaman and Nicobar, Dadra Nagar Haveli and Daman and Diu, and Lakshadweep

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— **Guaranteed wage employment days:** Section 5(1) of the VB-G Ram G Bill proposes 125 days of guaranteed employment to every rural household whose adult members volunteer to do unskilled manual work. While MGNREGS guarantees employment for 100 days, the number of families exhausting that work quota has been very limited owing to the large base of active workers.

— **States to share funding burden:** One of the major changes the VB-G RAM G Bill proposes is in the fund-sharing pattern. Unlike MGNREGA, where the Centre pays the entire wage bill, states will have to share the wage payment burden under VB-G RAM G. The Centre has proposed the new funding pattern at a time when the fiscal space for several states has been gradually shrinking.

— **Normative allocation': Top-down approach:** The new “normative allocation” formula transforms the method of allocation of resources into a purely top-down process. The Bill defines this as “the allocation of the fund made by the Central Government to the State”.

— **Pause in employment guarantee during agriculture season:** The VB-G Ram G Bill introduces provisions for pausing the employment guarantee scheme for 60 days during sowing and harvesting to ensure “adequate agricultural labour availability”.

— **Viksit Gram Panchayat Plans:** As per the provisions of the Bill, all works under the new scheme shall be originated from the Viksit Gram Panchayat Plans consolidated at the Block, District and State levels and further aggregated into the Viksit Bharat National Rural Infrastructure Stack, which shall comprise a comprehensive listing of works aligned with National development priorities.

— **Higher penalty:** Section 27 of the new Bill provides for a higher penalty for violation of its provisions. The penalty was earlier Rs 1,000; now it is proposed to be Rs 10,000.

Do You Know:

— Launched across India's 200 most backward rural districts in 2006-07, the MGNREGS was extended to an additional 130 districts during 2007-08; and to the entire country from financial year 2008-09.

— Section 3 (1) of the MGNREG Act provides for “not less than one hundred days” work per rural household in a financial year. But it has become the de facto upper limit as the NREGA software does not allow data entries for employment above 100 days to a household in a year unless specifically requested by the State/UT.

— The government, however, allows additional 50 days of wage employment (beyond the stipulated 100 days). For instance, every Scheduled Tribe household in a forest area is entitled to get 150 days' work under NREGS, provided that such families have no other private property except for the land rights granted under the Forest Right Act, 2016.

— Besides, the government, under Section 3(4) of the MGNREGA, can also provide an additional 50 days of unskilled manual work in a year, over and above the 100-day in such rural areas where drought or any natural calamity (as per Ministry of Home Affairs) has been notified.

Previous year UPSC Prelims Question Covering similar theme:

(1) Among the following who are eligible to benefit from the “Mahatma Gandhi National Rural Employment Guarantee Act”? (UPSC CSE 2011)

(a) Adult members of only the scheduled caste and scheduled tribe households.

(b) Adult members of below poverty line (BPL) households.

(c) Adult members of households of all backward communities.

(d) Adult members of any household.

2) Trade deficit / merchandise exports

Content.

- India's trade deficit plummeted by more than 61% in November to \$6.6 billion, due to strong growth in merchandise exports and a fall in merchandise imports. Notably, India's exports to the U.S. in November 2025 were higher than in October 2025, as well as in November last year.
- Data released by the Ministry of Commerce and Industry showed that total exports grew 15.5% to \$74 billion in November, while total imports slid 0.6% to \$80.6 billion. The further disaggregated data showed that merchandise exports grew 19.4% to \$38.1 billion in November. Merchandise exports had fallen 11.8% in October.
- "In terms of merchandise exports, November 2025 has seen the highest exports out of any November in the last 10 years," Commerce Secretary Rajesh Agrawal said. "The November data takes care of the worries that arose after the October data."

ECONOMY

Unpacking inflation: Misleading core, weak demand, food prices

Syllabus:

Preliminary Examination: Current events of national importance, Economic and Social Development.

Mains Examination: General Studies-II, III: Government policies and interventions, Indian Economy and issues.

What's the ongoing story: India's headline retail inflation rate rose to 0.71 per cent in November from October's all-time low of 0.25 per cent. However, to understand what the latest inflation data tells us about the Indian economy, the Consumer Price Index (CPI) data must be looked at in three different ways.

Key Points to Ponder:

- What is retail inflation?
- How is inflation measured in India?
- What is the Wholesale Price Index (WPI)?
- What is the difference between CPI and WPI?
- What is the difference between core and headline inflation?

Key Takeaways:

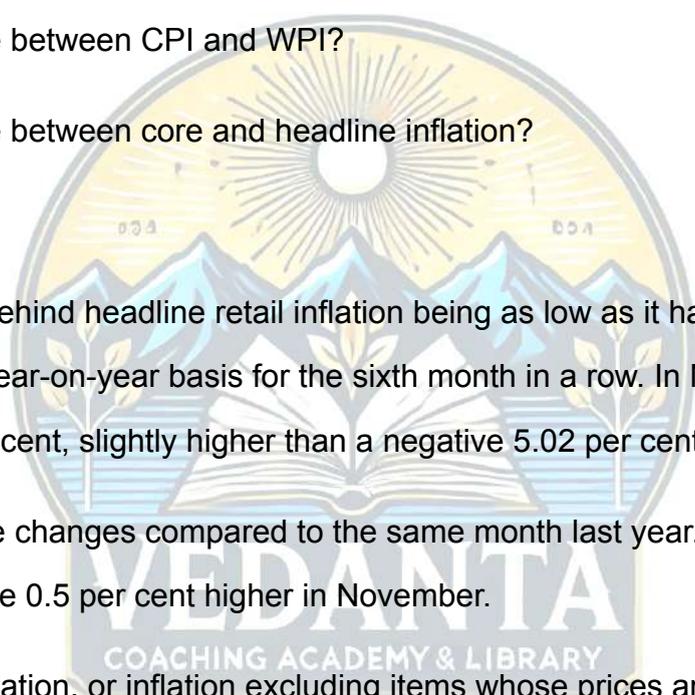
— The primary reason behind headline retail inflation being as low as it has been is food prices, which were down on a year-on-year basis for the sixth month in a row. In November, food inflation was a negative 3.91 per cent, slightly higher than a negative 5.02 per cent in October.

However, these are price changes compared to the same month last year. When compared to October, food prices were 0.5 per cent higher in November.

— Then there is core inflation, or inflation excluding items whose prices are volatile, such as food and fuel. This measure of inflation is important because it is seen as a sign of underlying price pressures in the economy; people will buy food and fuel to an extent irrespective of their prices because they are required for survival – food for nourishment and fuel for mobility.

— As such, inflation excluding food and fuel tells us how prices are moving when we consider only those items whose demand is impacted by changes in prices.

— Removing gold, silver, petrol, and diesel from core inflation gives us what economists call 'core-core' or 'super core' inflation. And calculations show this measure of inflation fell to a new record low of 2.4 per cent in November, indicating price pressures are very weak. This may be for



a variety of reasons, including the September 22 Goods and Services Tax cuts, some weakness in demand, and some statistical issues with how the statistics ministry compiles CPI data.

Do You Know:

— Inflation refers to the rate at which the general price level for goods and services increases over a period of time, causing a decrease in purchasing power of money or real income. In other words, as inflation rises, each unit of currency can buy fewer goods and services than before.

— Rising inflation affects the financial well-being of households, especially those with lower incomes or fixed incomes. As the cost of goods and services increases, it reduces the quantity of goods and services that can be purchased with the same nominal income, thereby affecting households' cost of living.

Previous year UPSC Prelims Question Covering similar theme:

(5) Consider the following statements: (UPSC CSE 2020)

1. The weightage of food in Consumer Price Index (CPI) is higher than that in Wholesale Price Index (WPI).
2. The WPI does not capture changes in the prices of services, which CPI does.
3. The Reserve Bank of India has now adopted WPI as its key measure of inflation and to decide on changing the key policy rates.

Which of the statements given above is/are correct?

- (a) 1 and 2 only
- (b) 2 only
- (c) 3 only
- (d) 1, 2 and 3

PM Oman visit:

Content.

- The visit of Prime Minister Narendra Modi to Oman (as part of the three-nation tour to Jordan and Ethiopia also, from December 15-18) comes at a crucial time when both nations are seeking to strengthen their partnership amid regional uncertainties, tariff wars, conflicts, energy transitions, and emerging connectivity corridors.
- The Oman visit is also amid tremendous geopolitical flux in the region, especially the uncertain peace that prevails after the Gaza ceasefire.
- The visit, on December 17, marks 70 years of diplomatic relations between the two nations. This is Mr. Modi's second visit to Oman, after 2018. The Sultan of Oman, Sultan Haitham bin Tarik, had visited India on December 16, 2023.
- Oman's importance to India far exceeds its geographical proximity or historical ties. Decades ago, when the region was still ambivalent towards India and soft and supportive of Pakistan, it was Oman which kept its doors open to India. For India, Oman is a crucial pillar of its West Asia Policy, with the partnership taking a more strategic shape in recent decades. India signed a strategic partnership agreement with Oman in November 2008, and Oman was also invited by India as a guest nation during its G-20 Presidency in September 2023.
- Defence and security engagement form a key pillar of this strategic partnership and are governed by a memorandum of understanding on military cooperation, signed in 2005. Oman is the first Gulf country with which all the three wings of India's defence forces hold joint exercises. Since 2012-13, an Indian naval ship has remained on duty in the Gulf of Oman for anti-piracy operations. Oman has allowed over flight/transit facilities for Indian military aircraft. In recent years, both countries have cooperated in ensuring maritime security in the Indian Ocean Region.
- Oman was the first Gulf country to purchase the Indian Small Arms System (INSAS) assault rifle in 2010. The logistics agreement on Duqm Port in Oman, signed during Mr. Modi's visit in 2018 is a landmark in India's security cooperation, providing basing facilities, operational turnaround and other logistics facilities to the Indian Navy.

Fact

- Economic and commercial relations form another pillar of engagement. Bilateral trade, though modest, has steadily increased to \$10.613 billion for FY 2024-25. Investment flows too have been robust. The cumulative foreign direct investment equity inflow from Oman to India from April 2000 to March 2025 is \$605.57 million.
- A joint venture called the Oman-India Joint Investment Fund (OIJIF), a 50-50 Joint Venture between the State Bank of India and Oman Investment Authority, has already invested \$600 million in India including a third OIJIF tranche worth \$300 million announced during the visit of Sultan Haitham bin Tarik in 2023.
- Fintech and digital payments are another strong area of convergence. In October 2022, the Central Bank of Oman signed a landmark MoU with the National Payments Corporation of India (NPCI) to link the payment systems between the two countries and launched the

Rupay debit card in Oman, a key footprint of India's initiative of promoting Digital Public Infrastructure (DPI) in the world.



3) SHANTI Bill – nuclear power and private sector

Content.

- The Centre introduced in the Lok Sabha on Monday the SHANTI Bill that aims to incentivise private sector participation, both Indian and foreign, into nuclear power production. It does this by replacing India's existing laws — the Atomic Energy Act, 1962, and the Civil Liability for Nuclear Damage (CLND) Act, 2010, — with the Sustainable Harnessing and Advancement of Nuclear energy for Transforming India (SHANTI) Bill, 2025.
- The latter creates an atomic energy regulatory structure that is answerable to Parliament, removes the Nuclear Power Corporation of India's monopoly over operating nuclear plants, and restricts the instances under which nuclear power plant operators can claim compensation from suppliers of equipment in case of an accident.

- Simultaneously, it also buffers operators by introducing limits on the extent of their liability, in case of violating the laws under the Act, based on the size of the plants they operate, and limits the maximum penalty on them to ₹1 crore even in the case of a “severe breach”.
- "The Bill proposes a revised and pragmatic civil liability framework for nuclear damage, confers statutory status on the Atomic Energy Regulatory Board (AERB), and strengthens mechanisms related to safety, security, safeguards, quality assurance and emergency preparedness," a statement by the Union Ministry of Science and Technology said. Jitendra Singh, Minister of State for Science and Technology, introduced the Bill.
- Privatising the nuclear power sector, which currently makes up 1.5% of India’s installed power capacity, and 3% of the electricity produced, has been on the government’s agenda in recent years to boost clean energy production, improve grid stability, and move towards its 2070 net-zero (zero net-carbon emissions) targets.
- This includes scaling-up installed nuclear power to 100 GW, up from the current 8.8 GW, by 2047; a 20,000 crore mission launched in the Union Budget this year to develop 'small modular reactors'; and a slew of customised 220 MW pressurised heavy water reactors.

4) PLFS – unemployment and labour indicators

Content.

- The unemployment rate (UR) among people aged 15 years and above declined to 4.7% in November, the lowest level since April, when it stood at 5.1%, according to the Periodic Labour Force Survey (PLFS) report for November released on Monday.
- The PLFS, conducted by the National Statistical Office (NSO) of the Ministry of Statistics & Programme Implementation (MoSPI), stated that the overall Labour Force Participation Rate (LFPR) increased to 55.8% in November, the highest level recorded since April.
- According to a MoSPI statement based on the PLFS report, the rise in LFPR was primarily driven by rural areas, where it increased to 58.6% in November from 58% in April.
- On a month-on-month basis, the rural LFPR rose from 57.8% in October, while the urban LFPR decreased marginally from 50.5% to 50.4%.
- Labour Force Participation Rate (LFPR): LFPR is defined as the percentage of persons in the labour force (i.e. working or seeking or available for work) in the population.
- India’s unemployment rate for individuals aged 15.
- Worker Population Ratio (WPR): WPR is defined as the percentage of employed persons in the population.
- Unemployment Rate (UR): UR is defined as the percentage of persons unemployed among the persons in the labour force.

Types of Unemployment:

- **Structural Unemployment:** Rooted in mismatches between the skills possessed by the workforce and the requirements of available positions, this form of unemployment highlights systemic issues within the labour market.
- **Cyclical Unemployment:** Tied to economic cycles, this type escalates during economic downturns and diminishes during periods of expansion, showcasing the sensitivity of job availability to macroeconomic conditions.
- **Frictional Unemployment/Transitional Unemployment:** Also called transitional unemployment, arising from the natural transition between jobs, this type reflects the temporary period individuals spend searching for new employment opportunities.
- **Underemployment:** While not strictly unemployment, this concept pertains to individuals employed in positions that underutilize their skills or provide insufficient working hours, contributing to a sense of economic inefficiency.
- **Hidden Unemployment:** Refers to individuals who are not actively seeking employment due to discouragement or other factors but could potentially enter the job market if conditions improve.
- **Disguised Unemployment:** It arises because more labourers work in the factory/land than are required. Hence productivity i.e., production per unit of labour will be less.

5) ACLED – conflict and violence data

Content.

- According to a new report from the Armed Conflict Location and Event Data (ACLED), an estimated 831 million people, or 10% of the world's population, were exposed to conflict this year. That means roughly, one in six people globally were exposed to conflict in 2025.
- The report says that conflict was characterised by less restraint and increasing violence targeting civilians. That is, armed actors around the globe were more likely to use force and disregard the consequences that came with it. Not only did the number of conflicts increase, but also, nearly three out of four such events directly involved state forces.
- ACLED has recorded nearly 2 lakh violent events worldwide this year - nearly twice the number of events recorded just four years ago.
- A region-wise analysis shows that Europe recorded the greatest increase in violence, largely driven by the Russia-Ukraine conflict, which has affected the highest number of people since the invasion in 2022. While conflicts persisted in West Asia, the end of Syria's civil war and a series of ceasefires in Lebanon and Gaza decreased the number of violent events significantly

- Compared to 2024, there was 48% decrease in violent conflicts in the region. Also, the decreases in air campaigns by Israel and Türkiye in Lebanon and Iraq, respectively, drove a 17% drop in aerial warfare globally compared to 2024.
- Global trends indicate that civilians now do not just face more violence, but they also face more state violence. More than 56,000 incidents of violence directed at civilians were recorded in 2025. This is the highest in the last five years.
- Government forces were involved in 74% of violent events worldwide in 2025.
- Data show that state-led violence targeting civilians has increased since 2020. Where state forces were responsible for 20% of global violence directed towards civilians in 2020, they now make up 35% of such events.
- While Israel and Russia were collectively responsible for about 90% of violent incidents that targeted civilians outside their borders, the Myanmar military accounted for nearly a third of violence committed by state forces against its civilians this year.

6) Bondi / Sydney – background on Bondi Beach

Content.

- Bondi Beach is a world-famous ocean beach and adjoining suburb in Sydney, known for its surf culture, tourism, and public recreation. It is among the most visited beaches in Australia and a major symbol of the country's coastal lifestyle.
- Demographics: Historically multicultural, with a strong Jewish community and migrant heritage.
- Indigenous heritage: Traditionally inhabited by Bidjigal, Birrabirragal, and Gadigal Aboriginal peoples.
- Name origin: Derived from the Dharawal word “Bondi”, meaning a loud thud, like waves crashing on rocks.

Significance:

- Tourism & economy: A key contributor to Sydney's tourism-driven economy and international image.
- Cultural history: Site of major social movements, including early 20th-century debates on public decency and beach culture.
- Public safety relevance: The recent attack highlights challenges of urban security, counter-terrorism, and public space safety.

7) Supreme Court, Governors' discretion & Article 200

Content.

- In April 2025, the Supreme Court of India delivered a judgment that finally put an end to the sordid saga of unelected Governors stymying Bills passed by elected State legislatures by indefinitely delaying assent.
- In State of Tamil Nadu vs Governor of Tamil Nadu, the Court imposed definitive timelines for the Governors to act, and said violating the timelines could attract judicial intervention, whereby courts could deem the Governor's unexplained inaction as assent.
- In responding to the Presidential Reference, the Court has presented Article 200, which deals with the Governors' power to give assent to a Bill, and its provisos, as a repository of procedures that trigger a constitutional dialog

