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DAILY CURRENT AFFAIRS 05-01-2026

NATIONAL NEWS

NHAI Withdraws Know Your Vehicle (KYV) Requirement for Car FASTags

The National Highways Authority of India (NHAI) has announced the withdrawal of the Know Your Vehicle (KYV) requirement for Car/Jeep/Van FASTag category.

The revised rule will be applicable to all new FASTag issuances from 1st February 2026.

The decision aims to improve commuter convenience and eliminate post-activation hassles faced by private vehicle owners.

Earlier, vehicle owners had to undergo KYV verification even after submitting valid documents at the time of FASTag purchase, leading to delays and repeated follow-ups.

For already issued FASTags, KYV will no longer be enforced as a standard requirement.

KYV checks will now be triggered only in exceptional cases, such as Incorrectly issued FASTags, Loose or tampered FASTags and Suspected misuse or complaints

In the absence of complaints, existing car FASTags will not undergo KYV verification.

To maintain system integrity, pre-activation verification norms have been strengthened.

Issuer Banks must complete all vehicle validation checks before FASTag activation.

FASTag activation will be allowed only after mandatory vehicle verification through the VAHAN database.

The earlier practice of post-activation vehicle validation has been completely discontinued.

If vehicle details are not available on VAHAN, Issuer Banks must conduct RC-based verification prior to activation, with full responsibility for accuracy.

FASTags sold through online platforms will also be activated only after prescribed verification is completed by banks.

Gujarat to Host Indian AI Research Organization at GIFT

City from 2026

India is set to strengthen its artificial intelligence research ecosystem with the establishment of the Indian AI Research Organization (IAIRO) at Gujarat International Finance Tec-City (GIFT City), Gandhinagar.

The Gujarat government, led by Chief Minister Bhupendra Patel, has given in-principle approval for this initiative, which will become operational from 1 January 2026.

IAIRO will be India's first state-led artificial intelligence research body and will function under a Public–Private Partnership (PPP) model, marking a significant step in collaboration between government, industry, and academia.

The organization will be set up through a tripartite partnership involving the Government of Gujarat, the Government of India, and the Indian Pharmaceutical Alliance (IPA).

It will be registered as a non-profit entity, incorporated under Section 8 of the Companies Act, 2013, and will operate as a Special Purpose Vehicle (SPV).

The initiative aligns with the India AI Mission of the Ministry of Electronics and Information Technology and the Gujarat Artificial Intelligence Action Plan under the state's Science and Technology Department.

Assam Constitutes India's First 8th State Pay Commission

Assam became the first state in India to constitute its 8th State Pay Commission, marking a proactive step in government pay reforms.

The decision was announced by Chief Minister Himanta Biswa Sarma, ahead of the expiry of the 7th State Pay Commission on January 1, 2026.

A Pay Commission is constituted to review and recommend revisions in salaries, allowances, service benefits, and pensions of government employees and pensioners.

The 8th State Pay Commission will replace the existing 7th Pay Commission framework and recommend revised pay structures based on inflation, current economic conditions, and the fiscal capacity of the state.

Former Assam Chief Secretary Subhas Das has been appointed as the Chairman of the 8th State Pay Commission.

With this move, Assam has moved ahead of other states and even the Union Government, as the 8th Central Pay Commission has not yet formally begun its work.

The early constitution of the commission is significant as it provides early clarity to state government employees and pensioners regarding future pay revisions.

It may enable faster submission of recommendations compared to other states, potentially leading to earlier implementation of revised salaries and pensions.

Experts note that Pay Commissions generally take around 18 months to finalise and submit their reports.

Pay Commissions in India are periodically set up, and their recommendations require government approval before implementation.

Salary and pension revisions are often implemented retrospectively, with arrears paid at a later stage.

Although January 1, 2026 is the reference date, actual implementation of the recommendations may occur in late 2026 or early 2027.

Assam's early initiation of the process could give its state employees an advantage over employees in other states.

INTERNATIONAL NEWS

India and Bangladesh Start Joint Water Measurement as Ganges Water Sharing Treaty Nears Expiry

India and Bangladesh have initiated joint water measurement on the Padma and Ganga rivers as the 30-year Ganges Water Sharing Treaty enters its final year.

The water measurement exercise is being conducted 3,500 feet upstream of the Hardinge Bridge on the Padma River in Bangladesh and at the Farakka point on the Ganga River in India.

The initiative aims to generate accurate, jointly verified river-flow data, which is critical for effective treaty implementation and for future negotiations between the two countries.

The Ganges Water Sharing Treaty, signed in 1996, governs the sharing of dry-season flows of the Ganga/Padma rivers and is scheduled to expire in December 2026, with renewal discussions already underway between India and Bangladesh.

SCIENCE & TECHNOLOGY

Delhi Government Partners with Indian Institute of Technology Kanpur

The Delhi Government, in collaboration with the Indian Institute of Technology Kanpur, will implement an Intelligent Grievance Monitoring System, aimed at improving speed, transparency, and accountability in public service delivery through artificial intelligence and data analytics.

The new system will integrate multiple grievance portals into a single unified dashboard, enabling holistic monitoring and effective resolution of citizen complaints.

The new system seeks to address these challenges by centralising grievance data.

The Intelligent Grievance Monitoring System is an artificial intelligence and machine learning based platform designed to consolidate, analyse, and monitor public grievances across departments, with the objective of improving resolution timelines and strengthening public trust in governance.

All grievances from platforms such as the Public Grievance Management System, Lieutenant Governor Listening Post, Centralised Public Grievance Redress and Monitoring System, and other departmental portals will be visible on one integrated dashboard.

The Indian Institute of Technology Kanpur will be responsible for system integration through secure Application Programming Interfaces, cybersecurity audits, vulnerability assessment and penetration testing, and long-term technical maintenance, ensuring platform security and reliability.

The initiative is expected to reduce delays, improve coordination among departments, enhance efficiency in grievance redressal, and promote accountable governance in Delh

BANKING

Reserve Bank of India Relaxes Norms for NBFC

The Reserve Bank of India (RBI) has eased capital adequacy norms for Non-Banking Finance Companies (NBFCs) lending to high-quality infrastructure projects through the NBFC (Prudential Norms on Capital Adequacy) Amendment Directions, 2026.

The RBI has reduced risk weights on such exposures, allowing a 75% risk-weight if the borrower has repaid at least 2% of the sanctioned project debt, compared to the earlier draft requirement of 5–10% repayment.

A lower 50% risk-weight will apply if the borrower has repaid at least 5% of the sanctioned project debt, relaxed from the earlier draft threshold of 10% or more.

Lower risk weights reduce the capital that NBFCs must set aside, thereby encouraging lending to operational, lower-risk infrastructure projects.

A project will be treated as “high-quality” if it has completed at least one year of operations after the Commercial Operation Date (COD), has no breach of material covenants, and the exposure is classified as ‘standard’.

Project revenues must arise from government or public authority concessions or contracts, with legal protection of rights throughout the concession period, subject to fulfilment of borrower obligations.

The amended directions will come into effect from April 1, 2026, or earlier if an NBFC opts for full adoption, and aim at better risk alignment, efficient capital allocation, and safer infrastructure financing.

For exposures that currently enjoy a lower risk weight but would attract a higher risk weight under the new norms, NBFCs may continue with the existing risk weight until the next review or renewal or March 31, 2027, whichever is earlier.

Reserve Bank of India Imposes Nearly ₹27 Crore in Penalties on Banks

The Reserve Bank of India (RBI) imposed nearly ₹27 crore in monetary penalties across 40 instances on banks during calendar year 2025 (CY25) for various regulatory violations.

Private Sector Banks (PVBs) accounted for the highest penalty burden, paying ₹16.28 crore, which is almost double the amount paid by Public Sector Banks (PSBs).

Jammu and Kashmir Bank faced the single largest penalty among private banks, amounting to ₹3.31 crore in March 2025 for multiple violations, making it the most penalised bank by value in CY25.

Public Sector Banks paid total penalties of ₹8.78 crore, with the State Bank of India (₹1.72 crore) being the most penalised PSB, followed by Canara Bank and Indian Bank.

Small Finance Banks (SFBs) were fined over ₹2.5 crore, led by Jana Small Finance Bank (₹1 crore), mainly for capital structure and shareholding norm violations.

Foreign banks paid around ₹1.95 crore in penalties, with HSBC (₹66.6 lakh) and Deutsche Bank (₹50 lakh) among the top fined, primarily for KYC, FEMA, and regulatory reporting lapses.

The most common violations across banks included priority sector lending breaches, improper collateral practices in MSME and agriculture loans, KYC and cyber-security lapses, unauthorised digital transactions, failure to transfer unclaimed deposits to the Depositor Education and Awareness Fund (DEAF), and governance weaknesses.

Ministry Of Finance Issues Rules Allowing 100% FDI In Insurance Sector

The Ministry of Finance has notified the Indian Insurance Companies (Foreign Investment) Amendment Rules, 2025, aligning regulations with the 100% foreign direct investment (FDI) limit approved by Parliament in December 2025.

This follows the passage of the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Bill, 2025, which allows 100% FDI in insurance companies, replacing the earlier 74% cap under the Insurance Act, 1938, LIC Act, 1956, and IRDAI Act, 1999.

Under the new rules, an insurance company with foreign investment must have at least one key leadership position (CEO, MD, or Chairperson) held by a resident Indian citizen.

The requirement that a majority of directors and key managerial personnel be Indian residents has been removed, simplifying corporate governance norms for foreign-invested insurance companies.

The notification omits Rule 4A, which earlier required 50% of net profits to be retained in the general reserve if foreign investment exceeded 49% and solvency margins were low, and also prescribed independent director requirements.

References to FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 have been replaced with FEMA (Non-Debt Instrument) Rules, 2019, and provisions related to the 74% FDI cap have been updated to reflect the new statutory limit under the Insurance Act, 1938.

The notification removes three key clauses applicable to insurance companies with foreign investors, including prior IRDAI approval for dividend repatriation, restrictions on payments to foreign group or promoter entities, and specific board/key management composition rules.

The Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025 has amended the Insurance Act, 1938, the Life Insurance Corporation Act, 1956, and the Insurance Regulatory and Development Authority Act, 1999, enabling full foreign ownership and simplified governance for insurance companies in India.

The new rules came into force on December 30, 2025, the date of publication in the official gazette, facilitating implementation of the new insurance law.

Reserve Bank of India Launches “RBI Talks: Paisa to Policy” Podcast

The Reserve Bank of India (RBI) has launched an official podcast series titled “RBI Talks: Paisa to Policy” to enhance public communication and financial awareness.

The initiative was announced in the Monetary Policy Statement dated December 6, 2024, as part of RBI’s plan to expand its citizen outreach tools.

The podcast aims to simplify complex financial and banking topics for the general public, promoting financial literacy, awareness, and inclusion.

The series is designed to make RBI policies and regulations more accessible, understandable, and citizen-friendly, bridging the gap between policy and people.

The first episode, titled “Demystifying KYC”, explains the concept and importance of Know Your Customer (KYC) in simple and practical terms.

Through this initiative, RBI leverages modern digital platforms like podcasts to enhance public understanding of financial regulations and policies.

ECONOMY

Credit Guarantee Scheme for Exporters Operational on Jan Samarth Portal from December 1, 2025

Exports are a critical pillar of India’s economy, contributing nearly 21% of GDP, generating robust foreign exchange inflows, supporting the current account balance, and ensuring macroeconomic stability.

Export-oriented industries employ over 45 million people, both directly and indirectly, while MSMEs contribute about 45% of India’s total exports, underlining their importance in sustained export growth.

To support exporters amid global uncertainties and external headwinds, the Department of Financial

Services (DFS) operationalised the Credit Guarantee Scheme for Exporters (CGSE) from December 1, 2025, with the Government providing a 100% guarantee for additional loan facilities under the scheme.

The CGSE provides a credit guarantee to exporters and MSMEs, enabling banks and financial institutions (Member Lending Institutions – MLIs) to extend additional collateral-free credit, thereby improving liquidity and ensuring business continuity.

The scheme envisages collateral-free credit support of up to ₹20,000 crore to direct and indirect exporter MSMEs through eligible MLIs.

As of December 31, 2025, 1,788 applications amounting to ₹8,599 crore were received, of which 716 applications worth ₹3,141 crore were sanctioned, reflecting strong confidence among exporters and MSMEs.

Eligible exporters can avail working capital loans up to 20% of their existing export credit or working capital limits, helping them upgrade capabilities, enhance global competitiveness, and diversify into new and emerging markets.

By improving liquidity access, the scheme aims to ensure continuity of operations, sustain employment, and strengthen India’s export ecosystem.

The CGSE is open until March 31, 2026, or until guarantees worth ₹20,000 crore are issued, and is implemented by DFS through the National Credit Guarantee Trustee Company Limited (NCGTC).

APPOINTMENTS & RESIGNATIONS

Managing Director and Chief Executive Officer Canara Bank

Canara Bank has assigned additional charge of Managing Director and Chief Executive Officer (MD and CEO) to Hardeep Singh Ahluwalia, with effect from January 1, 2026.

The decision follows the superannuation of former MD & CEO K. Satyanarayana Raju on December 31, 2025.

The arrangement is temporary in nature, valid for three months (until March 31, 2026) or until a regular MD and CEO is appointed, whichever is earlier, as per the Department of Financial Services (DFS), Ministry of Finance notification dated December 30, 2025.

Separately, the Financial Services Institutions Bureau (FSIB) has recommended Brajesh Kumar Singh as the next regular MD & CEO of Canara Bank, following interviews of 17 candidates.

Brajesh Kumar Singh is currently serving as the Executive Director of Indian Bank.