



TODAY'S ANALYSIS

(18 February 2025)

TOPICS TO BE COVERED

- **NUCLEAR ENERGY LAWS OF INDIA**
- **CORRUPTION PERCEPTION INDEX**
- **ECONOMIC SURVEY: CHAPTER 2**
 - **MONETARY & FINANCIAL SECTOR DEVELOPMENTS IN INDIA**
- **MCQs**

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NUCLEAR ENERGY LAWS OF INDIA

- India is planning major changes to its nuclear energy laws, specifically the **Civil Liability for Nuclear Damage Act (CLNDA), 2010**, and the **Atomic Energy Act, 1962**.
- These changes, announced during the **Budget speech on February 1, 2025**, aim to resolve legal challenges that have hindered cooperation with foreign nuclear companies.
- The goal is to encourage **American** and **French** companies to invest in India's nuclear energy projects.

CIVIL LIABILITY FOR NUCLEAR DAMAGE ACT, 2010

The **CLNDA** was introduced to provide a legal framework for compensating victims of nuclear accidents.

Key parts of the law include:

- **Operator Liability:** It holds the operators of nuclear plants strictly responsible for **accidents**, even if the incident was not their fault.

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- **Supplier Liability:** If the accident is caused by defective equipment, operators can claim compensation from suppliers.
- **Financial Security:** Operators must have enough funds set aside to cover damages, with the government stepping in if the cost exceeds a certain amount.

THE 2012 AMENDMENT IN CLNDA

- The Indian government added the **supplier liability clause to the CLNDA** in response to concerns over incidents like Bhopal.
- This clause **held suppliers responsible for damages caused by defective equipment or materials.**
- The aim was to ensure that **foreign companies couldn't escape full liability** in case of accidents in India.
- However, this **provision caused difficulties for foreign nuclear companies like Westinghouse and EDF**, who feared they would be **financially responsible for accidents related to their supplied equipment**, which slowed down major projects.

ATOMIC ENERGY ACT, 1962

This law controls India's nuclear industry, and its key points include:

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- **Government Control:** The **central government has exclusive rights** to produce and use nuclear energy.
- **Private Sector Limitations:** Private and **foreign companies** have been **restricted** from owning or running nuclear power plants in India.

CHALLENGES FACED BY US & FRENCH FIRMS

Foreign companies, especially from **the U.S.** and **France**, have had problems with the **CLNDA's** strict rules on liability, particularly the **supplier liability** clause. Key issues include:

- **Westinghouse Electric Company (WEC)** and **Electricité de France (EDF)** were **worried about the financial risks tied to the supplier liability clause**, which made them hesitant to invest.
- Because of this, important nuclear projects have been delayed for more than **15 years**, including:
 - **Westinghouse** signed an agreement in **2012** to build **six AP1000 reactors** at **Kovvada, Andhra Pradesh.**
 - **EDF** signed an agreement in **2009** to build **six EPR1650 reactors** at **Jaitapur, Maharashtra.**

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- India's current nuclear power capacity is **6,780 MW**, with **22 reactors**, and **Rosatom (Russia)** is the **only foreign operator** in India's nuclear sector.

KEY BUDGET ANNOUNCEMENTS

- The **Budget 2025** made key announcements about changes to the **CLNDA** and **Atomic Energy Act**.
- **₹20,000 crore** has been allocated to develop **five Small Modular Reactors (SMRs)** by **2033**.
- **Nuclear Energy Target:** India aims to reach **100 GW of nuclear power capacity** by **2047** as part of its long-term energy goals.
- This will help India meet its carbon emission reduction targets.

PROPOSED AMENDMENTS

Civil Liability for Nuclear Damage Act (CLNDA), 2010:

- **Supplier Liability Revision:** The amendments will **separate the operator's liability** from the supplier's liability, bringing India's laws in line with **international standards** (such as the **International Convention for Supplementary Compensation for Nuclear Damage (CSC)**).

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- **Recourse Mechanism:** The provision that **allows operators to seek compensation from suppliers for defective equipment may be changed or removed**, making it easier for foreign companies to operate in India.

Atomic Energy Act, 1962:

- **Private Sector Participation:** The changes will allow **private and foreign companies to own and operate nuclear power plants**, ending the government's control over the sector.
- **Public-Private Partnerships (PPPs):** The amendments will encourage joint ventures between **Nuclear Power Corporation of India (NPCIL)** and **foreign companies**, allowing shared investments and expertise.

IMPACT ON AMERICAN & FRENCH FIRMS

The proposed changes are expected to have a big impact on **American** and **French companies** in the nuclear sector:

- **Encouraging Investment:** By easing the liability rules, the reforms are likely to attract **American companies** and **French companies** to invest in India's nuclear energy market.

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- **Faster Project Execution:** The reduction in legal risks could speed up the construction of projects that have been delayed, such as those in **Kovvada** (Andhra Pradesh) and **Jaitapur** (Maharashtra).
- Partnerships with foreign firms will bring advanced nuclear technologies, including **Small Modular Reactors (SMRs)**, to India.

PREVIOUS GOVERNMENT'S STANCE

- In **February 2015**, the Indian government released a “**Frequently Asked Questions (FAQ)**” document after **U.S. President Barack Obama's** visit.
- The document stated that there were **no plans** to amend the **CLNDA**.
- However, this stance didn't lead to significant agreements, and the legal issues remained unresolved.
- Now, the government has reversed its position to encourage greater foreign investment.

CONCLUSION

India's planned changes to the **CLNDA** and the **Atomic Energy Act** are a major shift in the country's nuclear energy policy. By addressing **liability concerns** and promoting **private**

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sector participation, these reforms aim to attract foreign investment, particularly from **American** and **French** nuclear companies. This will help India achieve its goal of generating **100 GW of nuclear energy by 2047**, strengthening energy security, and contributing to cleaner energy sources in the long term.



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CORRUPTION PERCEPTION INDEX

The **Corruption Perceptions Index (CPI)** is a critical benchmark for assessing the perceived levels of public sector corruption across different countries. It is based on surveys conducted among business leaders, experts, and analysts both within and outside the countries in question.

Releasing Authority

The CPI is released annually by **Transparency International**, an international non-governmental organization headquartered in **Berlin, Germany**. The index has been published every year since 1995.



CORRUPTION PERCEPTIONS INDEX 2024

The perceived levels of public sector corruption in 180 countries/territories around the world.



SCORE	COUNTRY/TERRITORY	SCORE	COUNTRY/TERRITORY	SCORE	COUNTRY/TERRITORY	SCORE	COUNTRY/TERRITORY
94	Denmark	44	Algeria	27	Burkina Faso	21	Comoros
93	Norway	43	Switzerland	43	Burkina Faso	21	Guinea-Bissau
92	Sweden	42	Denmark	42	Guinea	20	Dominican Republic
91	Finland	41	France	41	Guinea	20	Chad
90	Netherlands	40	Germany	40	Guinea	20	Chad
89	Australia	39	Canada	39	Guinea	20	Chad
88	Belgium	38	United Kingdom	38	Guinea	20	Chad
87	Canada	37	United States	37	Guinea	20	Chad
86	France	36	Germany	36	Guinea	20	Chad
85	United Kingdom	35	Italy	35	Guinea	20	Chad
84	United States	34	Spain	34	Guinea	20	Chad
83	Germany	33	Portugal	33	Guinea	20	Chad
82	Italy	32	France	32	Guinea	20	Chad
81	Spain	31	Italy	31	Guinea	20	Chad
80	Portugal	30	Spain	30	Guinea	20	Chad
79	France	29	Portugal	29	Guinea	20	Chad
78	Italy	28	France	28	Guinea	20	Chad
77	Spain	27	Italy	27	Guinea	20	Chad
76	Portugal	26	Spain	26	Guinea	20	Chad
75	France	25	Portugal	25	Guinea	20	Chad
74	Italy	24	France	24	Guinea	20	Chad
73	Spain	23	Italy	23	Guinea	20	Chad
72	Portugal	22	Spain	22	Guinea	20	Chad
71	France	21	Portugal	21	Guinea	20	Chad
70	Italy	20	France	20	Guinea	20	Chad
69	Spain	19	Italy	19	Guinea	20	Chad
68	Portugal	18	Spain	18	Guinea	20	Chad
67	France	17	Portugal	17	Guinea	20	Chad
66	Italy	16	France	16	Guinea	20	Chad
65	Spain	15	Italy	15	Guinea	20	Chad
64	Portugal	14	Spain	14	Guinea	20	Chad
63	France	13	Portugal	13	Guinea	20	Chad
62	Italy	12	France	12	Guinea	20	Chad
61	Spain	11	Italy	11	Guinea	20	Chad
60	Portugal	10	Spain	10	Guinea	20	Chad
59	France	9	Portugal	9	Guinea	20	Chad
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55	France	5	Portugal	5	Guinea	20	Chad
54	Italy	4	France	4	Guinea	20	Chad
53	Spain	3	Italy	3	Guinea	20	Chad
52	Portugal	2	Spain	2	Guinea	20	Chad
51	France	1	Portugal	1	Guinea	20	Chad
50	Italy	0	France	0	Guinea	20	Chad
49	Spain	0	Italy	0	Guinea	20	Chad
48	Portugal	0	Spain	0	Guinea	20	Chad
47	France	0	Portugal	0	Guinea	20	Chad
46	Italy	0	France	0	Guinea	20	Chad
45	Spain	0	Italy	0	Guinea	20	Chad
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14	Italy	0	France	0	Guinea	20	Chad
13	Spain	0	Italy	0	Guinea	20	Chad
12	Portugal	0	Spain	0	Guinea	20	Chad
11	France	0	Portugal	0	Guinea	20	Chad
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8	Portugal	0	Spain	0	Guinea	20	Chad
7	France	0	Portugal	0	Guinea	20	Chad
6	Italy	0	France	0	Guinea	20	Chad
5	Spain	0	Italy	0	Guinea	20	Chad
4	Portugal	0	Spain	0	Guinea	20	Chad
3	France	0	Portugal	0	Guinea	20	Chad
2	Italy	0	France	0	Guinea	20	Chad
1	Spain	0	Italy	0	Guinea	20	Chad
0	Portugal	0	Spain	0	Guinea	20	Chad



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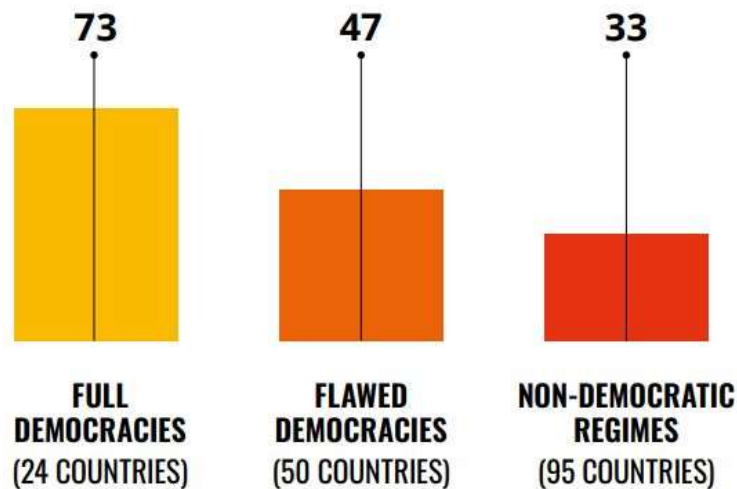
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CPI, 2024

AVERAGE CPI 2024 SCORE FOR DIFFERENT TYPES OF GOVERNMENT

Strong democracies vastly outperform flawed ones and authoritarian regimes in control of corruption.



- **Release Date:** February 2025
- **Countries Ranked:** 180 countries and territories
- **Scoring System:** Ranges from 0 (highly corrupt) to 100 (very clean)
 - **Global Average Score:** 43 points
 - **Democratic Regimes:**
 - Full democracies: Average score of 73
 - Flawed democracies: Average score of 47
 - Non-democratic regimes: Average score of 33

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KEY FINDINGS

- **Global Corruption Levels:** Over two-thirds of countries scored below 50, indicating significant corruption issues worldwide.
- **Improvements and Stagnation:** 32 countries have significantly reduced corruption levels since 2012, while 148 countries have shown stagnation or worsening corruption.
- **Perfect Score:** No country achieved a perfect score of 100, indicating that complete transparency remains elusive.

REGIONAL INSIGHTS

- **Western Europe and the European Union:** Leading with an average score of 66, but showing a decline for the second consecutive year due to business interests outweighing public good and weak enforcement of laws.
- **Sub-Saharan Africa:** Lowest average score at 33, but with signs of improvement in specific countries despite challenges like climate change and conflict.
- **Middle East and North Africa:** Slight increase in corruption levels, with an average score of 39. Key issues include conflict, authoritarianism, and weak justice systems.

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- **Eastern Europe and Central Asia:** Second-lowest average score globally, exacerbated by conflict, weak institutions, and authoritarian tendencies.
- **The Americas:** Need for urgent action to address impunity, protect civic spaces, and curb the influence of organized crime in politics.
- **Asia Pacific:** Mixed progress with improvements in some countries but a declining average score due to worsening corruption cycles and climate change impacts.

Top 5 Countries

1. **Denmark:** 90 points (7th year in a row)
2. **Finland:** 88 points
3. **Singapore:** 84 points
4. **New Zealand:** 83 points (outside the top three for the first time since 2012)
5. **Luxembourg, Norway, Switzerland:** 81 points each

Lowest Ranked Countries

1. **South Sudan:** 8 points
2. **Somalia:** 9 points
3. **Venezuela:** 10 points
4. **Syria:** 12 points
5. **Equatorial Guinea, Eritrea, Libya, Yemen:** 13 points each

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INDIA & ITS NEIGHBOURS

- **India:**

- Score: 38/100
- Rank: 96/180
- Score Change: -1 since 2023

- **Neighboring Countries:**

- **Bhutan:** Rank 18, Score 72
- **Sri Lanka:** Rank 121, Score 32
- **Maldives:** Rank 96, Score 38
- **Pakistan:** Rank 135, Score 27
- **Bangladesh:** Rank 151, Score 23
- **Afghanistan:** Rank 165, Score 17
- **China:** Rank 76, Score 43
- **Nepal:** Rank 107, Score 34
- **Myanmar:** Rank 168, Score 16



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ECONOMIC SURVEY: CHAPTER 2

MONETARY & FINANCIAL SECTOR DEVELOPMENTS IN INDIA (PART 1)

Financial Institutions and Economic Growth

- **Financial institutions are important in shaping a country's economic growth** by facilitating savings, investments, and credit for various economic activities.
- Monetary policies significantly influence the interplay between financial intermediation and economic growth. **These policies help manage inflation, economic stability, and growth.**
- **Global Factors:** The developments in the financial sector are shaped by both domestic and global factors, including inflation trends, economic activity projections, and **interest rate movements in major economies like the US, EU, and Japan.**

RBI INSTRUMENTS

- **Interest Rates** : The RBI adjusts interest rates to control inflation and economic growth.
- **Open Market Operations (OMO)** : The RBI buys or sells government securities to regulate the money supply.

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- **Cash Reserve Ratio (CRR):** The minimum percentage of a bank's total deposits that it must keep with the RBI, used to manage liquidity.
- **Statutory Liquidity Ratio (SLR) :** The minimum percentage of a bank's deposits that must be kept in the form of liquid assets (like cash, gold, or government securities).

MONETARY POLICY DECISIONS

- **FY25 (April 2024 - December 2024):** The MPC decided to keep the **policy repo rate** (rate at which the RBI lends to commercial banks) unchanged at **6.5%**.
- **CRR Cut:**
 - In **December 2024**, the CRR was reduced from **4.5%** to **4%** of **Net Demand and Time Liabilities (NDTL)**, releasing about **₹1.16 lakh crore** into the banking system.

ROLE OF RURAL FINANCIAL INSTITUTIONS

- **Inclusive Growth: RFI**s (institutions providing financial services in rural areas) play a crucial role in ensuring **inclusive growth** by promoting **financial inclusion**, credit accessibility, **agricultural financing**, and the empowerment of rural entrepreneurs.

Network of Organizations: RFIs consist of various organizations such as:

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- **Regional Rural Banks (RRBs)** (banks established to provide financial services in rural areas),
- **Rural Cooperative Banks (RCBs)** (banks owned by members for promoting rural economic activities),
- **Scheduled Commercial Banks (SCBs)** (banks listed under the Second Schedule of the Reserve Bank of India Act),
- **Small Finance Banks** (banks providing financial services to underserved sections of society),
- **Non-Banking Financial Companies (NBFCs)** (companies providing financial services without accepting deposits),
- **Micro Finance Institutions** (organizations providing small loans to the underserved),
- **Local Area Banks** (banks focusing on specific geographical areas).

NABARD Oversight: The **National Bank for Agriculture and Rural Development (NABARD)** (a government institution focusing on rural development and agricultural financing) oversees the performance and health of **RRBs** and **RCBs**, focusing on factors like growth, asset-liability composition, business structure (such as deposits and loans), and profitability indicators.

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ABOUT RRBs

- **Establishment:** RRBs were established in 1975 under the **Regional Rural Banks Act of 1976** (an Act aimed at improving rural credit and financial services).
- **Expansion:** RRBs have significantly expanded since their inception:
- **Initial Expansion:** There were **133 RRBs** in **2006**.
- **Consolidation:** The number of RRBs reduced to **43 in 2023** after mergers, liquidations, and amalgamations aimed at improving performance.

COVERAGE BY RRBs

- RRBs now cover **696 districts** (geographical areas within a country) as of 2023, up from 523 in 2006.
- The number of **branches** (physical locations of RRBs) grew from **14,494 in 2006** to **21,856 in 2023**.
- **Current Status:** As of **March 31, 2024**, there were **43 RRBs** (sponsored by **12 SCBs**) with **22,069 branches**, operating in **26 states and 3 Union Territories (UTs)**, with **31.3 crore deposit accounts** (bank accounts holding customer deposits) and **3 crore loan accounts** (accounts representing loans disbursed).

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MCQs

1. Consider the following statements wrt Civil Liability for Nuclear Damage Act, 2010 and mark the correct one:

1. The CLNDA,2010 entails operator liability only and not the supplier's liability.
2. As per the law, the operator has to set aside funds to cover damages, with the government stepping in if the cost exceeds a certain amount.

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

Ans. (B)

2. Consider the following pairs and mark how many of them is/are correct:

Nuclear Power Plant

Country

1. Kudankulam NPP

Russia

2. Kouvada NPP

USA

3. Jaitapur NPP

France

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- (A) Only one pair is correctly matched
- (B) Only two pairs are correctly matched
- (C) All the pairs are correctly matched
- (D) None of the pairs are correctly matched

Ans. (C)

3. Consider the following statements wrt Corruption Perception Index and mark the correct one:

1. It is an annual index released by Transparency International.
2. According to 2024 Index, India performs better than all countries in South Asia.

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

Ans. (A)

4. Where is Transparency International headquartered?

- (A) Bonn, Germany
- (B) Berlin, Germany
- (C) Lyon, France
- (D) New York, USA

Ans. (B)

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5. Consider the following statements wrt Regional Rural Banks and mark the correct one:

1. RRBs are regulated by RBI.
2. The RRBs are a statutory body.
3. The no. of RRBs have reduced in since 2006.

- (A) Only 1 & 2
- (B) Only 2 & 3
- (C) Only 2
- (D) All of the above

Ans. (B)



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