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TODAY'S ANALYSIS

(19 February 2025)

TOPICS TO BE COVERED

- EMIR OF QATAR VISIT TO INDIA
- APPOINTMENT OF CHIEF ELECTION COMMISSIONER
- ECONOMIC SURVEY: CHAPTER 2
 - MONETARY & FINANCIAL SECTOR DEVELOPMENTS IN INDIA?
- MCQs

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EMIR OF QATAR'S VISIT TO INDIA

- On **February 17, 2025**, Prime Minister **Narendra Modi** broke diplomatic protocol by personally welcoming **Emir Sheikh Tamim Bin Hamad Al-Thani** of Qatar at the **New Delhi airport**.
- This was part of the Emir's **2-day state visit** to India, his **second trip since March 2015**.
- PM Modi described the **Emir as his "brother"** and wished him a productive stay in India.
- The Emir was greeted by **External Affairs Minister S. Jaishankar**.



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WHY DID THE INDIAN PM BREAK THE PROTOCOL?

- The personal greeting was a sign of the **strong friendship** and **strategic partnership** between India and Qatar.
- It was **also an indication of the importance** that both countries place on strengthening their ties.
- The special gesture showed the growing **political, economic, and cultural ties** between the two nations.

KEY EVENTS

- **February 17, 2025:** Emir arrives in India and holds talks with External Affairs Minister S. Jaishankar.
- **February 18, 2025:** A **ceremonial welcome** at the **Rashtrapati Bhavan**, followed by talks with PM Modi at **Hyderabad House**.
- **MoUs** were exchanged, **focusing on trade and cooperation in energy, defence, and technology**.
- After the meeting with PM Modi, the Emir met **President Murmu**.

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MAJOR OUTCOMES

- India and Qatar on Tuesday exchanged an agreement on establishment of **strategic partnership** between the two countries.
 - The two sides reaffirmed their commitment to further strengthen the bilateral relations through regular and structured cooperation in all areas, including **political, trade, investment, security, energy, culture, education, technology, innovation, sustainability and people-to-people ties.**
- A revised agreement for avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income, between India and Qatar, was also exchanged.
- The two sides welcomed the **elevation** of the existing **Joint Working Group on Trade and Commerce** into a **Joint Commission on Trade and Commerce.**
- The two sides agreed to **explore the possibility** of entering into a bilateral **Comprehensive Economic Partnership Agreement.**
- The two sides welcomed the operationalization of India's **Unified Payment Interface (UPI)** in QNB's Points of Sales in Qatar.

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- **QNB's expansion** is also welcomed in India through **setting up of an office in GIFT City.**
- **Qatar Investment Authority (QIA)** to open an office in India.
 - Expressed interest to explore investment opportunities in different sectors, including **infrastructure, technology, manufacturing, food security, logistics, hospitality, and other areas of mutual interest.**
 - In this regard, the Qatar side announced a **commitment to invest USD 10 billion in India.**

AREAS OF COOPERATION

The Emir's visit will focus on several key areas of cooperation:

- **Trade and Investment:** India and Qatar aim to expand economic cooperation, particularly in **energy** and **technology**.
- **Energy Cooperation:** Qatar is **India's largest supplier of Liquefied Natural Gas (LNG)**, accounting for over **48%** of India's LNG imports in **2022-2023**.
- Qatar also supplies **Liquefied Petroleum Gas (LPG)**, making it the **largest source of LPG for India**, supplying **29%** of India's total LPG imports.

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- **Technology & Innovation:** The 2 countries are looking to explore collaboration in **renewable energy, fintech, and startups.**
- **Defence Cooperation:** The visit will also highlight the ongoing **defence cooperation** between the two countries, which includes **training** for Qatar's military personnel by India and participation in **defence exhibitions** like **DIMDEX**. **Significance of the Visit**
- The visit is especially important because of the **strong bilateral ties** that have developed between India and Qatar in recent years.
- Historically, their relationship was relatively quiet, but recent developments have dramatically improved cooperation.

KEY STATISTICS & FACTS

- **Trade Between India and Qatar:**
 - The trade value stands at approximately **\$20 billion**.
 - **Qatar's exports to India:** Key exports include **Liquefied Natural Gas (LNG), LPG, chemicals, petrochemicals, plastics, and aluminum.**
 - **India's exports to Qatar:** Key exports include **cereals, copper articles, iron and steel, fruits and vegetables, spices, machinery, plastic products, and textiles.**

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- **Energy Cooperation:**

- **Qatar** is India's largest supplier of **LNG**, providing over **48%** of India's LNG imports in 2022-2023.
- Qatar also supplies **29%** of India's **LPG** imports, highlighting the importance of the energy trade between the two countries.

- **Defence Ties:**

- India provides **defence training** to Qatar's military personnel.
- Indian naval and coast guard ships regularly visit Qatar for **bilateral cooperation**.
- India participates in the **Doha International Maritime Defence Exhibition and Conference (DIMDEX)**, held biennially in Qatar.

- **Cultural and People-to-People Ties:**

- **Indians in Qatar:** Approximately **8.4 lakh** Indians live and work in Qatar.
- They contribute to various sectors including **medicine, engineering, finance, business, and media**.
- **Indian Companies in Qatar:** Around **15,000 Indian companies** operate in Qatar, with a cumulative investment of about **\$450 million**.

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- **Security and Diplomacy:**

- Qatar has assumed a larger role in **West Asian security**, mediating between global powers and regional players like the **Taliban** and **Israel-Palestine** conflict.
- India and Qatar collaborate on **regional security issues**, with Qatar serving as a critical player in **security discussions**.

PENDING ISSUES

- Despite these strong ties, there is still one **pending issue**: the return of **Indian Navy personnel** who were arrested in Qatar in August 2022.
- 8 former Indian Navy personnel were charged with **espionage**, and their **death sentences** were later commuted after India's intervention.
- 7 of the men were released to India in **February 2023**, but **1 remains in detention**.

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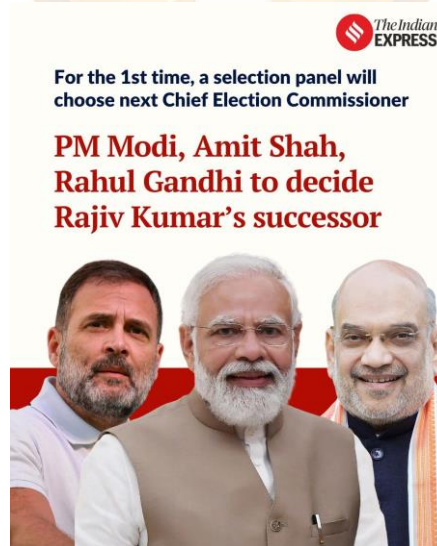
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APPOINTMENT OF CHIEF ELECTION COMMISSIONER

- On **February 17, 2025**, **Prime Minister Narendra Modi**, **Home Minister Amit Shah**, and **Leader of Opposition Rahul Gandhi** met to discuss the appointment of the new **Chief Election Commissioner (CEC)**, following the retirement of **Rajiv Kumar**.
- The meeting lasted **30 minutes** and saw **Rahul Gandhi** raise concerns, submitting a **dissent note** asking the government to defer the appointment until the **Supreme Court** resolves the petitions challenging the new appointment process.



- This marks the **first time that a Selection Committee** was convened for the appointment of the **CEC**.

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HOW WERE CECs APPOINTED BEFORE?

Previously, the **Election Commission (EC)**, consisting of one **Chief Election Commissioner (CEC)** and two **Election Commissioners (ECs)**, had its members appointed **directly by the President** on the **advice of the Prime Minister**.

- Traditionally, the **senior-most Election Commissioner** was appointed as the **CEC**.
- Seniority was determined based on the **date of appointment**.
- In the **current Commission**, **Rajiv Kumar** is the CEC, with **Gyanesh Kumar** and **Sukhbir Singh Sandhu** serving as Election Commissioners.
- Both **Gyanesh Kumar** and **Sukhbir Singh Sandhu** were appointed on the same day (March 14, 2024).
- Since **Gyanesh Kumar's** name appears first in the official notification, he is considered senior.
- Under the old system, **Gyanesh Kumar would have automatically been appointed as the new CEC** following **Rajiv Kumar's** retirement.
- However, this time, **the appointment process is different**.

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HOW WILL THE NEW CEC BE APPOINTED?

The new appointment process is governed by the **Chief Election Commissioner and Other Election Commissioners (Appointment, Conditions of Service, and Term of Office) Act, 2023**.

- Under this law, a **Search Committee** is responsible for creating a shortlist of **5 candidates** for both **CEC** and **Election Commissioner** roles.
 - The **Search Committee** is headed by the **Law Minister** (currently **Arjun Ram Meghwal**) and consists of 2 **senior bureaucrats** serving as **Secretaries to the Government of India**.
- This shortlist is then reviewed by a **Selection Committee** composed of:
 - **Prime Minister Narendra Modi**
 - **Leader of Opposition Rahul Gandhi**
 - **A Union Cabinet Minister**, nominated by the Prime Minister

DISSENT BY LoP

- **Rahul Gandhi's dissent** was recorded, but it's reported that the **Selection Committee** proceeded with selecting **Rajiv Kumar's** successor.

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- **Gyanesh Kumar** was among the five shortlisted candidates, **but the new law allows the government to consider a broader pool of candidates**, not just those shortlisted.

DOES THE NEW ACT SPECIFY ELIGIBILITY CONDITIONS?

Yes, the **2023 Act** sets clear eligibility conditions for both **CEC** and **Election**

Commissioners:

- They must be **individuals who have held or are holding a position equivalent to the rank of Secretary** to the Government of India.
- They should be persons of **integrity** with knowledge of and experience in managing and conducting elections.

Additionally, the Act specifies:

- **Term:** A **CEC** and **Election Commissioner** can serve for **no more than six years** in total, with no **reappointment** allowed.

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WHY WAS THE APPOINTMENT PROCESS CHANGED?

The **Supreme Court's** intervention led to the change in the **appointment process**. Between **2015 and 2022**, several **petitions** were filed challenging the **exclusive power of the government** to appoint the Election Commissioners.

- The **Supreme Court** noted that the **Constitution's framers** never intended for the **Executive** to have exclusive control over these appointments. The Court also expressed concerns about the **"devastating effect"** of leaving the process solely to the Executive. As a result, it ruled that a **Selection Committee** should be formed.
- In **March 2023**, the Court ruled that until a **Parliamentary law** was passed, the **Selection Committee** should consist of:
 - **Prime Minister**
 - **Leader of Opposition**
 - **Chief Justice of India (CJI)**

However, in **December 2023**, **Parliament passed the law** which replaced the **CJI** with a **Union Cabinet Minister nominated by the Prime Minister**. This change effectively gave the **Executive** more control over the selection process.

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IS THE MATTER NOW SETTLED?

- No, the matter is still **not settled** until the **Supreme Court** hears the petitions challenging the new appointment process.
- The **Association for Democratic Reforms** has filed a petition challenging the removal of the **Chief Justice of India** from the **Selection Committee**.
- The key issue raised in the petitions is whether **Parliament** has the legal authority to change a **Supreme Court judgment** through a **law**.
- The **Supreme Court** has agreed to hear the matter on **February 19, 2025**, a day after **Rajiv Kumar's** retirement.
- **Justice Surya Kant** assured the petitioners that the **Court's decision** on the validity of the new law would apply even if the appointments were made in the interim period.

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ECONOMIC SURVEY: CHAPTER 2 MONETARY & FINANCIAL SECTOR DEVELOPMENTS IN INDIA (PART 2)

Role of Development Financial Institutions (DFIs)

- **Economic Progress:** DFIs are key players in supporting economic progress by promoting economic expansion through funding **infrastructure developments**.
- **Financial and Technical Aid:** These institutions provide **financial** and **technical aid** (expert advice and assistance) across various sectors, including reports on projects, **feasibility studies** (analysis to assess the viability of a project), and **advisory services**.
- **Credit Access:** By enhancing **access to credit** (the ability of businesses or individuals to obtain loans), DFIs encourage more loans for critical areas like **infrastructure** and **housing projects**.
- **Long-Term Funding:** DFIs offer **long-term funding** for key sectors, supporting economic growth, industrial expansion, infrastructure development, and the growth of **small and medium-sized businesses (SMEs)**.

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HISTORICAL CONTEXT

Early DFIs: The initial **DFIs** were established **between the 1950s and 1960s and included:**

- **Industrial Financial Corporation of India (IFCI)** (a government financial institution for industrial funding),
- **Industrial Credit and Investment Corporation of India (ICICI)** (a major financial institution providing credit and investment services),
- **Industrial Development Bank of India (IDBI)** (an institution focused on industrial development).

Transformation: Over time, these DFIs transformed into **universal banks** (banks offering a wide range of financial services, such as commercial banking, investment, and asset management) or **commercial banks**, resulting in fewer institutions.

WHICH ARE THE RECENT INSTITUTIONS?

Recent institutions such as:

- **Infrastructure Development Finance Company (IDFC)** (a financial institution for infrastructure development),

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- **India Infrastructure Finance Company Limited (IIFCL)** (a company focused on infrastructure funding),
- **National Bank for Financing and Infrastructure Development (NaBFID)** (a dedicated bank for infrastructure development) were created to fund **infrastructure development**.

INDIA INFRASTRUCTURE FINANCE COMPANY LTD. (IIFCL)

- **Infrastructure Support:** IIFCL has played a key role in supporting India's **infrastructure development** over the last 18 years.
- **Diversified Lender:** As a long-term **financing institution**, IIFCL is one of the most **diversified public sector infrastructure lenders**.
- **Sectoral Impact:** IIFCL's sanctioned projects have contributed to:
 - **31,000 km of highways** (22% of India's **National Highways (NH)** capacity),
 - **95 GW of installed energy capacity** (23% of India's total **energy capacity**),
 - **22 GW of renewable energy capacity** (11% of India's total **renewable energy capacity**),
 - **880 million tonnes of port capacity** (35% of India's total **port capacity**).

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NATIONAL BANK FOR FINANCING & INFRASTRUCTURE DEVELOPMENT (NaBFID)

- **Establishment:** NaBFID was established through the **NaBFID Act, 2021** (the legislation that created NaBFID as a specialized bank for infrastructure).
- **AIFI Status:** NaBFID received '**All India Financial Institution (AIFI)**' status from the **Reserve Bank of India (RBI)** on **March 8, 2022**, making it the **5th AIFI** after:
 - **NABARD** (National Bank for Agriculture and Rural Development),
 - **Small Industrial Development Bank of India (SIDBI)** (a financial institution for small businesses),
 - **NHB** (National Housing Bank),
 - **Exim Bank** (Export-Import Bank of India).

OBJECTIVES OF NaBFID?

- **Financial Objective:** To lend or invest directly or indirectly and to attract **investment** from private and institutional investors for **infrastructure projects**.
- **Developmental Objective:** To work with the **central and state governments, regulators, financial institutions, institutional investors**, and other stakeholders.

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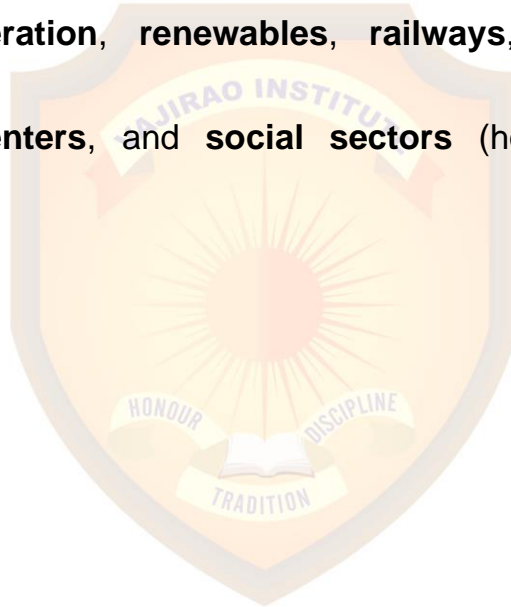
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- **Loan Sanctions:** By **September 30, 2024**, **NaBFID** had sanctioned **₹1.3 lakh crore** in loans, with the **road** and **energy sectors**, including **renewable energy**, accounting for over three-fourths of loans.
- **Project Pipeline:** NaBFID has identified a pipeline of projects across multiple sectors:
- **Roads, power generation, renewables, railways, ports, transmission and distribution, data centers, and social sectors** (hospitals, public services like education).



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MCQs

1. Consider the following statements wrt India & Qatar and mark the correct one:

1. Qatar is the largest supplier of petroleum to India.
2. India & Qatar established Strategic Partnership in 2015.

- (A) Only 1
(B) Only 2
(C) Both 1 & 2
(D) Neither nor 2

Ans. (D)

2. Consider the following statements and mark how many of them is/are correct?

1. Qatar is India's largest supplier of Liquefied Natural Gas.
2. Qatar is India's largest supplier of Liquefied Petroleum Gas.
3. India is a participant of Doha International Maritime Defence Exhibition and Conference (DIMDEX), held annually in Qatar.

- (A) Only 1 statement is correct
(B) Only 2 statements are correct
(C) All the statements are correct
(D) None of the statements are correct

Ans. (B)

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3. Who among the following heads the Search Committee for appointment of CEC & ECs?

- (A) Law Minister
- (B) CJI
- (C) LoP
- (D) Prime Minister

Ans. (A)

4. Which of these is not categorised as All India Financial Institutions (AIFIs)?

- (A) NABARD
- (B) SIDBI
- (C) NABFID
- (D) RRBs

Ans. (D)



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