

# THE HINDU NEWS ANALYSIS

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BAJIRAO IAS  
ACADEMY



# India-Russia friendship remains steady like the pole star, says PM

Russian President Putin, who is on a two-day state visit to India, and Modi hold bilateral talks; PM signals that energy ties will continue as a 'strong and vital pillar' of partnership, despite Western opposition; the two sides sign 16 agreements

**Kallol Bhattacharjee**  
NEW DELHI

Appreciating Russian President Vladimir Putin for taking the India-Russia relationship to "new heights" over the past quarter of a century, Prime Minister Narendra Modi laid out an expansive canvas of energy and trade collaborations between the two countries, stretching to 2030. Addressing the media after bilateral talks at Hyderabad House on Friday, Mr. Modi described the India-Russia friendship as a "pole star" and called for a peaceful solution to Russia's war with Ukraine.

"Over the past eight decades, the world has witnessed many ups and downs. Humanity has faced numerous challenges



Russian President Vladimir Putin and Prime Minister Narendra Modi at a reception at Rashtrapati Bhavan in New Delhi. R.V. MOORTHY

es and crises. Yet, through all of this, the India-Russia friendship has remained steady like a *dhruva tara* (pole star)," the Prime Minister said.

**'Our ties a constant'**  
Foreign Secretary Vikram Misri expanded on the

PM's use of the Hindi term '*dhruva tara*' during a later briefing, saying it referred to the "sustained and long-term significance of this relation". Highlighting the "sustainability and certainty" of India-Russia ties, Mr. Misri added, "This relationship is a constant.

## Pacts to raise opportunities for Indian workers in Russia

**The Hindu Bureau**  
NEW DELHI

Indian and Russian governments on Friday signed two agreements that will enhance mobility of Indian semi-skilled and skilled workers to Russia, as official sources indicated that New Delhi

will increasingly utilise India's "strength" in the category of "semi-skilled workers" in the coming years while adding dynamism to existing relations between the partner countries.

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There have been several crises along the way but they have not altered the fundamentals of this relationship."

Mr. Putin's visit has attracted global attention as it comes months after U.S. President Donald Trump imposed punitive tariffs on

India for purchasing Russian energy. Mr. Trump described his move as a tactic to push Russia to the negotiating table on Ukraine.

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## Syllabus

### General Studies paper II

- Effect of policies and politics of developed and developing countries on India's interests, Indian diaspora.

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## India–Russia Relations: A Strategic Partnership Rooted in Stability

- ❑ India and Russia share a relationship that spans more than eight decades, marked by mutual trust, strategic alignment, and enduring cooperation.
- ❑ During Russian President Vladimir Putin’s latest visit to New Delhi, Prime Minister Narendra Modi described the India–Russia friendship as a “**dhruva tara**” (**pole star**) — a steady, guiding force despite global shifts and geopolitical turbulence.





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## **2. Historical Foundations of the Partnership**

### **2.1 A Legacy of Stability**

- ❑ Since the mid-20th century, India and Russia (then the Soviet Union) have maintained close diplomatic, defense, and economic ties.
- ❑ Even as the world has experienced major geopolitical transformations, including the end of the Cold War, economic crises, and regional conflicts, the fundamentals of India–Russia relations have remained strong.

### **2.2 Consistency Through Crises**

- ❑ Both sides emphasize that their partnership has weathered global challenges — from wars to economic downturns — without affecting the core trust and strategic cooperation that defines the relationship.
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### 3. Expanding Economic and Energy Cooperation

#### 3.1 Energy Security as a Central Pillar

Prime Minister Modi reiterated that **energy security** forms one of the most important pillars of the bilateral partnership.

- Following the Ukraine conflict, India increased purchases of Russian crude oil at discounted rates, bolstering domestic energy stability.
- Russia also expressed interest in collaborating with India on **small modular nuclear reactors**, in addition to ongoing work at **Kudankulam**, India's largest nuclear power project.

#### 3.2 Long-Term Trade Vision Till 2030

The two leaders discussed an extended framework of trade and investment cooperation stretching up to **2030**, aiming to diversify trade beyond traditional sectors like oil, defense, and fertilizers.

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## 4. Mobility of Skilled Indian Workforce

### 4.1 New Agreements on Labour Mobility

- ❑ Both governments signed **two agreements** to expand opportunities for **semi-skilled and skilled Indian workers in Russia**.
- ❑ This move aligns with India's strategy to leverage its demographic advantage and meet Russia's requirement for trained manpower in sectors such as construction, services, and manufacturing.



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## 5. Diplomatic Convergence and Global Politics

### 5.1 Shared Emphasis on Independent Foreign Policy

- ❑ President Putin highlighted that both nations follow an **independent foreign policy**, advocating for a **multipolar global order** and respect for sovereignty.

### 5.2 India's Call for Peace in Ukraine

- ❑ India reiterated that it has **consistently advocated peace** in relation to the Ukraine conflict, urging dialogue and diplomacy as the only sustainable way forward.



# Lok Sabha passes Bill to levy a special cess on pan masala

Union Finance Minister Nirmala Sitharaman says the cess will be shared with the States; it will be levied on the production capacity of machines in pan masala manufacturing factories; main aim to meet expenditure on national security and health

**The Hindu Bureau**  
NEW DELHI

**T**he Lok Sabha on Friday passed a Bill to levy a special cess on pan masala and use the fund for improving public health and strengthening national security.

The Health Security and National Security Cess Bill, 2025, will introduce a new cess that replaces the existing compensation cess under the GST framework.

## Sharing with States

Union Finance Minister Nirmala Sitharaman said the cess would be shared with the States, as public health is a State subject.

Replying to the debate



Union Finance Minister Nirmala Sitharaman speaks in the Lok Sabha during the Winter Session of Parliament on Friday. PTI

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on the Bill before it was passed by a voice vote, Ms. Sitharaman said pan masala would be taxed at the maximum 40% rate under the Goods and Services Tax (GST) based on its con-

sumption, and there would be no impact of this cess on GST revenues.

The primary intent behind the newly introduced Health Security (National Cess) Bill, 2025 is to levy a tax specifically on the production capacity of pan masala, a category the government says cannot be effectively brought under the conventional excisable regime, the Finance Minister had clarified on Thursday.

On Friday, Ms. Sitharaman said the Bill's intent was to augment the resources for meeting expenditure on national security and for public health by levying a cess on the machines installed or other processes undertaken to manufacture pan masala and similar goods.

The proposed Health and National Security Cess, which will be over and above the GST, will be levied on the production capacity of machines in pan masala manufacturing factories.

Initially the Bill is applicable to pan masala, however, the government may notify to extend the cess to other goods, if necessary.

Ms. Sitharaman added that the cess as a percentage of gross total revenue was 6.1% in the current fiscal, lower than 7% between 2010 to 2014.

## Syllabus

### General Studies paper II

- Functions and responsibilities of the Union and the States, issues and challenges pertaining to the federal structure, devolution of powers and finances up to local levels and challenges therein.



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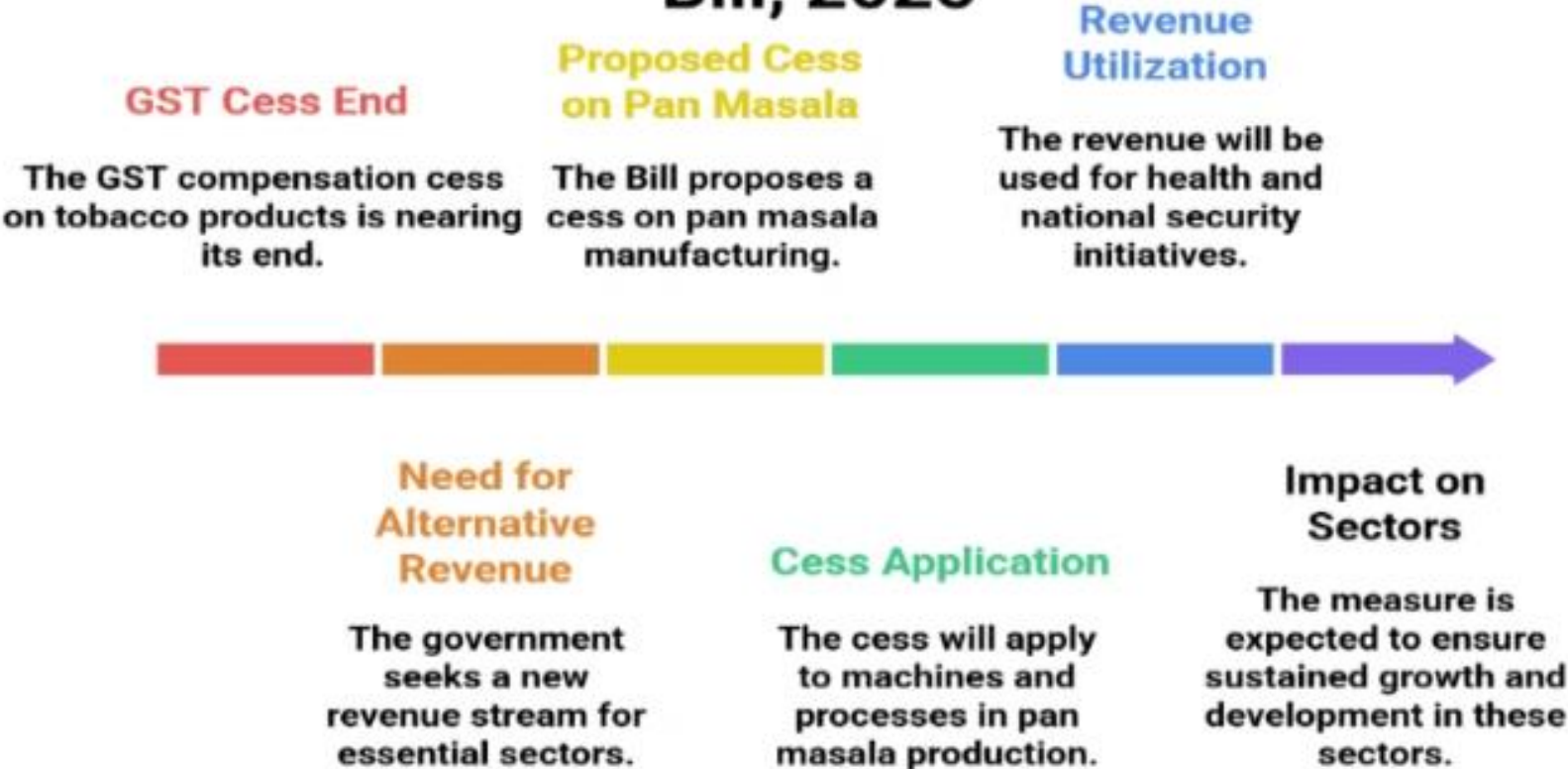
## Health Security (National Cess) Bill, 2025 – A Critical Analysis

- ❑ The Lok Sabha has passed the **Health Security (National Security Cess) Bill, 2025**, introducing a special cess on **pan masala** to generate dedicated funds for **public health** and **national security**.
- ❑ This cess will replace the existing compensation cess under the GST regime.



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# Health Security and National Security Cess Bill, 2025



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## 2. Rationale Behind the New Cess

### 2.1 Targeting a High-Risk Product Category

Pan masala manufacturers were deemed unsuitable for conventional excise-based taxation due to their **production practices and monitoring challenges**. The Bill proposes a levy based on **production capacity of machines**, ensuring better compliance and revenue predictability.

### 2.2 Public Health Imperative

Pan masala consumption is associated with oral cancers and lifestyle diseases. Hence, the government aims to discourage its consumption while generating funds to strengthen **public health systems**, a domain constitutionally under **State List**.

- **Example:** The Finance Minister clarified that pan masala will continue to attract **40% GST**, and the additional cess will not impact existing GST revenues.
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### 3. Fiscal and Federal Dimensions

#### 3.1 Revenue for States

Since public health is a State subject, Union Finance Minister Nirmala Sitharaman highlighted that cess proceeds will be **shared with States**, addressing fiscal needs for expanding healthcare infrastructure.

#### 3.2 Dedicated Resource Stream

The Bill aims to create a “**predictable and dedicated resource stream**” for **health and national security**, reducing ad-hoc funding patterns.

#### 3.3 Cess Trends

The Minister noted that cess as a percentage of **gross total revenue** stands at **6.1%** in the current fiscal—lower than the **7% average between 2010–14**, indicating that the new cess does not excessively burden overall taxation.

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# 'Reworking' procedures to resume MGNREGS in West Bengal: Centre informs RS

**Sobhana K. Nair**  
NEW DELHI

The Union Ministry of Rural Development is currently in the "process of reworking and refining the necessary modalities and procedures" to resume the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in West Bengal, it told the Rajya Sabha on Friday.

Union Minister of State Kamlesh Paswan filed this reply to a question raised by Trinamool Congress Rajya Sabha leader Derek O'Brien.

The Centre stopped releasing MGNREGS funds to West Bengal in March 2022, citing the State's continued non-compliance with Central directives, and invoked the provisions of Section 27 of the Act.

In June this year, the Calcutta High Court ordered the resumption of MGNREGS in the State. The Centre appealed to the Supreme Court, which



The Centre owes West Bengal ₹3,082.52 crore, of which ₹1,457.22 crore is the wages due for completed works. DEBASISH BHADURI

sustained the High Court's order in October.

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**'Vindictive regime'**

Trinamool MPs staged a protest in the Parliament complex on Friday, highlighting the Central dues for West Bengal, and accusing a "vindictive regime" of starving an entire State to settle political scores. The Centre owes the State ₹3,082.52 crore, of which ₹1,457.22 crore is the wages due for completed work by registered workers.

Before the funds were stopped in March 2022, West Bengal was one of the

top-performing states under the scheme, Mr. O'Brien told *The Hindu*. "These workers dug ponds, repaired roads, built embankments. They earned their wages honestly. For over three years, they have waited silently, invisibly," he said.

Nationwide, the scheme had already spent almost 80% of allocated funds for the financial year 2025-26, with almost four months left in the year. The budget allocation for the year was ₹86,000, of which nearly ₹68,400 crore has been spent, the Ministry told the Rajya Sabha.

## Syllabus

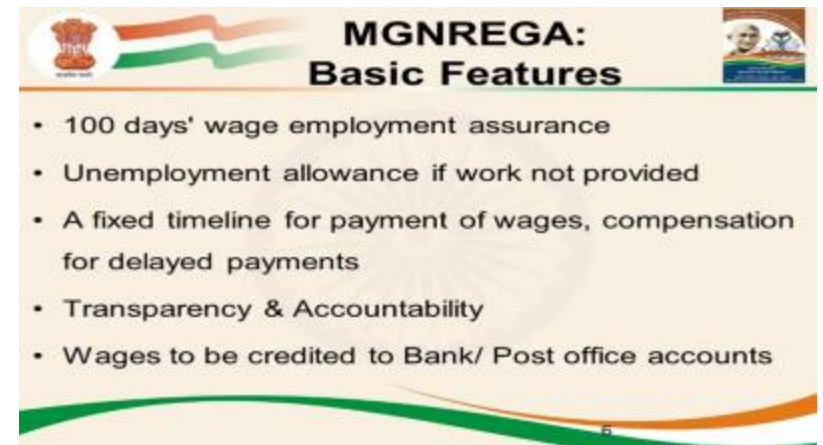
### General Studies paper II

- Functions and responsibilities of the Union and the States, issues and challenges pertaining to the federal structure, devolution of powers and finances up to local levels and challenges therein.

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## MGNREGS in West Bengal: Centre–State Dynamics and Policy Challenges

- ❑ The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) remains India's largest rights-based employment programme.
- ❑ The recent developments surrounding the resumption of the scheme in **West Bengal** highlight key issues in federal relations, fiscal responsibility, and administrative compliance.



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## 2. Background of Fund Suspension

### 2.1 Centre's Invocation of Section 27

- ❑ The Central government stopped releasing MGNREGS funds to West Bengal in **March 2022**, citing the State's **continued non-compliance** with central directives.
- ❑ This was done under **Section 27 of the MGNREG Act**, which empowers the Centre to withhold funds in cases of procedural irregularities or financial mismanagement.

### 2.2 Judicial Intervention

- ❑ In **June 2024**, the **Calcutta High Court** ordered the resumption of the scheme in the State.
- ❑ The Centre appealed in the **Supreme Court**, but the apex court upheld the High Court's order in **October 2024**.

This judicial stand reinforced the principle that withholding wages for completed work undermines the rights-based nature of MGNREGS.

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### 3. Financial Implications

#### 3.1 Dues to West Bengal

The Centre currently owes **₹3,082.52 crore** to West Bengal, including **₹1,457.22 crore in pending wages** already earned by registered workers.

These workers, engaged in activities such as pond desilting, road repair, and embankment strengthening, have waited over **three years** for rightful compensation.

#### 3.2 National Spending Trends

Nationwide, the Ministry reported that nearly **80% of the allocated funds for FY 2025–26** have already been spent.

- **Budget Allocation:** ₹86,000 crore
- **Expenditure till date:** ₹68,400 crore

This highlights the scheme's heavy dependence across States and potential budgetary pressures as the financial year progresses.

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# RBI to conduct OMO purchases of 1 lakh cr. G-Secs for liquidity

Regulator 'comfortable' with rupee level, to undertake dollar-rupee swap of \$5 bn this month; tariffs have had minimal impact, says governor

Lalendu Mishra  
MUMBAI

In view of the evolving liquidity conditions and the outlook, the Reserve Bank of India (RBI) on Friday announced to conduct Open Market Operation (OMO) purchases of government securities of ₹1,00,000 crore and a three-year USD/INR Buy Sell swap of \$5 billion this month to inject durable liquidity into the system.

Later during the day, the regulator notified purchase of government securities (G-Secs) worth ₹50,000 crore on December 11 and later this month for the remaining ₹50,000.

"I would like to reiterate that we are committed to provide sufficient durable liquidity to the banking system. We continuously assess the durable liquidity requirements of the banking system due to changes in currency in circulation, forex operations, and reserve maintenance," RBI Governor Sanjay Malhotra said in his monetary policy statement.

"Going forward too, we shall continue to do so. These measures will ensure adequate durable liquidity in the system and further facilitate monetary transmission," he said.

At the post MPC meet press conference, he clar-



**Point blank:** RBI Governor Sanjay Malhotra at a press conference to announce the monetary policy, at the RBI headquarters. PTI  
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fied that the dollar-rupee swap was a liquidity measure and not to support the depreciating rupee.

Answering multiple questions on the impact of the depreciating rupee, Mr. Malhotra said the RBI was comfortable at this level and had factored in the current level [of over 90 a dollar] in its estimates for the projections.

"We allow the market to determine the rate of the rupee. We do not target any price level or any bands. We believe market is very efficient in the long run. In February 2025, we saw the rupee going to almost 88 level and in three months it came back to below 84," he said.

"So these fluctuations and volatility do happen. Our effort has always been to reduce any abnormal or excessive volatility. The external sector is very strong and will remain strong going forward," he said.

"Also we are having sufficient [forex] reserves, current account is very manageable at about 1% or so. Given these strong fundamentals of our country, we should get good capital flows going forward," he emphasised.

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**Tariff impact 'minimal'**

To a query from *The Hindu* on the impact of the U.S. tariffs on the Indian economy he said, "Mostly the impact is minimal, it's not high because ours is mostly a domestic demand driven economy. A few sectors [such as textiles, leather, shrimps and gem and jewellery] will be impacted and we and the government have given out certain trade relief packages." "I think it [tariff] is an opportunity for us and exporters have already started looking out and improving their productivity. They have also started diversifying," he said.

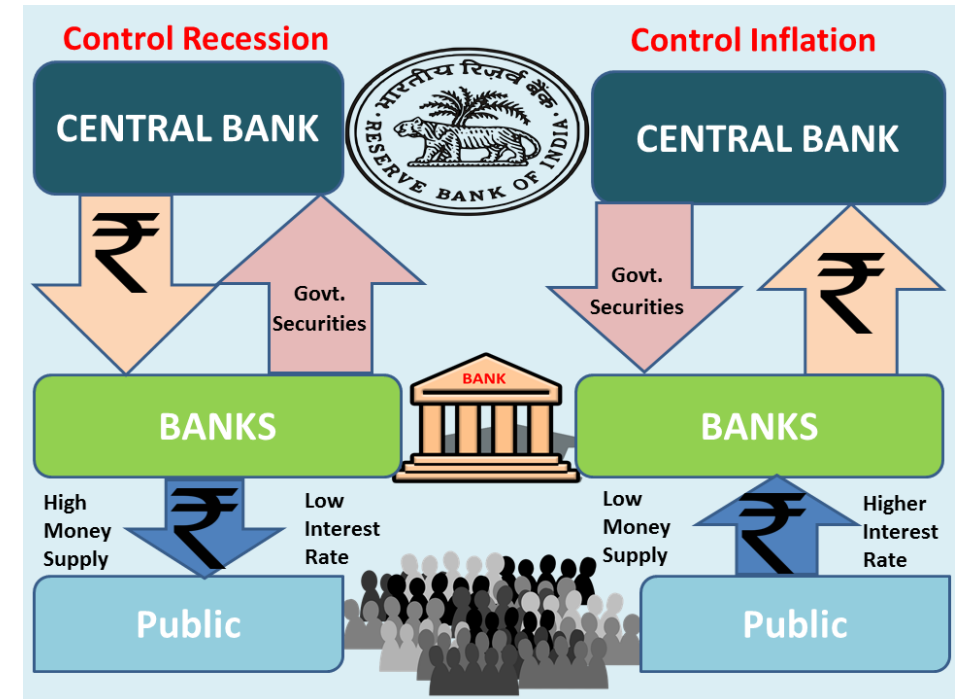
## Syllabus

### General Studies paper III

- Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment.

## Open Market Operations and Government Securities: Role, Mechanisms and Current Context

- ❑ Open Market Operations (OMOs) are a key monetary policy tool used by the Reserve Bank of India (RBI) to regulate liquidity in the financial system.
- ❑ In response to evolving domestic liquidity conditions, the RBI recently announced **OMO purchases worth ₹1,00,000 crore** and a **three-year USD/INR Buy-Sell swap of \$5 billion** to inject durable liquidity into the economy.
- ❑ These interventions highlight the central bank's role in maintaining monetary stability.



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## 2. Understanding Open Market Operations (OMOs)

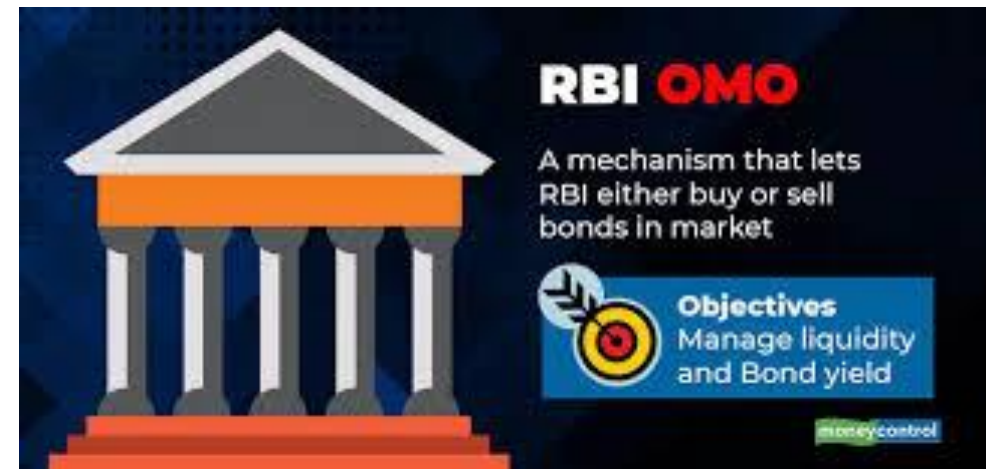
### 2.1 Definition

OMOs refer to the **purchase and sale of government securities (G-Secs)** by the RBI in the open market to regulate money supply:

- **OMO Purchase** → RBI buys G-Secs → **injects liquidity**
- **OMO Sale** → RBI sells G-Secs → **absorbs liquidity**

### 2.2 Objectives of OMO

- Manage short-term and durable liquidity
- Facilitate monetary transmission
- Regulate interest rates
- Support economic stability under fluctuating financial conditions



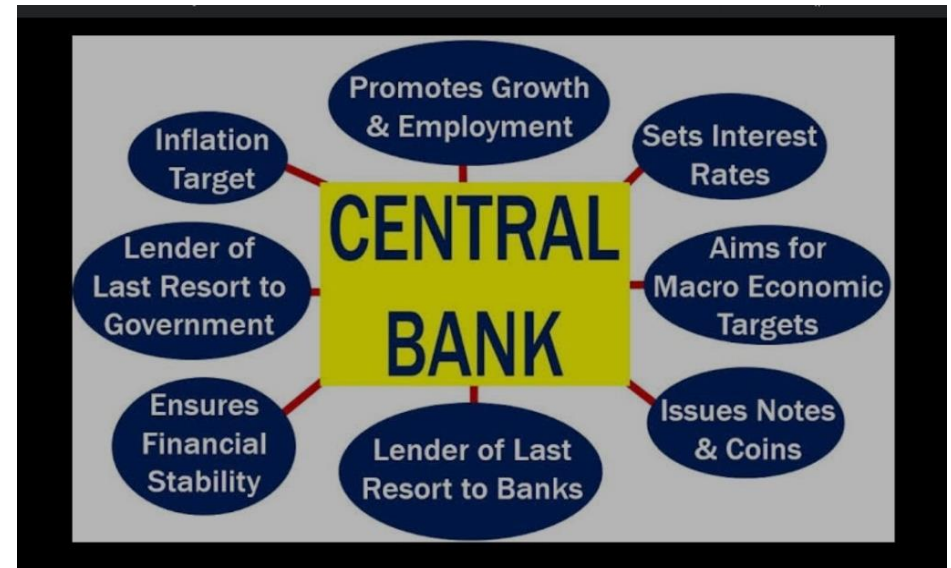
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## Recent OMO Decision

In December 2025, the RBI announced:

- **₹1,00,000 crore OMO purchases**
- Initial tranche of **₹50,000 crore** on December 11
- Remaining **₹50,000 crore** later in the month

According to RBI Governor Sanjay Malhotra, these measures ensure durable liquidity amid changes in currency circulation, forex operations and reserve requirements.





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## Government Securities (G-Secs)

### 3.1 Meaning and Characteristics

Government Securities are **tradable debt instruments** issued by the Central and State governments to borrow funds. They include:

- Dated securities
- Treasury bills
- State Development Loans (SDLs)

G-Secs are considered **risk-free** because they carry sovereign backing.

### 3.2 Role in Monetary Policy

G-Secs serve as the primary instrument for OMOs.

- When RBI **purchases** G-Secs, it pays banks, thereby **increasing liquidity**.
- When RBI **sells** G-Secs, liquidity is **withdrawn** from the system.

### What Are Government Securities?

What do we do when we don't have enough money? We borrow money. Similarly, when the government requires funds, it uses government securities to accomplish it.

 This borrowing can be done in the form of

- 1 Treasury bills
- 2 Treasury bonds
- 3 Treasury notes
- 4 TIPS
- 5 Saving notes

Government securities are a safe investment option for individual investors like us, and we can buy them in the secondary market.



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#### **4. Dollar–Rupee Buy–Sell Swap as a Liquidity Tool**

- ❑ The RBI also announced a **\$5 billion USD/INR swap**, clarified as a liquidity injection measure, not a tool to defend the rupee.
- ❑ Such swaps temporarily exchange foreign currency for rupees, helping manage liquidity without permanently altering the RBI's balance sheet.

#### **5. Significance in the Present Economic Context**

##### **5.1 Liquidity Management**

Amid fluctuations in the rupee (from ₹88 to below ₹84 within three months earlier in 2025) and manageable current account deficit (~1%), RBI aims to reduce excessive volatility while supporting credit flows.

##### **5.2 Impact on Government Borrowing and Financial Markets**

OMOs stabilize yields on G-Secs, improving borrowing conditions for the government and ensuring orderly financial market functioning.

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# Thank you

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