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RBI INTRODUCES UNIFIED MARKETS INTERFACE TO TOKENIZE FINANCIAL ASSETS

In News

- The Reserve Bank of India (RBI) is advancing asset tokenization with its new **Unified Markets Interface (UMI)**.

Unified Markets Interface (UMI)

- It is a next-generation financial market infrastructure and it uses wholesale Central Bank Digital Currency (CBDC) for tokenizing assets and settlements, aiming to enhance market efficiency.
- RBI is also promoting digital public infrastructure for data integration to boost financial inclusion through the **Account Aggregator (AA) framework**.

Asset Tokenization

- Definition:** It converts real-world assets into digital tokens on blockchain, creating fractional ownership and global trading opportunities.
- Outcome:** It offers new possibilities for the financial markets in expanding access, improving transparency and enhancing settlement efficiency through smart contracts.
- Technology Backbone:** Uses blockchain and smart contracts for secure, automated transactions.

Benefits of Asset Tokenization

- Democratization of Investment:** Tokenized assets enable investors to own a portion of high-value assets, democratizing access to wealth creation.
- Liquidity and 24/7 Trading:** Tokenized assets can be **traded on digital platforms 24/7**, reducing settlement times and unlocking liquidity in traditionally illiquid markets.
- Transparency and Security:** Blockchain ensures immutable records and traceable transactions, reducing fraud and enhancing trust.
- Efficiency in Settlement:** Smart contracts automate and streamline clearing and settlement processes, lowering costs and operational risks.
- Global Reach:** Investors across borders can participate in tokenized asset markets, expanding capital access.

Challenges and Risks

- Regulatory Uncertainty:** India lacks a comprehensive legal framework to govern token issuance, custody, and trading.

- Infrastructure Gaps:** Digital public infrastructure for secure data sharing and interoperability is still evolving.
- Risk Management:** Tokenized markets require robust mechanisms for cyber security, fraud detection, and systemic risk containment.
- Limited Awareness:** Investors and institutions may not fully understand tokenization, leading to cautious adoption.

Significance for India

- Supports RBI's vision of integrating CBDC, Digital Public Infrastructure (DPI), and capital markets.
- Aligns with India's move toward a digital financial ecosystem, improving inclusion and market efficiency.
- Positions India as a potential leader in regulated digital asset markets globally.

Conclusion and Way Forward

- India is actively building a strong tokenization ecosystem through regulatory initiatives, the expansion of the Account Aggregator framework for secure data sharing, and the development of standardized methods for issuing and managing digital tokens.
- Collaboration among regulators, technologists, investors, and citizen platforms is being encouraged to create inclusive models.
- Asset tokenization offers significant benefits such as improved liquidity, transparency, and financial access.
- With clear regulations and robust infrastructure, India is well-positioned to become a global leader in tokenized finance.

Other related steps of RBI

- The RBI is introducing new standards to improve customer onboarding, user interfaces, data security, and transparency in consent management within the **Account Aggregator framework**.
- Additionally, RBI launched four new products:**
 - UPI HELP, an AI-powered Small Language Model** currently supporting English, aimed at improving transaction support and complaint management with plans for more languages.
 - IoT Payments with UPI** for enabling payments via connected devices.

- ♦ **Banking Connect**, an interoperable net banking solution to simplify navigation, merchant onboarding, and dispute resolution for smoother online transactions through bank apps.
- ♦ **UPI Reserve Pay**, allowing users to block a portion of their credit or credit line for seamless repeat payments on e-commerce, food delivery, and cab services.

Account Aggregator (AA) framework

- It enables individuals to securely share their financial data with regulated entities.
- It is a non-bank finance company that collects financial information from customers.
- Entities can join the framework as Financial Information Providers (FIPs), like banks and insurance companies, or as Financial Information Users (FIUs), which are regulated entities that access this data.

Source :IE

DRAFT SHRAM SHAKTI NITI, 2025 UNVEILED

Context

- Recently, the Union Ministry of Labour & Employment has unveiled the **Draft National Labour and Employment Policy**, titled as **Shram Shakti Niti 2025**, aimed at reshaping India's labour landscape.
 - ♦ It is currently open for public feedback.

About the Shram Shakti Niti 2025

- It aims to build a **labour ecosystem** that is inclusive, equitable, and resilient, ensuring dignity, protection, and opportunity for every worker, rooted in the civilizational ethos of rama dharma—the **moral value of work**.

Key Features of the Policy

- **Universal and Portable Social Security:** Policy aims to establish **universal and portable social security for all workers—formal and informal alike**.
 - ♦ It envisions the creation of a **Universal Social Security Account (USSA)**, achieved by integrating key welfare and insurance systems such as:
 - Employees Provident Fund Organisation (EPFO);
 - Employees State Insurance Corporation (ESIC);

- Pradhan Mantri Jan Arogya Yojana (PM-JAY);
- e-SHRAM portal;
- State welfare boards.
- **Skilling & Employment:** The policy envisions a skill-employment continuum by converging flagship programs like **Skill India, the National Apprenticeship Promotion Scheme, and Pradhan Mantri Kaushal Vikas Yojana**.
 - ♦ These will be supported by a digitally enhanced **National Career Service–Digital Public Infrastructure (NCS-DPI)**, designed to connect talent with opportunity across India's towns, cities, and MSME clusters.
- The **Ministry of Labour & Employment** aims to act as **National Employment Facilitator and regulator** enabling convergence among workers, employers, and training institutions.
- **Monitoring and Accountability:**
 - ♦ Real-time dashboards;
 - ♦ A **Labour & Employment Policy Evaluation Index (LPEI)** benchmarking State performance;
 - ♦ An **Annual National Labour Report** to Parliament;
 - ♦ **Independent third-party reviews** for external evaluation and accountability.

Implementation Structure (Three-tier)

- **National Level:** The National Labour and Employment Policy Implementation Council (NLPI), chaired by the Labour Minister.
- **State Level:** State Labour Missions to ensure contextual implementation.
- **District Level:** District Labour Resource Centres (DLRCs) as single-window hubs for registration, skilling, job matching, and grievance redressal.

Implementation Roadmap (Three Phases)

- **Phase I (2025–27):** Institutional setup and integration of social-security systems.
- **Phase II (2027–30):** Nationwide rollout of universal social security accounts, establishment of skill-credit systems, and district-level Employment Facilitation Cells.
- **Phase III (Beyond 2030):** Transition to paperless governance, adoption of predictive analytics, and continuous policy renewal.

Expected Outcomes

- Universal worker registration and **social security portability**;
- **Near-zero workplace fatalities** through AI-driven safety systems;

- **35% female labour-force participation** by 2030 (current 24%);
- Reduction in informal employment via **digital compliance and transparency**;
- Creation of **millions of green and decent jobs**;
- Establishment of a **One Nation Integrated Workforce** ecosystem.

Policy Loopholes and Concerns

- **Fragmentation of Implementation:** Co-ordination and capacity gaps across states; Need inter-agency collaboration and adequate funding.
- **Digital Divide and Accessibility:** Digital literacy and internet access remain uneven, particularly among informal workers, women, and rural populations, as policy heavily relies on AI-driven systems and digital platforms.
- **Gig and Platform Workers:** Policy lacks specific mechanisms for enforcement, contribution models, and dispute resolution.
- **Quality vs Quantity of Jobs:** Policy lacks a clear roadmap for ensuring job quality alongside quantity.
 - ♦ India needs to **create nearly 8 million non-farm jobs annually** to absorb its growing labour force.
- **Monitoring and Accountability:** Independent oversight mechanisms are not clearly defined. Without third-party audits and transparent reporting, tracking progress and ensuring accountability may be challenging.
- **Aspirational Gender Inclusion:** 35% female labour force participation by 2030 may remain aspirational without concrete strategies — such as childcare support, workplace safety, and flexible work arrangements.

Source: TH

GIFT CITY'S NEW FOREX SETTLEMENT SYSTEM

Context

- **Union Finance Minister Nirmala Sitharaman** launched a **Foreign Currency Settlement System (FCSS)** at the International Financial Services Centre (IFSC) in **Gujarat International Finance Tec-City (GIFT City)**.

About

- **Aim:** To reduce settlement time dramatically, enhance liquidity management, lower settlement risk, and improve operational efficiency.
- **Need for the System:**

- ♦ Currently, foreign currency transactions in **GIFT IFSC are processed via correspondent banking routes**.
- ♦ This means an initiating bank uses multiple Nostro account relationships (accounts held with foreign banks) and intermediaries to route funds. That chain of relay can lead to settlement lags of 36 to 48 hours.
- Under the new system, Indian banks operating in **GIFT IFSC can directly clear and settle international trades in foreign currencies within India**.
 - ♦ It reduces the need for Nostro accounts and multiple intermediaries used in the correspondent banking route.

Foreign Currency Settlement System (FCSS)

- A local settlement bank (selected via bidding) will serve as the **settlement hub**.
 - ♦ **Member IFSC Banking Units (IBUs)** will open accounts with this settlement bank.
 - ♦ Inter-bank foreign currency transactions will be settled **directly via these accounts, bypassing the multi-leg Nostro chain**.
- Initially, the system will support **US dollar transactions**, with scope to add other foreign currencies over time.
- The system will operate under the **regulatory framework of the Payment and Settlement Systems (PSS) Act, 2007**, and is authorised by International Financial Services Centres Authority (IFSCA).
- **The software** is being developed by **Indian Financial Technology & Allied Services (IFTAS)**, a wholly-owned subsidiary of the Reserve Bank of India.

Significance

- **Faster settlements:** Earlier, settlements took 36–48 hours through the traditional correspondent banking system, involving foreign intermediaries.
- **Real Time Transactions:** Transactions in foreign currencies (like USD, Euro, Yen) can now be settled in real time or near real time within India.
- This places GIFT City among **select global financial hubs** such as Hong Kong, Tokyo, and Manila that have local infrastructure for foreign currency settlement.

GIFT City

- **GIFT City is India's first special economic zone**, which is designed to host institutions dealing in global finance, insurance, fintech, and capital markets.
- The project was first conceived in **2007** and was **established in 2015**.

- The idea was to create a city-within-a-city where companies could transact in **foreign currencies, follow global regulations, and attract international players.**
- The IFSCA**, which was set up in **2020**, regulates all activities inside the GIFT City, very similar to how Sebi, RBI, IRDAI, and PFRDA operate for their respective sectors.

Need for the GIFT City

- Before GIFT City, many Indian companies raised funds or managed offshore investments through hubs such as Singapore or Mauritius, largely because of **friendlier tax and regulatory frameworks there.**
 - India was losing potential revenue** and global financial influence as a result.
 - The idea behind GIFT City was to **bring those offshore activities back onshore** by offering a similar ecosystem within India, but with international standards of ease and flexibility.

Achievements of GIFT City so far

- As of mid-2025, it hosts nearly 1,000 registered entities, a mix of Indian and foreign banks, insurance firms, asset management companies, and capital market intermediaries.
- GIFT City is also home to India's first aircraft and ship leasing units, following the government's push to develop the leasing and financing ecosystem domestically.
- Several global players, including aircraft lessors, fund managers, and fintech startups, have set up operations there.

Source: BS

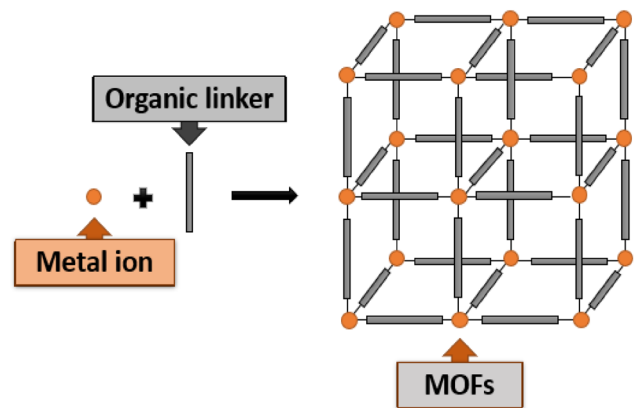
NOBEL PRIZE IN CHEMISTRY 2025

Context

- Susumu Kitagawa, Richard Robson and Omar Yaghi** are awarded the **Nobel Prize in Chemistry 2025.**

About

- It was awarded for discovering and creating a class of materials, called **metal-organic frameworks (MOF).**
- Metal Organic Frameworks:** MOFs are **crystalline structures** in which metal ions serve as **nodes** and **organic molecules as connectors.**
 - The resulting structure can have **enormous internal surface areas** — thousands of square metres per gram — and their pores can be **customised to attract or hold specific molecules.**



- MOFs form a three-dimensional network with large, porous cavities;** this design allows gases and liquids to flow through, making MOFs highly adaptable for various applications.
 - By carefully choosing the building blocks, researchers can control the **size and shape of the cavities and the chemical environment within.**
 - As a result, MOFs are among the **most versatile materials ever created.**

The unique properties of MOFs have led to their application in various fields:

- Water harvesting:** MOFs can extract water from dry air, offering a potential solution for water-scarce regions.
- Pollutant Removal:** They can filter out harmful substances like PFAS from water, addressing environmental contamination.
- Carbon capture:** MOFs are effective in capturing carbon dioxide, aiding in efforts to mitigate climate change.
- Hydrogen storage:** Their porous nature allows for the safe storage of hydrogen, crucial for clean energy applications.

Source: TH

INVASIVE ALIEN SPECIES

In News

- Conservation scientists warn that **invasive alien species** are destroying local biodiversity and habitats in India.

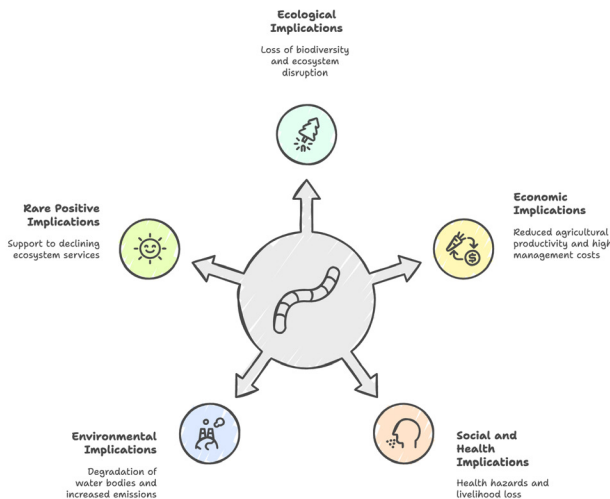
Invasive alien species

- Definition:** They are **non-native organisms** introduced accidentally or intentionally (e.g., ornamental fish, decorative plants, or for land restoration).
- They often **lack natural predators** in the new environment, allowing them to multiply unchecked.

- They often **spread rapidly, outcompeting native species**, harming biodiversity, causing local or global extinctions, and damaging habitats.

Common Examples in India

Implications of Invasive Species



- **Lantana camara**: Invades forests, outcompetes native plants, and hinders regeneration.
- **Parthenium hysterophorus (Congress grass)**: Spreads over farmland and causes allergic reactions.
- **Eichhornia crassipes (Water hyacinth)**: Chokes lakes and rivers, depleting oxygen and affecting fisheries.
- **African Catfish (Clarias gariepinus)**: Outcompetes native fish species, threatening aquatic biodiversity.

Control and Management Measures

- **Prevention:**
 - ♦ Stricter quarantine checks on imports, trade, and shipping.
 - ♦ Ballast water management in ships to prevent marine invasions.
- **Control Methods:**
 - ♦ **Biological Control:** Introducing natural predators, pathogens, or parasites (e.g., insects for Lantana).
 - ♦ **Mechanical Control:** Manual removal, cutting, dredging, or uprooting.
 - ♦ **Chemical Control:** Use of herbicides or pesticides — applied cautiously to avoid ecological harm.
- **Eradication & Restoration:**
 - ♦ Early detection and rapid response for localized infestations.
 - ♦ Reintroduce native species and restore degraded ecosystems after removal.

Source: TH

NEWS IN SHORT

SENECA LAKE

In News

- For centuries, residents near Seneca Lake in New York have reported mysterious booming sounds known as the “**Seneca Guns**” or “**Seneca Drums**”.
- ♦ The mysterious booms near Seneca Lake, known as the “Seneca Guns,” may be caused by methane gas bursts from the lake bed.

Seneca Lake

- It is located in Ontario, Yates, Seneca, and Schuyler counties, and is centrally positioned in New York’s Finger Lakes region(US).
- It has the largest water volume among the Finger Lakes, with Geneva at its northern end and Watkins Glen at the southern end.

Source: IE

NPCI LAUNCHES BIOMETRIC, WEARABLE GLASS AUTHENTICATION FOR UPI PAYMENTS

Context

- The National Payments Corporation of India (NPCI) and the Reserve Bank of India launched **biometric and wearable glass recognition-based authentication** for UPI transactions at the Global Fintech Fest 2025.

About

- **Face & Biometric Authentication:** Users can authenticate UPI payments using face recognition or biometrics stored in Aadhaar.
 - ♦ Authentication occurs entirely on the user’s device, ensuring data privacy and security.
- **Hands-Free Payments via Smart Glasses:** Wearable smart glasses enable small-value transactions using voice commands.
 - ♦ Users can scan a QR code and complete payments without using a phone, PIN, or touch.
- **Multi-Signatory UPI Accounts:** Allows joint account holders to authorize payments collectively.
 - ♦ Enhances convenience, transparency, and control for family or business accounts.
- **NPCI’s Goal:** To make digital payments more secure, accessible, and user-friendly across India.

The National Payments Corporation of India (NPCI)

- NPCI is an **umbrella organization** for operating retail payments and settlement systems in India.
- It was established in **2008** under the guidance of the Reserve Bank of India (RBI) and Indian Banks' Association (IBA).
- It is a **not-for-profit company** that aims to create **robust payment and settlement infrastructure in India**.
- **Key Functions:**
 - ♦ Develops and manages digital payment systems across the country.
 - ♦ Facilitates interbank transactions and promotes cashless payments.
 - ♦ Ensures standardization, efficiency, and security in payment systems.

Source: BS

CENTRAL, STATE CO-OP BANKS BROUGHT UNDER AMBIT OF RBI'S OMBUDSMAN SCHEME

Context

- **State co-operative banks and central co-operative banks** will come under the ambit of the **Reserve Bank Integrated Ombudsman Scheme, 2021**.

Reserve Bank Integrated Ombudsman Scheme (RB-IOS)

- It was launched in **2021**, to provide customers of regulated entities (REs) a **speedy, cost-effective, and expeditious grievance redress mechanism**.
- **Coverage:** All commercial banks, regional rural banks (RRBs), state co-operative banks, central co-operative banks, and scheduled/non-scheduled primary (urban) co-operative banks with a deposit size of ₹50 crore or more.
 - ♦ All Non-Banking Financial Companies (excluding housing finance companies) with asset size of ₹100 crore or more that accept deposits or have a customer interface.
 - ♦ Credit information companies are also covered under the scheme.
- **Key Features:**
 - ♦ Integrated platform combining multiple ombudsman schemes.
 - ♦ Offers uniform, transparent, and faster grievance resolution across all regulated entities.
- **Significance:**
 - ♦ Strengthens consumer protection in the financial sector.

- ♦ Enhances trust and accountability in banks, NBFCs, and CICs.
- ♦ Supports financial inclusion and digital banking initiatives.

Co-operative Banks

- **Co-operative banks** are financial entities established on a co-operative basis, functioning under the co-operative principles of mutual help, democratic control, and service to members.
- They primarily aim to provide credit and banking services to farmers, small businesses, and weaker sections of society.
- **Regulation:**
 - ♦ Governed by the Banking Regulation Act, 1949 (as applicable to co-operative societies) and the Co-operative Societies Act of respective states.
 - ♦ Supervised by the Reserve Bank of India (RBI) for banking operations.

Source: BS

PM-KUSUM PROGRAMME**In News**

- The Union government is planning to promote the **PM-KUSUM** in African and island nations through the **International Solar Alliance**.

PM-KUSUM Scheme

- **About:** It is a flagship scheme launched by the Ministry of New and Renewable Energy in 2019.
- **Aim:** To provide financial support (subsidies of up to 30% or 50% of the total cost for standalone solar pumps) to farmers for installing solar-powered irrigation systems like solar pumps and grid-connected solar plants.
 - ♦ To deliver affordable and reliable solar energy to the agricultural sector, reducing irrigation costs and cutting pollution caused by diesel use.
- **Target:** The scheme aims to add about 34,800 MW of solar capacity by March 2026.
- **Scheme Components**
 - ♦ **Component A:** Setting up 10,000 MW of decentralized, grid-connected solar power plants (ground/stilt-mounted) on barren or cultivable land, by individuals, groups, or cooperatives.
 - ♦ **Component B:** Installation of 14 lakh standalone (off-grid) solar agriculture pumps, replacing diesel pumps for irrigation.
 - ♦ **Component C: Solarization of 35 lakh grid-connected agriculture pumps, including feeder-level solarization, enabling farmers to use solar energy and sell excess power.**

Source:TH

93RD AIR FORCE DAY

Context

- The Indian Air Force (IAF) celebrated its **93rd anniversary** with a ceremonial parade at Air Force Station Hindon.

Key Points

- **About:** Initially known as the **Royal Indian Air Force (RIAF)**, the Indian Air Force was established on **October 8, 1932**, as an auxiliary air force under British rule.
- **Historical Background:** The RIAF's maiden operational flight took off on April 1, 1933, carrying six RAF-trained officers and 19 Havai Sepoys (air soldiers).
 - ♦ Due to its outstanding performance during **World War II**, the RIAF was granted the "Royal" prefix in 1945. The prefix was officially dropped and the force was renamed the 'Indian Air Force', when **India became a republic in 1950**, following its independence on August 15, 1947, following 200 years of **British colonial rule**.
- ♦ The Indian Air Force has a **distinguished history** of being heavily involved in several of India's most important wars. These include the **Sino-Indian War of 1962 and the Indo-Pak wars of 1947, 1965, 1971, and 1999**.
- ♦ Additionally, the force participated in important actions like **Operation Safed Sagar** during the Kargil war in 1999, **Operation Poomalai** in 1987 and the recent Operation Sindoor in May 2025.
- **Motto:** The motto of IAF is **Touch the sky with Glory (Nabham Sparsham Deeptam)**, which has been taken from the **eleventh chapter of the Bhagavad Gita**.
- **Theme:** The 2025 theme is focused on the IAF's contribution to **Operation Sindoor**.

Source: BS

