

IMPORTANT NEWS

Impact of Delhi HC's Recent Ruling on India's FATF Review

Inside Story of the News:

Financial investigators believe that a **recent decision by the Delhi High Court**, which categorizes PayPal, the American online payment gateway, as a 'reporting entity' under anti-money laundering regulations, will **strengthen India's attempts to demonstrate the strengthening of its financial systems**. These systems are presently undergoing scrutiny in a FATF review, aiming to portray them as increasingly robust.

- Formed during a G-7 meeting of developed nations in Paris in 1989, FATF functions as the global watchdog against money laundering and terrorist financing.
- Initially, the mandate of FATF included the analysis of money laundering techniques and trends, evaluation of existing actions at national and international levels, and formulation of necessary measures to counter money laundering.
- In 2001, the **FATF broadened its scope to encompass the fight against terrorist financing** as well.
- In April 1990, within a year of its establishment, the FATF released a report **outlining a collection of Forty Recommendations**, which were designed to offer a comprehensive strategy for addressing money laundering.
 - In October 2001, the FATF introduced Eight Special Recommendations concerning terrorist financing.
 - In February 2012, the FATF released updated Recommendations, which extended to topics like the **financing of weapons of mass destruction**.
 - These combined the +9 Special Recommendations on terrorist financing with measures targeting money laundering, resulting in a comprehensive **collection of 40 FATF Recommendations**.
 - Since 2019, the FATF's mandate has transitioned from fixed terms to an open-ended duration.
 - In 2022, the FATF further fortified global regulations on beneficial ownership within the FATF Standards, aiming to prevent criminals from concealing their illicit activities and ill-gotten gains behind undisclosed corporate structures.
- The FATF encompasses 39 members, including India, which became an observer in 2006 and a full member in 2010, along with two regional entities—the EU and GCC (Gulf Cooperation Council).
- The FATF President is a senior official appointed by the FATF Plenary from among its members.
- **Mr. T. Raja Kumar of Singapore is the president of the FATF from 1 July 2022 to 30 June 2024.**
- In April 2019, the revised Mandate extended the terms of the **FATF Presidency to a two-year period**.

Verdict by the High Court and Its Importance:

- The Financial Intelligence Unit (FIU) - India had nullified a fine of Rs 96 lakh that had been imposed on PayPal for alleged non-compliance with reporting obligations under the anti-money laundering law.
- Designating PayPal as a reporting entity under the PMLA ensures that
 - All major payment gateways and platforms come under regulation.
 - They must share stipulated suspicious transaction reports (STRs) and cross-border wire transfer reports with the FIU according to the PMLA.
 - The FIU then circulates these reports to various investigating agencies dealing with money laundering, tax evasion, and other significant financial frauds.
- The verdict will enable the FIU to encompass around a dozen more similar payment gateways within the 'reporting entity' framework.
- Several payment gateways already operating in India are presently submitting STRs to the FIU.
- Although the ruling might not directly earn India extra points in the FATF review, it undoubtedly underscores India's thoroughness in anti-money laundering efforts.
- It signifies that the nation's economic channels are transparent and the potential for financial crimes is minimized.

Presence of ISRO Rocket Debris Found on Australian Coastline

Inside Story of the News:

A substantial object discovered on **the shores of western Australia** a few weeks ago has been positively identified **as debris from an Indian Space Research Organization (ISRO) rocket**. ISRO has concurred with this evaluation, suggesting that the **debris could originate from one of its Polar Satellite Launch Vehicle (PSLV) rockets**.

- According to ISRO, the object is likely an unburnt component of the PSLV rocket responsible for launching a navigation satellite for the IRNSS constellation just two months ago.
- This satellite was launched in a southward trajectory.
- It's plausible that during re-entry into the atmosphere, a portion of the rocket failed to burn completely and descended into the ocean.
- Subsequently, ocean currents could have carried it to the Australian shoreline.
- In **November 2022**, sizable fragments of China's Long March 5B rocket entered the south-central Pacific Ocean without control.
- These fragments were sections of the rocket employed for transporting the third and final module of the Tiangong space station.
- In May 2021, a substantial fragment of a 25-tonne Chinese rocket plunged into the Indian Ocean.

Risks Posed by Space Debris: Exploring the Dangers:

- Even when falling into the oceans, which is more likely since 70% of the earth's surface is ocean, large objects can be a threat to marine life and contribute to pollution.
- Nevertheless, there are no documented instances of these descending objects causing significant harm anywhere on the planet.
- What raises concern, however, is the absence of a deliberate mechanism to ensure that these debris items are guided to a predetermined location upon re-entry onto Earth.

Efforts Launched to Address Space Debris Challenge:

- In 2022, ISRO established the ISRO System for Safe and Sustainable Operations Management (IS 4 OM) as a
 - dedicated effort to continuously monitor potential collision risks posed by objects,
 - enhance predictions regarding the evolution of the space debris environment, and
 - undertake coordinated measures to mitigate the threat posed by space debris.
- **Dr. Jitendra Singh**, the Minister of State (Independent Charge) for Science and Technology of India, highlighted that ISRO executed 21 collision avoidance maneuvers for Indian Operational Space assets in 2022 to avert potential collisions with other space objects.
- **'Project NETRA'** also serves as an early-warning system in space designed to identify debris and other potential hazards to Indian satellites.
- The Committee on the Peaceful Uses of Outer Space functions as a platform for developing international space law.
- This committee has successfully concluded **five international treaties and five sets of principles** related to activities in outer space.
 - **The "Outer Space Treaty" (1967):** Agreement on Fundamental Principles Regulating the Pursuits of States in Exploring and Utilizing Outer Space, Including the Moon, and Other Celestial Entities.
 - **The "Rescue Agreement" (1968):** Treaty regarding the Recovery of Cosmonauts, the Repatriation of Cosmonauts, and the Return of Launched Objects from Space.
 - **The "Liability Convention" (1972):** Its primary focus is on addressing harm inflicted by space objects on other space assets, although it also encompasses harm caused by descending objects on Earth.
 - **The "Registration Convention" (1976):** This convention pertains to the registration of objects that have been launched into outer space.
 - **The "Moon Agreement" (1984):** India is a signatory to all five of these treaties, but it has ratified only four. The Moon agreement has not been ratified by India.

Proposed Changes in Indian Institute of Management (IIM) Bill 2023

Inside Story of the News:

The Indian Institutes of Management (IIM) (Amendment) Bill 2023 aims to **modify the 2017 IIM Act** by granting authority to the "Visitor" to appoint the chairperson of the board of governors, supervise the selection and removal of directors, and review the operations of the institutes. The suggested revisions in the Indian Institutes of Management (Amendment) Bill, 2023 have **raised apprehensions about the possible impact on the autonomy of the IIMs**.

- The Indian Institute of Management Act, 2017 establishes the formation of an academic council for every IIM.
- According to the 2017 Act, the Director of an IIM is designated by a Board of Governors, with the government's involvement restricted.
- Prior to the enactment of the 2017 Act, the Ministry of Education (previously referred to as the Ministry of Human Resource Development) was responsible for appointing directors, chairpersons, and board members of IIMs.
- The suggested amendments aim to change this scenario by providing the government with an increased role in the appointment of the IIM Director.
- According to **Section 5** of the amendment Bill, it stipulates that the **President of India will hold the position of the "Visitor" for each Institute covered by the IIM Act**.
- The Indian Institutes of Management (IIMs) are renowned institutions committed to achieving the following objectives:
 - Delivering top-notch management education and training, conducting research.
 - Offering consultancy services in the realm of management to diverse sectors of the Indian economy.
- **The first** among the Indian Institutes of Management was **IIM-Calcutta**, founded in 1961. Presently. There are **20 IIMs** in India.
- According to the Amendment Bill, the Board must secure advance approval from the President prior to appointing a director.
- As these decisions are made based on the guidance of the Union Council of Ministers, this modification essentially grants the Ministry of Education the power to potentially override the Board's selection.
- Under the proposed amendments, the Board will need to seek prior authorization from the Visitor for the removal of the Director as well.
- The motivations behind amending the IIM Bill from 2017 to 2023 include:
 - Conflict between the Ministry and IIMs concerning.
 - One-year Executive MBA Degrees.
 - Discord with IIM Rohtak regarding the appointment of a director.
 - Previous instance in 2019 involving the appointment of Rajnish Rai, a former Gujarat IPS officer, as an assistant professor at IIM Ahmedabad.

- Disagreement within IIM Ahmedabad regarding the alteration of the institution's logo.

Classification Refinement of OBCs: Insights from G Rohini Commission

Inside Story of the News:

After almost six years of effort, **the Commission led by Justice G. Rohini**, tasked with the sub-categorization of Other Backward Classes (OBC) caste groups, has finally submitted its eagerly awaited report to the Ministry of Social Justice and Empowerment. The specifics of the recommendations remain undisclosed, and the government is anticipated to carefully consider the report before taking any steps towards implementation.

- Established on October 2, 2017, under Article 340 of the Constitution (empowering the President to establish a Commission to examine the status of backward classes), the commission came into being.
- Within the central government jobs and educational institutions, Other Backward Classes (OBCs) enjoy a 27% reservation.
- However, this arrangement is criticized for predominantly benefiting a handful of dominant OBC caste groups.
- In 2018, an examination of data pertaining to 1.3 lakh central government jobs and OBC admissions in higher education institutions revealed that 97% of the advantages were claimed by just 25% of OBC castes.
- Surprisingly, around 983 OBC communities (constituting 37% of the total) had no representation in employment and educational settings, highlighting the urgency for sub-categorization.
- Sub-categorization is aimed at dividing the 27% reservation into sub-quotas, thus ensuring greater opportunities for historically marginalized OBC communities that have been overshadowed.
- The journey towards addressing OBC representation began with the establishment of the **Kalelkar Commission in 1953**, marking the first step towards acknowledging backward classes beyond Scheduled Castes (SCs) and Scheduled Tribes (STs) at a national level.
- In 2008, the Supreme Court intervened and directed the central government to exclude the "creamy layer" (affluent sections) within the OBCs from availing reservation benefits, guaranteeing that the policy reaches those who are genuinely disadvantaged.
- The year 2018 witnessed **the 102nd Constitution Amendment Act** granting **constitutional status to the National Commission for Backward Classes (NCBC)**.
- This elevation transformed the NCBC from a statutory body under the Ministry of Social Justice and Empowerment into an institution with greater authority and recognition, entrusted with safeguarding the interests of backward classes, including the OBCs.

Article 370: Understanding its Significance in the Indian Constitution

Inside Story of the News:

The Supreme Court of India began hearing the constitutional challenge to the 2019 **abrogation of Article 370 of the Constitution which granted special status to Jammu and Kashmir.**

- **October 17, 1949**, witnessed the **addition of Article 370 to the Indian constitution as a 'temporary provision.'**
- This granted Jammu & Kashmir the authority to draft its own Constitution, while also limiting the legislative powers of the Indian Parliament in the state.
- **N Gopalaswami Ayyangar** introduced it as **Article 306A** in the draft constitution.
- The Constituent Assembly of Jammu & Kashmir was entrusted with suggesting which articles of the Indian Constitution should be applicable to the state.
- However, the J&K Constituent Assembly was dissolved after creating the state's constitution.
- Article 370 holds the prime position in Part XXI of the Constitution, titled 'Temporary, Transitional and Special Provisions.'
- The third clause of Article 370 confers the President of India the authority to modify its provisions and extent.
- **Article 35A** originates from Article 370 and was established via a Presidential Order in 1954, as advised by the J&K Constituent Assembly.
- Article 35A empowers **the Jammu & Kashmir legislature to define the state's permanent residents, along with their distinct rights and privileges.** It is found in **Appendix I of the Constitution.**
- The Jammu and Kashmir Reorganization Bill, 2019, sanctioned by Parliament, divides the former state into two new Union Territories: Jammu and Kashmir, and Ladakh.
- This marks the first instance of a state transitioning into a Union Territory.
- Out of the state's existing **six Lok Sabha seats, five will be retained by the Union Territory of Jammu and Kashmir, and one will be assigned to Ladakh.**
- The Union Territory of Jammu and Kashmir will have its own Assembly, akin to Delhi and Puducherry.
- Consequently, **India's state count decreases from 29 to 28.**
- Furthermore, Kashmir's governance structure will now **feature a Lieutenant Governor, similar to Delhi and Puducherry.'**

Distinguishing Money Bills from Financial Bills: An Overview

Inside Story of the News:

Parliamentary Affairs Minister Pralhad Joshi clarified that **the Digital Personal Data Protection (DPDP) Bill is categorized as a regular bill rather than a Money bill.** Initial reports had indicated that the Bill was

being introduced under **Article 117 of the Constitution, which pertains to specific provisions related to Finance Bills.**

Financial Bill:

- In a general context, any Bill related to revenue or expenditure falls under the category of a Financial Bill.
- A Bill is a draft legislation that necessitates approval from both Houses of Parliament and the President's endorsement to become a law.
- Specifically, **Article 117 of the Constitution outlines distinctive provisions concerning Financial Bills.**
 - **Article 117 (1)** stipulates that a Bill addressing any of the topics specified in clauses (a) to (f) of Article 110 (1) can be introduced or proposed solely based on the President's recommendation, and it cannot originate in the Rajya Sabha (Upper House of Parliament).
 - **Financial bill (i)** shares resemblances with the Money bill in two aspects.
 - Both bills can originate only in the **Lok Sabha (Lower House) and not the Rajya Sabha.**
 - Both bills can be **introduced following the President's advice.**
 - A financial bill (i) follows the same parliamentary procedures as any regular bill.
 - It can be altered or rejected by the Rajya Sabha, except for amendments that reduce or eliminate taxes, which require the President's approval in either House.
 - If both Houses fail to reach an agreement on such a measure, the President can convene a joint session to resolve the deadlock.
 - Upon receipt, the President has three choices: to approve, decline, or send the bill back to the Houses for further consideration.
- **The second category** of Finance Bills is covered by **Article 117 (3) of the Constitution.**
 - A financial bill (ii) doesn't encompass the items listed in Article 110 but does involve measures affecting spending from the Consolidated Fund of India.
 - The distinctive aspect of this bill is that neither House of Parliament can pass it without the President's prior request for its consideration.
 - Financial bill (ii) can be introduced in either House of Parliament without requiring the President's approval. However, the President's suggestion can be considered during the bill's deliberation stage.

Money Bill:

- At the core of any Union Budget lies the Money Bill, a vital component of the Finance Bill, which addresses **taxation and government expenditure.**
- The certification of a Bill as a Money Bill rests with the Speaker, whose decision holds ultimate authority.
- Article 109 outlines the procedural pathway for the passage of such a Bill and empowers the Lok Sabha (Lower House) with overriding authority in Money Bill passage.

- Money Bill is a distinct subset of the Finance Bill, specifically addressing matters stipulated in Article 110 (1) (a) to (g).
- Article 110 of the Constitution defines the scope of a Money bill, encompassing government tax proposals, new tax introductions, alterations in existing tax rates, government expenditures, revenues, and borrowing plans.
- During the past seven years, the government has employed the Money Bill route for various legislations, with notable examples including **the Aadhaar Act, 2016, and the Finance Act, 2017.**

Contrasting Financial Bills and Money Bills:

- Article 110 of the Indian Constitution encompasses Money Bills, while Finance Bills are governed by Article 117 (1) and (3).
- The Rajya Sabha holds the authority to amend or reject a Finance bill, unlike a Money bill where it lacks this power.
- **While all Money Bills are categorized as Financial Bills, the reverse is not universally true.**
- Introduction of Money bills and Finance bill(i) is confined to the Lok Sabha, while a Finance Bill (ii) can be presented in both the Rajya Sabha and the Lok Sabha.
- The initiation or proposal of Money bills in the Lok Sabha is contingent upon the President's recommendation.

BharatNet Initiative: A Closer Look at its Goals, Advancements, and Inherent Challenges

Inside Story of the News:

In a recent development, the Union Cabinet has granted approval for a **substantial fund allocation of Rs 1.39 lakh crore towards the modernization of the BharatNet project.** This initiative by the government aims to **enhance last-mile connectivity in approximately 6.4 lakh villages across the nation.**

- In October 2011, **the National Optical Fibre Network (NOFN)** was launched and later **rebranded as the Bharat Net Project in 2015.**
- As the **world's largest rural broadband connectivity initiative utilizing Optical Fiber,** the project is spearheaded by **the Bharat Broadband Network Ltd. (BBNL) within the telecommunications sector.**
- This project involves a strategic shift in execution by engaging Village Level Entrepreneurs (Udyamis) to extend fiber connections to the last mile, expediting connectivity within the upcoming 2.5 years.
- Financial support for the project is provided by the **Universal Service Obligation Fund (USOF),** which ensures equitable and affordable access to quality Information and Communications Technology (ICT) services for individuals in rural and remote areas.

The Aims of the BharatNet Project:

The project's objective is to establish a **competitive presence against private operators such as Jio and Airtel** by capitalizing on its reach in rural regions where these operators have limited presence.

- The government's vision is to ensure a minimum of **100 Mbps bandwidth at every Gram Panchayat through BharatNet**, enabling widespread access to online services, particularly in rural parts of India.
- The initiative aims to **extend broadband internet connectivity to over 2.5 lakh gram panchayats across the nation**.

BharatNet's Three Envisioned Phases (2016):

- **Phase I:**
 - Central Public Sector Units (C-PSUs) like **BSNL, Railtel, and PGCIL** were entrusted with the task of implementing the NOFN network.
 - The goal was to provide broadband connectivity to over one lakh gram panchayats by installing underground Optic Fibre Cable (OFC) lines by December 2017.
- **Phase II:**
 - In Phase II, various deployment models were adopted by different agencies to cover the remaining 150,000 villages, including C-PSU-led, State-led, and BBNL-led models, along with certain PPP models.
 - The completion of Phase II was initially targeted for December 2018.
- **Phase III:**
 - Phase III aimed at upgrading the fiber network laid across 2.5 lakh Gram Panchayats (GPs) to a futuristic ring topology connecting districts to blocks and blocks to GPs.

Advancements in the BharatNet Project: Tracking Progress and Achievements

- Priorly, the task was to expand fiber-based internet access to households following the infrastructure establishment of the BharatNet initiative.
- To tackle this, a fruitful pilot was executed in 60,000 villages, engaging local collaborators to establish household connections.
- Presently, approximately 1.94 lakh villages have been linked, and the remaining villages are anticipated to be connected within the upcoming 2.5 years.
- Significantly, the new BharatNet Udyami project has facilitated the establishment of 351,000 fiber connections.

Characteristics of the BharatNet Project: Enhancing Connectivity and Access

- The government aims to ensure a minimum bandwidth of **100 Mbps at every Gram Panchayat** via BharatNet, enabling widespread access to online services, particularly in rural India.

- Under the BharatNet initiative, the residential broadband package will commence **at Rs 399 per month**, delivering **unlimited data at 30 Mbps**, accompanied by **bundled OTT offerings**, and more.
- As a component of the BharatNet project, the government will additionally offer last-mile connectivity through **Wi-Fi and other mechanisms**, establishing **Wi-Fi hotspots across all gram panchayats**.

Navigating the Hurdles of the BharatNet Project: Addressing Challenges and Obstacles

- **Slow Progress and Implementation Setbacks:**
 - The BharatNet initiative has encountered substantial setbacks in its execution, with its advancement proceeding at a pace below initial projections.
 - Efforts to establish connectivity in villages have been concentrated, but the project has connected only about 194,000 villages out of the intended 640,000.
 - This sluggish pace hampers the project's goal of reducing the Digital Divide in rural regions.
- **Deployment via Public-Private Partnership (PPP):**
 - The most recent phase of BharatNet's expansion is being undertaken through **the Public-Private Partnership (PPP) framework across 16 states**.
 - The PPP model is allocated a maximum approved viability gap funding of Rs. 19,041 crores.
 - The initial request for proposal (RFP) issued for project implementation in July 2021 did not receive any response from private entities.
 - The industry had flagged concerns regarding the demanding terms and conditions of the tender, while also expressing reservations about the government's proposed revenue sharing model, which was perceived as unfavourable to private stakeholders.