



**TATHASTU**  
Institute Of Civil Services

# DAILY CURRENT AFFAIRS

## 7th August 2025



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**7<sup>th</sup> August 2025**

**Mains Manthan**

- MPC holds repo rate at 5.5% maintains GDP growth rate at 6.5% (**Page No - 13**)
- What is the potential of biochar? (**Page No - 08**)

**Prelims Saarthi**

- Trump raises U.S. tariffs to 50%
- Microplastics Pollution
- Red-eager turtle

**1. MPC holds repo rate at 5.5% maintains GDP growth at 6.5%**

**Why in News?**

- Repo Rate at 5.5% by MPC

**Syllabus**

- GS Paper 3 – Indian Economy

## MPC holds repo rate at 5.5%, maintains GDP growth at 6.5%

Headwinds emanating from prolonged geopolitical tensions, volatility in global financial markets posing risks to growth outlook, says committee

**Lalatendu Mishra**  
MUMBAI

**T**he Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) on Wednesday voted to maintain the policy repo rate at 5.50% and continue with its neutral stance after assessing the current and evolving macroeconomic situation.

Consequently, the standing deposit facility (SDF) rate under the liquidity adjustment facility (LAF) remains unchanged at 5.25% and the marginal standing facility (MSF) rate and the bank rate at 5.75%.

This decision is towards achieving the medium-term target for consumer price index (CPI) inflation of 4% within a band of +/- 2%, while supporting growth. The MPC took note that the global environment continues to be challenging.

Global growth, though revised upwards by the IMF, remains muted. The pace of disinflation is slowing down, with some advanced economies even witnessing an uptick in inflation, it noted. In this backdrop, the domestic growth remains resilient and is broadly evolving along the lines of our assessment, it stated.

However, the prospects of external demand remain uncertain amid ongoing tariff announcements and



**Policy matters:** RBI Governor Sanjay Malhotra delivering the monetary policy statement on Wednesday. PTI

trade negotiations. The headwinds emanating from prolonged geopolitical tensions, persisting global uncertainties, and volatility in global financial markets pose risks to the growth outlook, it observed. Taking various factors into account, the projection for real GDP growth for 2025-26 has been retained at 6.5%, with Q1 at 6.5%, Q2 at 6.7%, Q3 at 6.6%, and Q4 at 6.3%.

Real GDP growth for Q1:2026-27 is projected at 6.6%. The risks are evenly balanced.

Stating that CPI headline inflation declined for the eighth consecutive month to a 77-month low of 2.1% (y-o-y) in June 2025, the MPC observed that this was driven primarily by a sharp decline in food inflation led by improved agricultural activity and various supply side

measures. However, core inflation, which remained within a narrow range of 4.1-4.2% during February-May, increased to 4.4% in June, driven partly by a continued increase in gold prices, it stated adding that the inflation outlook for 2025-26 had become more benign than expected in June.

Considering various factors, CPI inflation for 2025-26 has been projected at 3.1% [as compared with 3.7% previously] with Q2 at 2.1%; Q3 at 3.1%; and Q4 at 4.4%. CPI inflation for Q1:2026-27 is projected at 4.9%. The risks are evenly balanced.

"Despite a challenging external environment, the Indian economy is navigating a steady growth path with price stability," RBI Governor Sanjay Malhotra said in his Monetary Policy statement.





## Key Takeaways from the Article

### • Monetary Policy Decision:

- ♦ The **RBI's MPC** voted to maintain the **repo rate** at **5.50%**, indicating a neutral stance on monetary policy.
- ♦ The **standing deposit facility (SDF)** rate remains at **5.25%**, while the **marginal standing facility (MSF)** rate and the **bank rate** remain at **5.75%**.



### • Economic Growth Projections:

- ♦ The **RBI** has **retained the GDP growth forecast** for **2025-26** at **6.5%** despite global challenges.
- ♦ Growth projections for **Q1 (6.5%)**, **Q2 (6.7%)**, **Q3 (6.6%)**, and **Q4 (6.3%)** have been provided, with a projection of **6.6%** growth in **Q1:2026-27**.

1. Governor of the Reserve Bank of India – *Chairperson, ex officio*

2. Deputy Governor of the Reserve Bank of India, in charge of Monetary Policy – *Member, ex officio*

3. One officer of the Reserve Bank of India to be nominated by the Central Board – *Member, ex officio*

4. Shashanka Bhide, Senior advisor at National Council for Applied Economic Research (NCAER) – *Member*

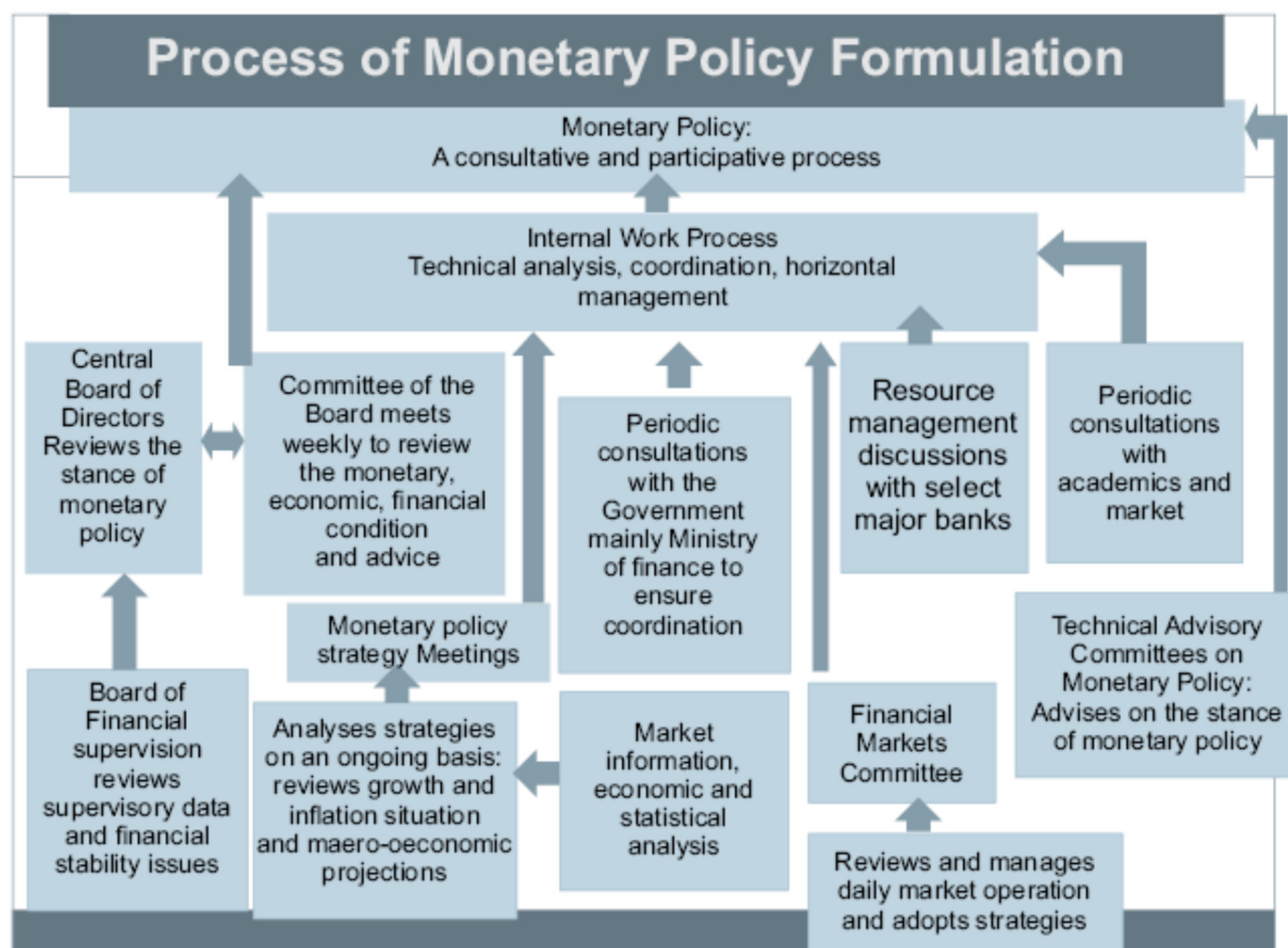
5. Ashima Goyal, Professor at the Indira Gandhi Institute of Development Research in Mumbai – *Member*

6. Jayanth Varma, Professor, Indian Institute of Management, Ahmedabad – *Member*

### • Impact of Repo rate:

- ♦ If **repo rate increases**, borrowing becomes **costlier** → Less liquidity → Inflation control.
- ♦ If **repo rate decreases**, borrowing becomes **cheaper** → More liquidity → Growth support.





• **Impact:**

- ◆ **Increase in CRR** → Less money to lend → Tight liquidity.
- ◆ **Decrease in CRR** → More money to lend → Boost to credit and economic growth.

**Monetary Policy Committee**

• MPC was constituted in **2016** as a **statutory body** under the **RBI Act** to formulate monetary policy in India (on recommendation of **Urjit Patel committee**)

• Composition (**Chairperson + 5 Members**): Quorum: 4 members.

- RBI Governor - ex-officio chairperson
- RBI Deputy Governor + 1 more member from RBI to be nominated by the Central Board of Directors.
- 3 other members are appointed by the Central Government.



• Members of MPC hold office for a period of **4 years** and are **not eligible for re-appointment**.

• MPC is required to **meet at least four times in a year**.

• MPC takes decisions based on **majority vote** (by those who are present and voting. In case of a tie, the **RBI governor will have the second or casting vote**).

• **The decision of the committee is binding on the RBI.**



Tool	Contractionary Policy	Expansionary Policy
Cash Reserve Ratio (CRR)	Increase	Decrease
Repo Rate	Increase	Decrease
Statutory Liquidity Ratio (SLR)	Increase	Decrease
Marginal Standing Facility Rate (MSF)	Increase	Decrease

**Prelims PYQs (2007)**

**Q. Consider the following statements: [2007]**

1. The repo rate is the rate at which other banks borrow from the Reserve Bank of India.
2. A value of 1 for Gini Coefficient in a country implies that there is perfectly equal income for everyone in its population.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

**Prelims PYQs (2017)**

**Q. Which of the following statements is/are correct regarding the ‘Monetary Policy Committee (MPC)? (2017)**

1. It decides the RBI’s benchmark interest rates.
2. It is a 12-member body including the Governor of RBI and is reconstituted every year.
3. It functions under the chairmanship of the Union Finance Minister.

Select the correct answer using the code given below:

- (a) 1 only
- (b) 1 and 2 only
- (c) 3 only
- (d) 2 and 3 only







## Prelims PYQs (2020)

**Q. If the RBI decides to adopt an expansionist monetary policy, which of the following would it not do ? [2020]**

1. Cut and optimize the Statutory Liquidity Ratio
2. Increase the Marginal Standing Facility Rate
3. Cut the Bank Rate and Repo Rate

Select the correct answer using the code given below :

- (a) 1 and 2 only
- (b) 2 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

## 2. What is the potential of biochar?

### Why in News?

- Biochar production in India

### Syllabus

- GS Paper 3 – Environment & Ecology

# What is the potential of biochar?

What are the byproducts of biochar production and how can they generate additional electricity and fuels? How can biochar help the construction sector? Why does biochar remain underrepresented in carbon credit systems? How should one enable large-scale adoption of biochar?

#### EXPLAINER

Harishankar Kopperi  
Suresh N.S.

#### The story so far:

With the Indian carbon market set to be launched in 2026, CO<sub>2</sub> removal technologies such as biochar are expected to play a crucial role. Biochar is a type of charcoal rich in carbon and is produced from agricultural residue and organic municipal solid waste. It offers a sustainable alternative to manage waste and capture carbon. However, to truly serve as a scalable pathway for negative emissions across sectors, biochar requires participation and support from multiple stakeholders.

#### What is biochar's potential?

India generates over 600 million metric tonnes of agricultural residue and over 60 million tonnes of municipal solid waste every year. A significant portion of both is burnt openly or dumped in landfills, leading to air pollution from particulate matter and greenhouse gases such as methane, nitrous oxide, and CO<sub>2</sub>.

By using 30% to 50% of surplus waste, India can produce 15-26 million tonnes of biochar and remove 0.1 gigatonnes of CO<sub>2</sub>-equivalent annually. Byproducts of biochar production, such as syngas (20-30 million tonnes) and bio-oil (24-40 million tonnes), can generate additional electricity and fuels. Theoretically, utilising syngas could generate around 8-13 TWh of power, equivalent to 0.5-0.7% of India's annual electricity generation, replacing 0.4-0.7 million tonnes of coal per year. Bio-oil can likewise potentially offset 12-19 million tonnes (or 8%) of diesel or kerosene production annually, leading to lower crude oil imports and reducing more than 2% of India's total fossil-fuel-based emissions.

**How can biochar be a carbon sink?**  
Biochar can hold carbon in the soil for



Removing emissions: A biochar pit and graded sticks. GETTY IMAGES

100-1,000 years due to its strong and stable characteristics, making it an effective long-term carbon sink. Its application across different sectors provides scalable opportunities for reducing emissions.

In agriculture, applying biochar can improve water retention, particularly in semi-dry and nutrient-depleted soils. This, in turn, can abate nitrous oxide emissions by 30-50%. Notably, nitrous oxide is a greenhouse gas with 273-times the warming potential of CO<sub>2</sub>, making its mitigation a crucial benefit of biochar.

Biochar can also enhance soil organic carbon, helping restore degraded soils.

In carbon capture applications, modified biochar can adsorb CO<sub>2</sub> from industrial exhaust gases. However, its carbon removal efficiency is currently lower than that of conventional methods.

In the construction sector, biochar can be explored as a low-carbon alternative to

building materials. Adding 2-5% of biochar to concrete can improve mechanical strength, increase heat resistance by 20%, and capture 115 kg of CO<sub>2</sub> per cubic metre, making building materials a stable carbon sink.

In wastewater treatment, biochar offers a low-cost and effective option to reduce pollution. India generates more than 70 billion litres of wastewater every day, of which 72% is left untreated. A kilogram of biochar, along with other substances, can treat 200-500 litres of wastewater, implying a biochar demand potential of 2.5-6.3 million tonnes.

#### What hinders biochar's application?

Despite its theoretically substantial potential to capture carbon, biochar remains underrepresented in carbon credit systems due to the absence of standardised feedstock markets and consistent carbon accounting methods,

which undermine investor confidence.

While research confirms biochar's technical feasibility for applications across sectors, deployments are hindered by barriers such as limited resources, evolving technologies, market uncertainties, and insufficient policy support. Viable business models are yet to emerge for large-scale adoption. Market development is further constrained by limited awareness among stakeholders, weak 'monitoring, reporting, verification' frameworks, and a lack of coordination across areas such as agriculture, energy, and climate policy.

To enable large-scale adoption, sustained support for R&D is essential to create region-specific feedstock standards and to optimise biomass utilisation rates based on agro-climatic zones and crop types. Further, biochar should be systematically integrated into existing and upcoming frameworks, including crop residue management schemes, bioenergy initiatives in both urban and rural contexts, and state-level climate strategies under the State Action Plans on Climate Change. Recognising biochar as a verifiable carbon removal pathway within

the Indian carbon market will generate additional income for investors and farmers through carbon credits. Deploying biochar production equipment at the village level has the potential to create approximately 5.2 lakh rural jobs, linking climate action with inclusive economic development. The additional benefits of biochar, such as better soil health, lower fertilizer requirement (by 10-20%), and higher crop yield (by 10-25%), should be systematically integrated into policy and market frameworks to fully realise its potential.

In sum, although biochar is not a silver bullet, it offers a science-backed multisectoral pathway for India to achieve its climate and development goals.

Harishankar Kopperi is a senior associate and Suresh N.S. is a senior research scientist in the Strategic Initiatives group at Center for Study of Science Technology and Policy.

#### THE GIST

By using 30% to 50% of surplus waste, India can produce 15-26 million tonnes of biochar and remove 0.1 gigatonnes of CO<sub>2</sub>-equivalent annually.

Biochar can hold carbon in the soil for 100-1,000 years due to its strong and stable characteristics, making it an effective long-term carbon sink.

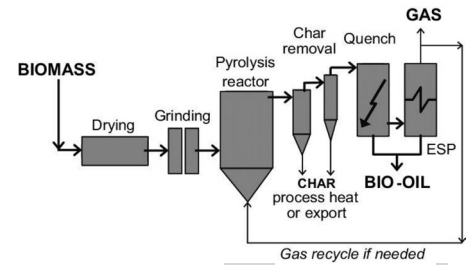
While research confirms biochar's technical feasibility for applications across sectors, deployments are hindered by barriers such as limited resources, evolving technologies, market uncertainties, and insufficient policy support.



### Key Takeaways from the Article

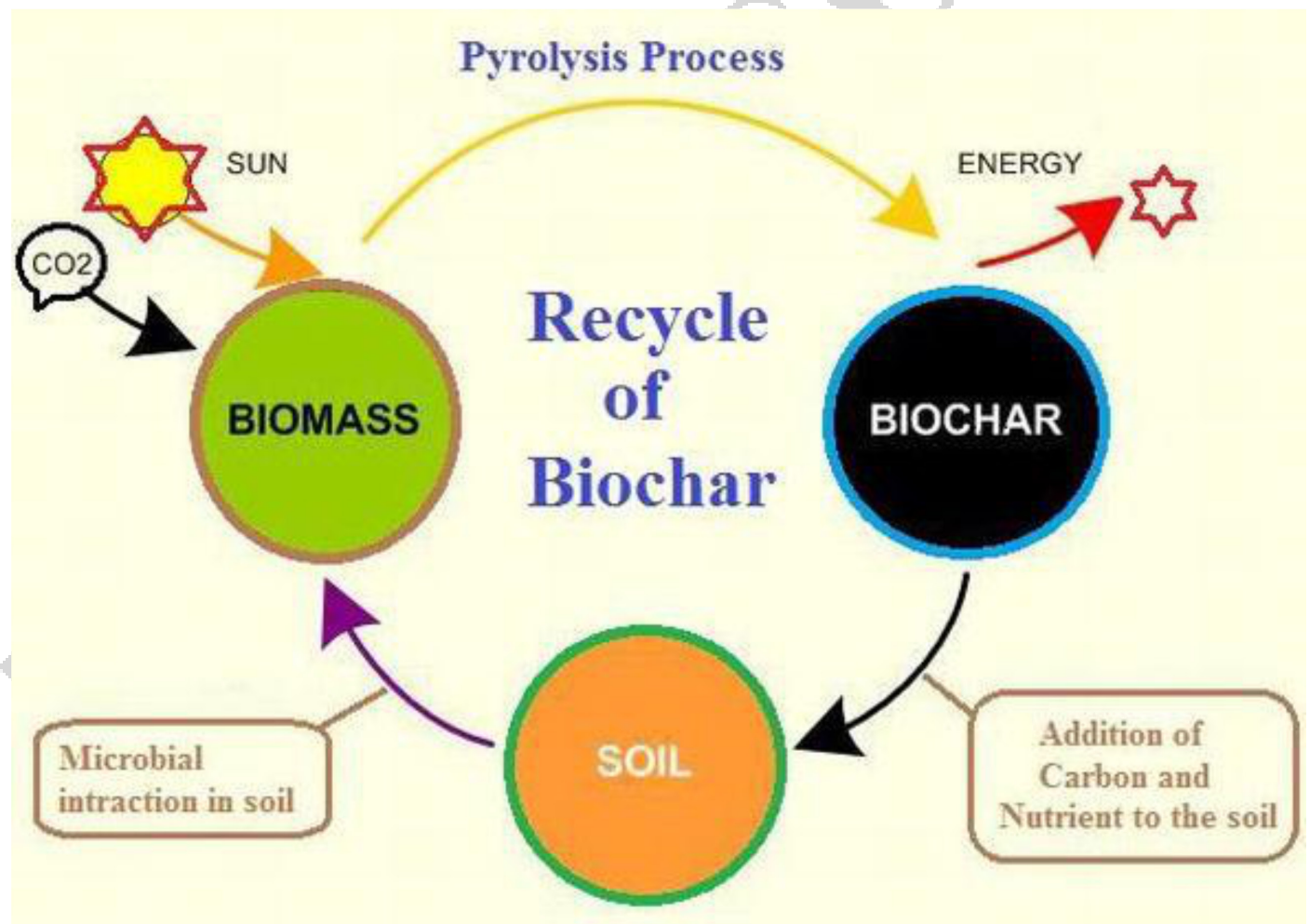
- **Biochar's Role in Carbon Capture and Emission Reduction:**

- ♦ Biochar is made from **agricultural residue** and **municipal solid waste**, offering a sustainable alternative for waste management and carbon capture.
- ♦ India generates over **600 million metric tonnes** of agricultural waste and over **60 million tonnes** of municipal waste annually, a significant portion of which is either burned or dumped in landfills, leading to emissions.



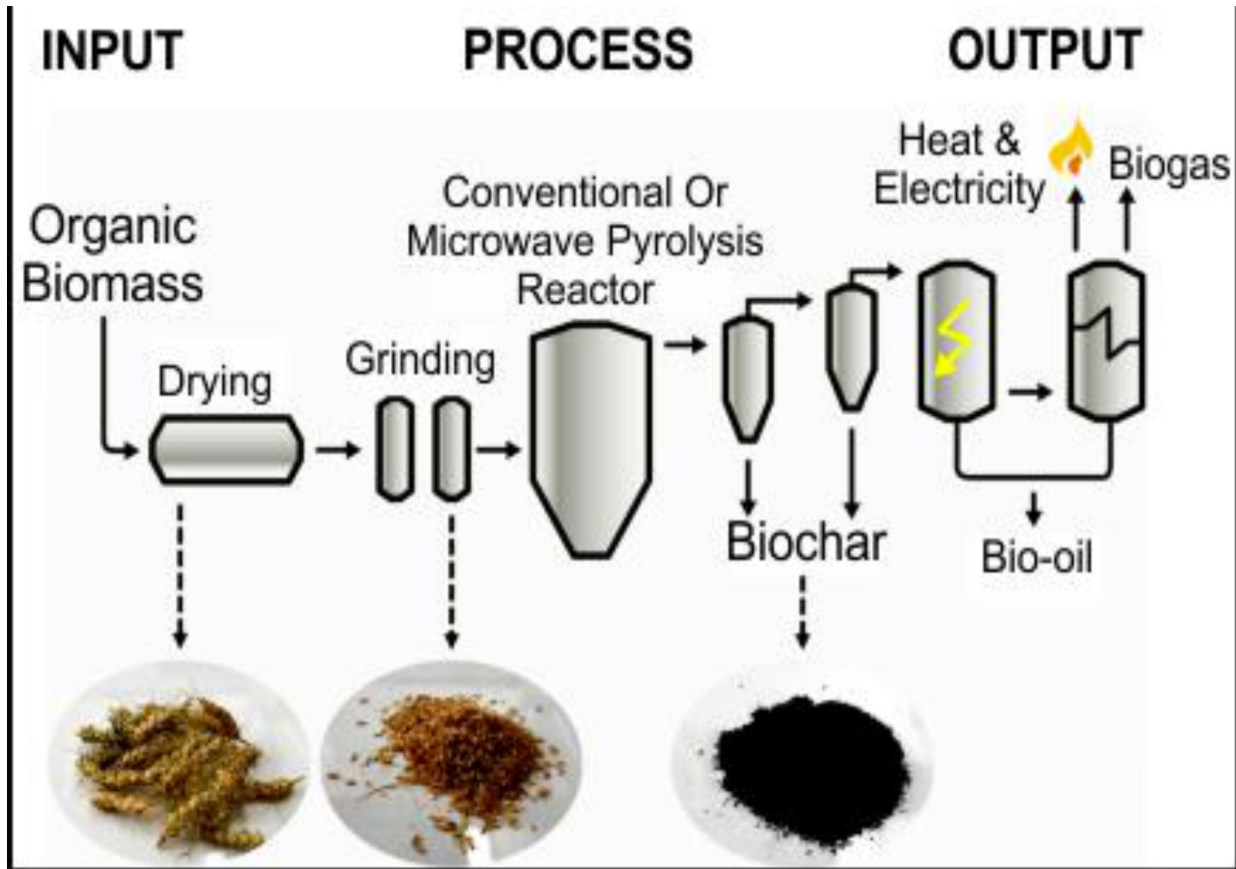
- **Potential for Large-Scale Biochar Production:**

- ♦ By using **30% to 50% of surplus waste**, India could produce **15-26 million tonnes of biochar**, which could help remove **0.1 gigatonnes** of CO<sub>2</sub>-equivalent annually.
- ♦ Byproducts such as **syngas** (which could generate 8-13 TWh of power) and **bio-oil** could offset **12-19 million tonnes** of diesel or kerosene annually, reducing India's dependence on crude oil imports.



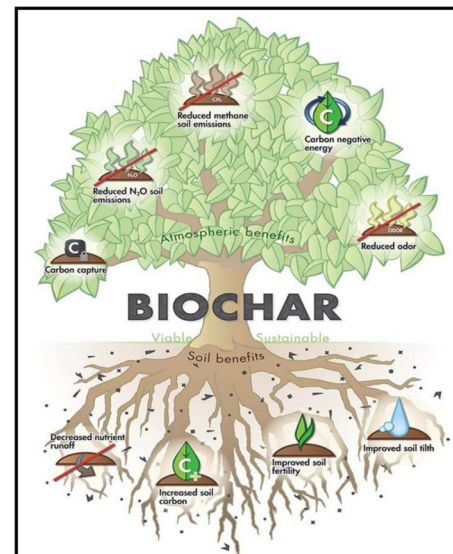
- **Biochar's Benefits for Soil and Agriculture:**

- ♦ Biochar can serve as a **long-term carbon sink**, holding carbon in soil for **100-1,000 years**.
- ♦ Application in agriculture improves **water retention**, reduces **nitrous oxide emissions**, restores **degraded soils**, and enhances **soil organic carbon**, which helps increase crop yields by 10-25%.



- **Biochar in the Construction Sector:**

- ♦ Biochar can be added to **concrete** (2-5% by volume) to improve **mechanical strength**, increase **heat resistance** by 20%, and capture **115 kg of CO<sub>2</sub> per cubic metre**, turning building materials into **stable carbon sinks**.
- ♦ Biochar can help treat **untreated wastewater** in India, which amounts to over **70 billion litres daily**.
- ♦ Biochar has the potential to treat **200-500 litres of wastewater per kg**.







- **Recommendations for Large-Scale Adoption:**
  - ♦ **Sustained support for R&D** to optimise biomass utilisation, especially regionally, is essential.
  - ♦ Biochar should be **integrated into policy frameworks** such as **crop residue management, bioenergy initiatives, and climate strategies** under the **State Action Plans on Climate Change**.
  - ♦ Recognising biochar in the **Indian carbon market** can provide financial incentives through **carbon credits**.
  - ♦ Deploying **biochar production equipment** at the village level could create **5.2 lakh rural jobs**.



### Prelims PYQs (2020)

#### Q. What is the use of biochar in farming? (2020)

1. Biochar can be used as a part of the growing medium in vertical farming.
  2. When biochar is a part of the growing medium, it promotes the growth of nitrogen-fixing microorganisms.
  3. When biochar is a part of the growing medium, it enables the growing medium to retain water for a longer time.
- Which of the statements given above is/are correct?

- (a) 1 and 2 only                      (b) 2 only  
(c) 1 and 3 only                      (d) 1, 2 and 3

### Prelims PYQs (2023)

#### Q. 'Wolbachia method' is sometimes talked about with reference to which one of the following?

- (a) Controlling the viral diseases spread by mosquitoes  
(b) Converting crop residues into packing material  
(c) Producing biodegradable plastics  
(d) Producing biochar from thermochemical conversion

### 3. Trump raises U.S tariffs to 50%

## Trump raises U.S. tariffs on Indian imports to 50%

U.S. President signs executive order for 25% tariff on Indian goods on top of the 25% announced on July 31; one part takes effect from today, the other after 21 days; 'extremely unfortunate', says MEA

T.C.A. Sharad Raghavan  
NEW DELHI

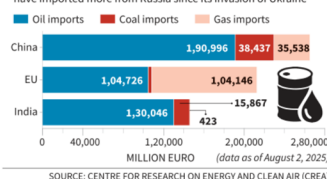
**U**.S. President Donald Trump on Wednesday signed an executive order imposing an additional 25% tariff on imports from India, in response to India "directly or indirectly" importing oil from Russia. This is over and above the 25% tariff on Indian imports that Mr. Trump approved on July 31.

While the initial 25% tariff will come into effect from Thursday, the additional 25% tariff will come into effect after 21 days.

The Ministry of External Affairs (MEA), in response, said it has made its stand clear – through an earlier statement following Mr. Trump's threat of additional tariffs – that these ac-

#### Singling out India

Trump's rationale for tariffs on India for its oil trade with Moscow overlooks a key fact: all goods combined, China and EU have imported more from Russia since its invasion of Ukraine



tions were "unfair, unjustified and unreasonable". It was "extremely unfortunate" that the U.S. has chosen this course of action, the MEA said.

"To deal with the national emergency described in Executive Order 14066 [relating to Russia's

actions in Ukraine], I determine that it is necessary and appropriate to impose an additional *ad valorem* duty on imports of articles of India, which is directly or indirectly importing Russian Federation oil," Mr. Trump's executive order said. "Accordingly,

and as consistent with applicable law, articles of India imported into the customs territory of the United States shall be subject to an additional *ad valorem* rate of duty of 25%," it added. Over the last few days, Mr. Trump has repeatedly threatened additional tariffs on India as a "penalty" for its oil imports from Russia.

In response to one such threat, the MEA on Monday pointed out that, not only did the U.S. encourage such trade previously, both the European Union and the U.S. actively trade other items with Russia in excess of the amount that India pays for Russian oil.

**CONTINUED ON**  
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**'ECONOMIC BLACKMAIL'**  
► PAGE 10





#### 4. Microplastic contamination along India Coasts

- Microplastics are defined as tiny plastic particles ranging in size from 1 micrometre to 5 millimetres.
- These microplastics can be of two types:
  - ♦ **Primary microplastics:** Manufactured at this size.
  - ♦ **Secondary microplastics:** Result from the breakdown of larger plastic items.

#### Prelims PYQs (2024)

**Q. Consider the following statements:**

**Statement-I:** Many chewing gums found in the market are a source of environmental pollution.

**Statement-II:** Many chewing gums contain plastic as gum base.

Which one of the following is correct in respect of the above statements?

- (a) Both Statement-I and Statement-II are correct and Statement-II explains Statement-I
- (b) Both Statement-I and Statement-II are correct, but Statement-II does not explain Statement-I
- (c) Statement-I is correct, but Statement-II is incorrect
- (d) Statement-I is incorrect, but Statement-II is correct

#### Prelims PYQs (2019)

**Q. In India, 'extended producer responsibility' was introduced as an important feature in which of the following? (2019)**

- (a) The Bio-medical Waste (Management and Handling) Rules, 1998
- (b) The Recycled Plastic (Manufacturing and Usage) Rules, 1999
- (c) The e-Waste (Management and Handling) Rules, 2011
- (d) The Food Safety and Standard Regulations, 2011

**Q. Why is there a great concern about the 'microbeads' that are released into the environment? (2019)**

- (a) They are considered harmful to marine ecosystems.
- (b) They are considered to cause skin cancer in children.
- (c) They are small enough to be absorbed by crop plants in irrigated fields.
- (d) They are often found to be used as food adulterants.

#### 5. Red-eared slider

**King of the hill**



**Perched atop:** A red-eared slider (*Trachemys scripta elegans*), a semi-aquatic turtle, basking in the sun at a pond in the Jayamahal Park in Bengaluru on Wednesday. J. ALLEN EGENUSE

