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DAILY CURRENT AFFAIRS

19th December, 2025



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India-Oman CEPA

India-Oman CEPA?

A **Comprehensive Economic Partnership Agreement (CEPA)** is a deep trade agreement that goes beyond just reducing customs duties on goods.

It also covers:

- Services
- Investment
- Movement of professionals
- Economic cooperation

India's second CEPA in the GCC:

- First: UAE (2022)

India signs pact with Oman for duty-free exports; will also allow labour mobility



Economic cooperation: Prime Minister Narendra Modi and Sultan of Oman Haitham bin Tariq oversee the signing of the bilateral trade agreement in Muscat on Thursday. (iio)

T.C.A. Sharad Raghavan
NEW DELHI

India and Oman signed a Comprehensive Economic Partnership Agreement (CEPA) on Thursday, under which Oman will provide India duty-free access to 98.08% of its tariff lines, covering 99.38% of India's exports to Oman.

India, on the other hand, has offered liberalised tariffs on 77.79% of its total tariff lines, covering 94.8% of what India imports from Oman. Apart from tariff removal on merchandise exports, the deal also includes several concessions that are expected to benefit India's service sector, including in terms of mobility of workers.

The deal was signed in Muscat by Commerce and Industry Minister Piyush Goyal and Oman's Minister of Commerce, Industry and Investment Promotion Qais bin Mohammed Al Yousef in the presence of Prime Minister Narendra Modi and Sultan Haitham bin Tariq.

'Renewed faith'

India exported merchandise worth \$4,06 billion to Oman in 2024-25, which made up 0.93% of India's total exports that financial year. It imported goods worth \$6.5 billion from

Oman, comprising 0.93% of India's total imports.

"The CEPA will infuse the India-Oman partnership in the 21st Century with renewed faith and energy," Mr. Modi said earlier in the day while speaking at the India Oman Business Forum. "This is a blueprint for our future. It will give our trade new vigour and new trust for investments and will open the doors of new opportunities in every sector."

This is the first bilateral agreement that Oman has signed with any country since it signed a deal with the U.S. in 2006. It is also the second deal India has signed with a country in the Gulf Cooperation Council (GCC), the first being with the United Arab Emirates in February 2022. Mr. Goyal had also pointed out that a trade deal with Oman also served as a gateway for India to the GCC region, eastern Europe, central Asia, and Africa.

Mr. Modi added that the CEPA would create new opportunities for growth, employment and innovation for the youth of both countries.

According to the government's press release, labour-intensive sectors such as gems and jewellery, textiles, leather, foot-

wear, sports goods, plastics, furniture, agricultural products, pharmaceuticals, medical devices, and automobiles will receive full tariff elimination.

India has kept sensitive products such as agricultural goods, including dairy, tea, coffee, rubber, and tobacco products, gold and silver bullion, jewellery, and other labour-intensive products such as footwear, sports goods, and the scrap of many base metals out of the deal.

Mobility of workers

According to the release, a major highlight of the CEPA is the enhanced mobility framework for Indian professionals.

"For the first time, Oman has offered wide-ranging commitments under Mode 4, including a notable increase in the quota for Intra-Corporate Transferees from 20% to 50%, together with a longer permitted duration of stay for Contractual Service Suppliers - extended from the existing 90 days to two years, with the possibility of a further two-year extension," it said.

The agreement also provides for more liberal entry and stay conditions for skilled professionals in key sectors, the release added.

Why is this agreement important?

1. **Strategic importance:** Oman is a key Gulf country located near the **Strait of Hormuz**, a vital global trade and energy route. This CEPA strengthens India's **economic and strategic footprint in the Gulf region**.
2. **Regional gateway:** Oman can act as a **gateway** for India to:
 - ♦ GCC countries
 - ♦ Africa
 - ♦ Central Asia
 - ♦ Eastern Europe



What has Oman offered India?

Duty-free access: Oman will give **duty-free access on 98.08% of its tariff lines**. This covers **99.38% of India's exports to Oman** Meaning:

Almost **all Indian goods** exported to Oman will face **zero customs duty**.

Intra-Corporate Transferees quota increased from **20% → 50%** (Mode 4 Mobility under WTO)

Contractual Service Suppliers' stay extended:

From **90 days → 2 years** ---- Extendable by another **2 years**

What has India offered Oman?

- India will **reduce or eliminate tariffs on 77.79% of its tariff lines**
- This covers **94.81% of India's imports from Oman**

India has **protected its domestic producers** by keeping some items out:

- Dairy products
- Tea & coffee
- Rubber & tobacco
- Gold and silver bullion
- Jewellery

Cutting off a rural lifeline and the Directive Principles

The **government** has used its majority in the Lok Sabha to introduce a Bill that seeks to repeal the **MGNREGA law** and replace it with a new legislation.

This is not merely a routine change of law; it is an attempt to take away the right to work from the **rural poor**.

Therefore, it is being seen not just as an attack on MGNREGA, but as an **assault on the spirit of the Indian Constitution itself**.

Article 41 of the Constitution states that the *State shall, within its economic capacity, make provisions to secure the right to work*.

During the framing of the Constitution, this **issue was intensely debated**. Those influenced by socialist ideas wanted the right to work to be included as a Fundamental Right, while those aligned with capitalist thinking opposed it.

Ultimately, it was placed among the Directive Principles of State Policy.

Dr. B.R. Ambedkar had explained that although these principles are not enforceable in courts, they serve as guiding directions for governments and are essential for achieving economic democracy. Even after so many decades, the **condition of the unemployed shows that this right remains largely confined to paper**.

The MGNREGA law did not emerge suddenly. It was the **result of a long struggle by workers and a specific political situation** after the 2004 general elections, when the central government depended on the support of Left parties. **It was due to the pressure and intervention of the Left that Parliament unanimously passed the MGNREGA Act in 2005.** *For the first time, the law acknowledged that it is the responsibility of the State to provide work at minimum wages.*

The most distinctive feature of MGNREGA was that **it was demand-driven**. If a rural household demanded work, the **government was legally bound to provide it**.

Every rural household was guaranteed 100 days of employment in a year. **Men and women were entitled to equal wages**. The entire wage cost was borne by the central government. States and Panchayats had the authority to design and implement projects according to local needs. **This reflected the democratic and federal spirit of the law.**

The **proposed new law removes all these foundational features**. **Employment will no longer depend on people's demand, but on budgetary limits fixed by the central government**. Once the allocated funds are exhausted, the Centre will have no legal obligation to provide work. **Instead, States will be forced to bear 40% of the cost**, even though they are already facing severe financial stress.

Everything—from project design to audits—will be controlled by the Centre.

This amounts to a direct attack on the federal structure of the Constitution.

The **Bill also prohibits work during the peak agricultural season**.

This clearly benefits large landowners while weakening the bargaining power of rural workers. In the absence of MGNREGA work, labourers will be compelled to accept lower wages and harsher conditions in agriculture. **Women, who already receive lower wages in the farm sector, will suffer the most.**

The **Bill makes Aadhaar linkage, online attendance, and digital compliance mandatory**, despite widespread evidence that poor connectivity and technical failures have already caused immense hardship to workers.

Although the **government has named the new law using religious symbolism**, the reality is that it is **anti-poor in nature**. More than half of MGNREGA workers are women. **Adivasis and Dalits together constitute over two-thirds of the workforce**—communities that enjoy constitutional protection.

Diluting their rights is nothing less than an attack on the Constitution.

Over the past several years, **budgetary allocations for MGNREGA have steadily declined**. While the number of people demanding work has increased, actual employment and wage payments have fallen. Many workers have not received wages for months. **Yet, people continue to come to MGNREGA worksites because they have no alternative**. This reflects the depth of rural distress and economic insecurity.

Instead of strengthening a scheme that served as a lifeline for the rural poor, the government is systematically weakening it. This amounts to crushing the Directive Principles of State Policy and undermining the very soul of the Constitution.

Temporary relief

The article argues that **India's recent improvement in trade figures is only a temporary relief**, not a sign that deeper problems are over.

Why does November's trade data look positive?

1. Exports grew strongly

India's merchandise exports rose **19.4% to \$38.1 billion in November 2025**, the highest November figure in 10 years.

Exports to the **U.S. (India's biggest market)** rose by **22.6%**, despite the U.S. imposing 50% tariffs on Indian goods.

2. Trade deficit reduced

- Imports fell by **1.9%**, which helped narrow the trade deficit.

On the surface, this looks like a success.

But the government not feel complacent- Because this improvement is not sustainable.

- Exporters are **absorbing the higher U.S. tariffs themselves** instead of passing them on to buyers.

They are doing this hoping the tariffs will be removed soon. Most exporters to the U.S. are

MSMEs in labour-intensive sectors, which cannot afford losses for long.

- A weaker rupee makes Indian exports cheaper and helps offset some tariff impact.

However, this advantage is **not enough** because: India faces **much higher tariffs than competitor countries**.

- Imports fell, which helped reduce the trade deficit. But for India, **lower imports often signal weak domestic demand**, not strength. India still depends on imports for many goods; domestic capacity is **not yet strong enough**.

What should the government do?

1. **Act quickly on export support:** The proposed **Export Promotion Mission** sounds positive, but **details are missing**. Schemes must be notified and implemented urgently.

2. **Provide better financial relief:** A credit guarantee scheme (like during COVID) would help exporters more than a loan repayment moratorium.

The biggest uncertainty: the U.S.- The problem will ease only if **U.S. tariffs are removed**. But this depends on **President Donald Trump**, whose decisions are unpredictable. India has little control over this.

Core message of the article

- The current improvement in trade numbers is **temporary and fragile**.
- It is driven by exporters absorbing losses and a weak rupee—not by real strength.

- The government should **hope tariffs are resolved**, but **prepare for prolonged stress** by supporting exporters and watching domestic demand carefully.

DHRUV64: Indian-made 64-bit microprocessor

DHRUV64 is an Indian-made 64-bit microprocessor developed by C-DAC (Centre for Development of Advanced Computing) under the Ministry of Electronics and IT.

- It works like the **“brain” of electronic systems** and can run operating systems while also being used in industrial machines.
- The chip is based on the open-source design, which reduces dependence on foreign technologies.
- **It is not as powerful as top smartphone or laptop chips but is suitable for telecom, factories, and control systems.**
- DHRUV64

