



DAILY CURRENT AFFAIRS 01-08-2025

GS-1

1. Klyuchevskoy Volcano

GS-3

2. The Banking Laws (Amendment) Act, 2025
3. Why the Gini Index is wrong about India
4. Chronic Traumatic Encephalopathy (CTE)

Klyuchevskoy Volcano

Syllabus: GS-1: World Physical Geography – Volcanoes.

Context:

- The **Klyuchevskoy volcano's activity** is being closely monitored after a **massive 8.8 magnitude earthquake** struck off Russia's eastern coast.
- Raises concerns of **tectonic-volcanic interactions** in the **Ring of Fire** region.

What is Klyuchevskoy Volcano?

- A **stratovolcano**, known for steep conical shape and explosive eruptions.
- Also called **Klyuchevskaya Sopka**.
- Among the **most active volcanoes in the world**.

Location

- **Kamchatka Peninsula**, eastern Russia.
- Around **100 km from the Bering Sea**.
- Part of the **Pacific Ring of Fire**, a geologically active region with frequent earthquakes and volcanic eruptions.

Key Features

- **Height:** 4,750 meters (15,584 feet) – **tallest active volcano in Eurasia and Northern Hemisphere**.
- **Eruption History:**
 - First recorded eruption: **1697**.
 - Continues to erupt frequently with little dormancy.
- **UNESCO World Heritage Site:**
 - Forms the **core of the Volcanoes of Kamchatka** site due to its geological and ecological significance.

Kamchatka Peninsula – Geographical Significance

Basic Overview

- A vast **peninsula in far eastern Russia**.
- Bounded by:
 - **Sea of Okhotsk** to the west.
 - **Bering Sea & Pacific Ocean** to the east.

Geographical Features

- **Size:** 1,200 km (N-S), 480 km (E-W); area ≈ **370,000 sq. km.**
- Contains **127 volcanoes**, of which **29 are active.**
- Major mountain ranges:
 - **Sredinny Range** (Central)
 - **Vostochny Range** (Eastern)

Ecology & Climate

- **Flora:**
 - Tundra vegetation: mosses, lichens, Kamchatka alder.
 - Forested lowlands: birch, larch, poplar, willow.
- **Climate:**
 - **Sub-Arctic climate.**
 - **Cold, snowy winters** and **cool, wet summers.**
- Rich in **geothermal features:** geysers, hot springs.

The Banking Laws (Amendment) Act, 2025

Syllabus: GS-3: Indian Economy – Banking sector.

Context:

- The **Banking Laws (Amendment) Act, 2025** came into effect on **1st August 2025.**
- Aims to **modernise outdated provisions**, improve **governance**, ensure **depositor protection**, and enhance **audit quality.**

Scope of the Amendment

- **Total Amendments:** 19 key changes across 5 legislations:
 - Reserve Bank of India Act, 1934
 - Banking Regulation Act, 1949
 - State Bank of India Act, 1955
 - Banking Companies (Acquisition and Transfer of Undertakings) Acts, 1970 and 1980
- **Date of Notification:** Official Gazette, July 2025

- **Implementation Date:** 1 August 2025

Key Amendments

Redefinition of 'Substantial Interest'

- Old threshold: ₹5 lakh (since 1968)
- Revised threshold: **₹2 crore**
- Purpose: To reflect modern economic realities and restrict **undue influence** on bank boards.

Director Tenure in Cooperative Banks

- Aligns with **97th Constitutional Amendment**
- Change:
 - Maximum tenure extended from **8 years to 10 years**
 - Applies to directors (excluding chairpersons and whole-time directors)
- Aim: Greater **stability and continuity** in governance

Transfer of Unclaimed Amounts

- PSBs can now transfer:
 - Unclaimed shares
 - Interest
 - Bond redemption amounts
- Destination: **Investor Education and Protection Fund (IEPF)**
- Aligns banking practices with **Companies Act**
- Improves handling of **dormant accounts** and investor protection.

Statutory Auditor Empowerment

- PSBs can now **remunerate statutory auditors** directly
- Impact:
 - Attracts **skilled audit professionals**
 - Ensures **better audit quality**
 - Improves **transparency and accountability** in PSBs

Changes in Reporting Timelines to RBI

- Old system: Weekly reporting every **Friday**
- New system: Reporting on the **last day of the fortnight/month/quarter**

- Aim: To **reduce compliance burden** and streamline data reporting

Objectives of the Act

- **Modernise outdated provisions** (some unchanged since 1968)
- Ensure **sound governance practices** in the banking sector
- Strengthen **audit standards** and financial oversight
- Protect **depositors and investors**
- Reduce unnecessary **regulatory compliance burden**

Legislative Timeline

- **Introduced:** August 2024
- **Lok Sabha Passed:** December 2024
- **Rajya Sabha Approval (with amendments):** March 2025
- **Final Lok Sabha Approval:** April 2025
- **Notified and Enforced:** 1 August 2025

Significance for the Indian Banking Sector

- First major comprehensive update to multiple banking laws in decades
- Reflects shift toward **greater accountability, governance, and depositor-centric banking**
- Supports government objectives of financial sector reform and efficient regulatory architecture

Constitutional and Legal Linkages

- **97th Constitutional Amendment:** Governs cooperative societies
- **Companies Act, 2013:** Referenced for unclaimed asset transfers
- **RBI's regulatory powers:** Strengthened via streamlined reporting and governance mandates

Why the Gini Index is wrong about India

Syllabus: GS-3: Indian Economy – Inequality.

Context:

The Gini Index ranked India among the world's most equal societies, by giving the country a score of 25.5. This places India in a 'moderately low' inequality category.

Gini Index – Income Inequality Measure

- **Definition:** The Gini Index (or Gini Coefficient) measures income inequality within a population.
- **Scale:** Ranges from **0** (perfect equality) to **100** (perfect inequality).
- **India's Score:**
 - As per available data, India has a **Gini score of 25.5**, suggesting relative equity.
 - However, this figure is derived from **limited income tax data** covering only about **10% of the adult population**.
- **Limitation:** Exclusion of informal sector and non-taxable incomes results in underestimation of true inequality.

Forms of Inequality in India

Wealth Inequality

- **Top 1% income share:** Received **22.6%** of national income in FY 2022-23 (Study: *Income and Wealth Inequality in India 1922–2023*).
- **Informal employment:** Widespread; leads to low income, minimal job security, and weak bargaining power.
- **Tax net exclusion:** Majority remain outside income tax net, reflecting structural inequality.

Gender Inequality

- **Workforce participation:** Women constitute only **35.9%** of total workforce.
- **Leadership roles:** Only **12.7%** representation in senior/middle management.
- **Startups:** Women lead just **7.5%** of active startups despite India's global startup ranking.
- **Digital access gap:** Only **25%** of rural women have internet access vs **49%** rural men.

Digital Inequality

- **Internet penetration:** Only **41.8%** of households (rural + urban) have broadband access.
- **Consequences:**
 - Reinforces economic and educational disparities.
 - Restricts access to remote jobs and e-learning.

- Contributes to socio-economic immobility and low-skill employment entrapment.

Educational Inequality

- **Digital infrastructure in schools:**
 - Only **52.7%** have functional computers.
 - Only **53.9%** have internet access.
- **Urban-rural divide:**
 - Students in rural/low-income groups face difficulty in accessing digital learning.
 - Example: During winter pollution shutdowns in Delhi, only children with digital access could continue learning remotely.

Way Forward

- **Policy Reform:** Emphasis on **inclusive digital and educational infrastructure**.
- **Better Data:** Need for **robust, wide-ranging data** beyond income tax records.
- **Structural Reforms:** Address deep-rooted economic and social inequalities.
- **Targeted Interventions:** Bridge gender, digital, and regional divides through affirmative action and capacity building.

Chronic Traumatic Encephalopathy (CTE)

Syllabus: GS-3: Science and Technology – Disorders and diseases.

Context:

A 27-year-old gunman in the recent NFL headquarters shooting reportedly cited CTE as a contributing factor in a suicide note, bringing attention to the neurological risks in contact sports.

What is CTE?

- **Definition:** CTE is a progressive degenerative brain disease caused by repeated head injuries.
- **Nature:** Neurodegenerative – leads to death of nerve cells over time.

Causes:

- Repetitive brain trauma commonly observed in:

- **Contact sports:** e.g., boxing, American football, hockey.
- **Military veterans:** due to exposure to blast injuries.

Symptoms:

- **Early:** Mood swings, aggression, depression, suicidal ideation, personality changes.
- **Progressive:** Memory loss, confusion, impaired judgment.
- **Advanced:** Motor dysfunction, dementia-like symptoms.

Diagnosis:

- Confirmed only after death through brain tissue analysis.

Treatment:

- No cure available.
- Symptomatic management through medication and therapy.

Public Health Concern:

- Raises ethical and safety issues in sports regulations, military training, and mental health surveillance.