

● POLITY

● ECONOMICS

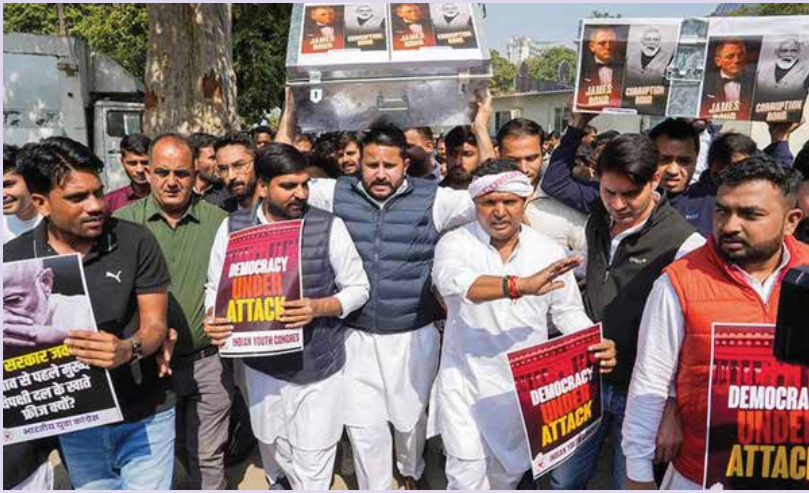
● TECHNOLOGY

● ECOLOGY

POLITY AND GOVERNANCE

## CONG. GETS RELIEF ON APPEAL AFTER I-T LIEN ON ACCOUNTS

**CONTEXT:** The Congress on Friday said that all its bank accounts had been frozen by the Income Tax (I-T) department over a discrepancy in filing its 2018-19 tax returns, terming the action an “assault on democracy by the Narendra Modi government” in the run-up to the Lok Sabha election.



In all, 11 bank accounts were frozen, including two accounts of the Indian Youth Congress (IYC) to an Income Tax department demand of ₹ 210 crore for the assessment year 2018-19, and a dispute regarding cash receipts of ₹ 14.4 lakh given to the party by its MLAs and MPs as donations from their salaries.

The Income Tax Appellate Tribunal (ITAT) subsequently provided partial relief to the party by allowing it to operate its accounts after setting aside ₹115 crore in lien. According to ITAT's Friday order, the Revenue department told the tribunal that it had not issued any orders for freezing the transactions in the bank account(s), but only for a lien on the amount lying in the bank account(s) up to the outstanding tax demand.

INTERNATIONAL RELATIONS

## NAVALNY'S LAST WALK: FURY ACROSS WORLD OVER DEATH OF PUTIN'S KEY OPPONENT

**CONTEXT:** Russian Opposition leader Alexei Navalny died on Friday after collapsing and losing consciousness at the penal colony north of the Arctic Circle where he was serving a jail term.



Mr. Navalny, 47, rose to prominence more than a decade ago by lampooning President Vladimir Putin and the Russian elite whom he accused of vast corruption, avarice and opulence.

The Federal Penitentiary Service of the Yamalo-Nenets Autonomous District said in a statement that Mr. Navalny “felt unwell” after a walk at the IK-3 penal colony in Kharp, about 1,900 km northeast of Moscow. He lost consciousness almost immediately.

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## INTERNATIONAL RELATIONS

## FEARS OF PALESTINIAN EXPULSION GROW AS SATELLITE PHOTOS SHOW EGYPT BUILDING A WALL NEAR GAZA

**CONTEXT:** Egypt is building a wall and is levelling land near its border with the Gaza Strip ahead of a planned Israeli offensive targeting the border city of Rafah. Egypt, which has not publicly acknowledged the construction, repeatedly has warned Israel not to forcibly expel the more than one million displaced Palestinians now in Rafah into its territory.



The preparations on the Egyptian side of the border in the Sinai Peninsula suggest that Cairo is preparing for such a mass ejection, a scenario that could threaten a 1979 peace deal with Israel that's been a linchpin for regional security. The satellite images show ongoing construction on the wall, which sits along the Sheikh Zuweid-Rafah Road some 3.5 km west of the border with Gaza. The Egyptian Foreign Ministry on February 11 issued a statement warning Israel over the possible Rafah offensive and its displacement of the Palestinian people. Israel's Defence Minister issued a statement that Israel has "no intention" of pushing Palestinian civilians across the border into Egypt.

The construction "is intended to create a high-security gated and isolated area near the borders with the Gaza Strip, in preparation for the reception of Palestinian refugees in the case of (a) mass exodus. Hard-line officials within Israeli Prime Minister Benjamin Netanyahu's government have raised the possibility of pushing Palestinians out of Gaza despite strong opposition from Israel's main ally, the United States. The Gaza Strip and the occupied West Bank are lands the Palestinians hope to have for their future state.

## INTERNAL SECURITY

## TORPEDOES, REFUELLER AIRCRAFT IN NEW DEALS CLEARED BY DAC

**CONTEXT:** The Defence Acquisition Council (DAC) accorded Acceptance of Necessity (AoN), the first step in the procurement process, for proposals worth ₹ 84,560 crore.

The proposals include some long-pending deals — such as for Heavy Weight Torpedoes (HWT) for the Navy's Scorpene-class submarines and flight refueller aircraft (FRA) for the Indian Air Force (IAF) — beginning afresh.

Other major deals include medium range maritime reconnaissance and multi-mission maritime aircraft for the Navy and the Coast Guard, new generation anti-tank mines, air defence tactical control radar, and software-defined radios.

The AoN under Buy (Indian) category has been accorded for procurement of active-towed array sonar having capabilities to operate at low frequencies and various depths for long-range detections of adversary submarines.

The AoN has also been accorded for procurement of Heavy Weight Torpedoes (HWT) for enhancing the attacking capabilities of Kalvari class submarines. The Defence Acquisition Council (DAC) accorded AoN for procurement of FRA for enhancing the operational capabilities and the reach of the IAF."

The AoN for procurement of medium-range maritime reconnaissance and multi-mission maritime aircraft, has been granted by the DAC for strengthening the surveillance and interception capabilities of the Navy and the Coast Guard over the country's vast maritime area.

### 'DAP 2020'

The DAC has approved amendments in the DAP 2020 with respect to benchmarking and cost computation, payment schedule and procurement quantity.

The procurement of a new generation of anti-tank mines having seismic sensors and the provision of remote deactivation with additional safety features has been approved under Buy (Indigenously Designed, Developed and Manufactured category of Defence Acquisition Procedure (DAP) 2020.

The DAC also cleared the AoN for sustainment support through repair replenishment for the 24 MH-60R multi-role helicopters procured by the Navy from the U.S. under the foreign military sale route.



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## INTERNATIONAL RELATIONS

## USE CHABAHAR PORT, INDIA TELLS CENTRAL ASIAN COUNTRIES

**CONTEXT:** India has urged Central Asian countries to use the port of Chabahar located on the southeast coast of Iran to enhance connectivity and trade with India and other countries in the world.



Vikram Misri, India's Deputy National Security Adviser participating in the sixth Regional Dialogue of Secretaries of Security Councils/National Security Advisers on Afghanistan in Kyrgyz capital Bishkek called for an "inclusive and representative" government in Afghanistan and said the approach towards the Taliban-ruled country should be based on consensus.

During his interaction with delegates from Iran, Russia, Kyrgyzstan, Kazakhstan and Turkmenistan, Mr. Misri invited Central Asian neighbours to utilise the Chabahar port as well as the Shahid Beheshti terminal at the port for maritime trade with India and other countries of the world.

India has not recognised the Taliban outfit which came to power in August 2021 after the end of the U.S. occupation. Last November, the old embassy of Afghanistan that was being run by diplomats aligned with the old regime of President Ashraf Ghani shut down and the facilities have been taken over in Delhi, Mumbai and Hyderabad by diplomats who did not leave India.

The discussion at Bishkek came days after barely a fortnight after the head of the Indian 'technical team' at Kabul participated in a discussion in Kabul with the stakeholders in Afghanistan that was chaired by the Taliban's Foreign Minister' Amir Khan Muttaqi. India's participation at the regional discussion had raised eyebrows. On February 15, India highlighted 'legitimate economic and security interests in Afghanistan' and argued that New Delhi 'steadfast with its

policy in support of peace, security and stability in Afghanistan.'

### Immediate priorities

Our common immediate priorities include providing humanitarian assistance, ensuring formation of a truly inclusive and representative government, combating terrorism and drug trafficking and preserving the rights of women, children and the minorities.

## ECONOMICS AND DEVELOPMENT

## RBI LETS PAYTM PAYMENTS BANK USERS DEPOSIT, PAY VIA WALLETS TILL MARCH 15

**CONTEXT:** The Reserve Bank of India (RBI) has given Paytm Payments Bank customers and users of its wallets time till March 15 (instead of February 29 stipulated earlier) to make deposits and access credit transactions.



After March 15, no further deposits, credit transactions or top-ups would be allowed in customer accounts, prepaid instruments, wallets, FASTags, etc., other than any interest, cashbacks, sweep in from partner banks or refunds. No banking services other than fund transfers, Bharat Bill Payment Operating Unit (BBPOU) and UPI facility would be provided by the bank after March 15.

The RBI has directed the bank to facilitate withdrawals of available balance from all accounts and wallets, excluding the ones that are frozen or lien marked by law enforcement or judicial authorities. The RBI directed that the bank shall facilitate a seamless withdrawal of customer deposits that are parked with partner banks under the automatic 'sweep-in sweep-out' facility without causing any inconvenience to such customers. Separately, Paytm said it had shifted its nodal account to Axis Bank to "continue seamless merchant settlements as before".



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## INTERNATIONAL RELATIONS

**BRAVE NEW WORLD**

**CONTEXT:** A free trade agreement involving India and the European Free Trade Association (EFTA) is expected to be operationalised soon.

A bone of contention relates to intellectual property rights, and has persisted as an issue since 2008. Switzerland and Norway, which are prominent members of EFTA, host several of the pharmaceutical and biotechnology companies that are responsible for several of the drugs and therapeutics that underpin health care globally.

It costs much to discover a useful effective drug and relatively little to make generic copies of it — with demand that is far disproportionate to affordability, means that there is a constant tussle between the inventors and the generic-drug companies. Patenting, or an exclusive monopoly for a fixed number of years to originators and a reciprocal right by governments to issue directions for 'compulsory licensing,' thereby selectively breaking such monopolies in the interest of public health, has brokered the peace and sustained the global pharma industry for decades. But new legal innovations such as data exclusivity continue to inveigle themselves in free trade negotiations. Under this provision, all the

clinical-trial data that concerns the safety and efficacy of a drug generated by the originator firm becomes proprietary and out of bounds for a minimum period of six years. Permission to make a generic is possible if a country's regulator can rely on supplied clinical trial data to approve a drug. For this, generic makers usually rely on the originator's published data.

The principle of data exclusivity is present among European countries as well as in agreements involving many developing countries. Such data exclusivity clause could significantly hinder India's drug industry which is also a major exporter of affordable drugs. Indian officials have rejected data exclusivity as a point of negotiations in the FTA, though leaked drafts of the agreement suggest that it is alive. However, India's rise up the drug manufacturing chain in the last few decades means that it must invest in an ecosystem that can conduct ethical drug trials and make new molecules and therapeutics from scratch. The paradigm that drug development will always be expensive and confined to the West need not be permanent, as was seen in the development of several novel technology approaches to developing vaccines in India during the COVID-19 pandemic. But as preparation, India must invest substantially more in fundamental research to incubate the local drug industry into the future.

## POLITY AND GOVERNANCE

**THE CLEAR MESSAGE IN THE COURT'S 'NO' TO ELECTORAL BONDS**

**CONTEXT:** On February 15, 2024, the Supreme Court of India struck down the electoral bonds scheme, is a landmark moment.

Voters in India have no idea who has been funding political parties and the amounts given. In all leading democracies, transparency is the basis of campaign funding. The Court has restored that transparency.

**Funding limits removed**

The primary reason for corporate funding of political parties is to influence the political process which may in turn improve the company's business performance. Electoral bonds removed the earlier donation limits imposed as a share of its profits a company to political parties. The scheme even allowed loss-making companies to make donations. This could have opened the door for shell companies to be formed with the purpose of channelling funds to political parties.

In any country, the central bank alone has the authority to issue currency such as notes and bonds. Section 31 of the Reserve Bank of India (RBI) Act says "only the RBI or the Central Government authorized by the RBI Act shall draw, accept, make or issue any bill of exchange or promissory note for payment of money to the bearers of the note or bond". The Government amended the RBI Act using a Finance Act, and allowed under a new clause 31(3), the central government to authorise any scheduled bank to issue electoral bonds.

**A well-thought-out plan**

The Amendment to the RBI Act was passed in a Finance Bill as this does not have to be passed by the Rajya Sabha. At the time

of the introduction of the electoral bonds scheme, the ruling party did not have a majority in the Rajya Sabha and wanted to avoid a vote in the Upper House.

Electoral bonds have nothing to do with the provisions for a Finance Bill. Again, a number of laws were amended to introduce the electoral bonds such as the RBI Act 1934, the Representation of the People Act (RPA), 1951, the Income Tax Act 1961, and the Companies Act 2013. It was carefully thought-out. It was in response to a Central Information Commission (CIC) ruling that political parties have to be completely transparent about their funding. The electoral bonds were introduced to bypass the CIC ruling.

The legal system remains opaque to the so-called ordinary citizen and voter. When four laws are amended to introduce a scheme that strikes at the root of democracy, namely transparency, layers of obfuscation are drawn over the scheme so that the citizen gives up trying to understand it. But these are not technical issues.

Any government with a majority can pass any Bill, which becomes law. There is no concept of an independent vote in India and ruling party members have to vote in favour of the government unlike in the United States. This means that a few people at the top of a ruling party can get almost any law they want passed. In the case of electoral bonds, processes for public consultation, and discussions in Parliament were not followed.

**The essence of the judgment**

The Supreme Court judgment has struck down the electoral bonds scheme. All Amendments to the RPA Act, the Finance Act 2017, and the Companies Act 2013 are violative of Articles 19 and 14 of the Constitution. The Supreme Court has directed the State Bank of India (SBI), the sole bank receiving funds in exchange for electoral bonds, to stop issuing them. The SBI has to submit the full details of all electoral bonds that have been issued so far, to the Election Commission of India (ECI) by March 6, 2024. In turn, the ECI has to publish this information on its website within two weeks.



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