

● POLITY

● ECONOMICS

● TECHNOLOGY

● ECOLOGY

**POLITY AND GOVERNANCE**

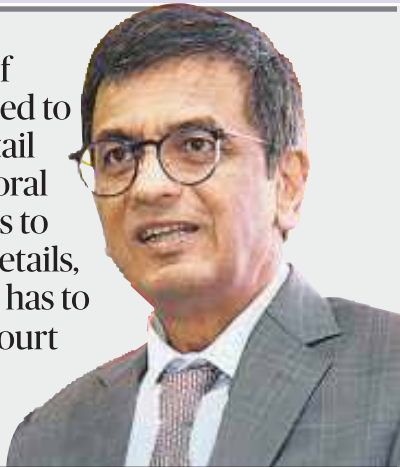
## Disclose complete details of poll bonds, SC tells SBI

**CONTEXT:** The Supreme Court asked the State Bank of India (SBI) to be “candid and fair” and not selective while directing it to make a “complete disclosure” of electoral bonds’ data, including their unique hidden alphanumeric and serial numbers, to the Election Commission (EC) for publication.



The State Bank of India was expected to give every conceivable detail with it regarding the electoral bonds. Your attitude seems to be ‘you tell us to give the details, then we will give’.. The SBI has to be candid and fair to the court

**D.Y. CHANDRACHUD**  
Chief Justice of India



The Supreme Court clarified that its February 15 judgment regarding the electoral bonds scheme required disclosure of data on poll bonds purchased and redeemed from April 12, 2019, until the date of the verdict. The Court directed SBI Chairman Dinesh Kumar Khara to submit an affidavit by 5 p.m. on Thursday, confirming that SBI has disclosed all details of electoral bonds in its possession and custody without withholding any information. The Election Commission (EC) is required to upload this information promptly once it is provided by the bank.

The court dismissed an application filed by an NGO, Citizens Rights Trust, represented by senior advocate Vijay Hansaria and advocate Sneha Kalita for similar disclosure on electoral bonds bought and encashed from March 1, 2018, to April 12, 2019. The NGO had claimed that 9,159 bonds worth ₹4,000 Cr. were purchased and received by political parties during this period. The Bench clarified that its judgment had “specifically” directed the submission of electoral bonds data from April 12, 2019, and any tinkering now would amount to “substantial modification” of the February 15 verdict.

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**INTERNATIONAL RELATIONS**

## After securing another term, Putin says Russia is aiming at establishing a buffer zone in Ukraine

**CONTEXT:** President Vladimir Putin sealed his control over Russia for six more years with a landslide in an election that followed the harshest crackdown on the Opposition and free speech since Soviet times.



According to Central Election Commission (CEC), Russia saw a record turnout of 77.44 %. Putin won nearly 88 % of the vote, while nearest rival Nikolay Kharitonov of the Communist Party, got 4.31 %. The contest was limited to Kremlin-tolerated candidates only. Those critical of Mr. Putin’s policies were barred on technical grounds. The state had also passed legislation in the election run-up criminalising any criticism of the Ukraine war.

Mr. Putin, the longest-serving Russian leader at the end of his fifth term, since Catherine the Great, who ruled during the 18th century has led Russia as President or Prime Minister since December 1999, a tenure marked by international military aggression and an increasing intolerance for dissent. Monday marks the 10th anniversary of Russia’s seizure of Ukraine’s Crimea Peninsula, which set the stage for Russia to invade its neighbour in February 2022.

Russian President Vladimir Putin announced that Moscow will not relent in its invasion of Ukraine and plans to create a buffer zone to help protect against long-range Ukrainian strikes and cross-border raids after the release of election returns that showed him securing a fifth six-year term in a landslide.

Vladimir Putin noted progress made by the Russian forces in battlefield against Ukraine as Ukrainian troops struggle with a severe shortage of artillery shells and exhausted frontline units after more than two years of war. The frontline stretches over 1,000 km across

Ukraine. Advances have been slow and costly, and Ukraine has increasingly used its long-range firepower to hit oil refineries and depots deep inside Russia. Mr. Putin warned the West against deploying troops to Ukraine and a possible conflict between Russia and NATO would put the world “a step away” from another world war.

Mr. Putin reaffirmed that Russia remains open to negotiations but won't be lured into a truce that will allow Ukraine to rearm commenting on the prospects for peace talks with Kyiv. However, Ukrainian President Volodymyr Zelenskyy has apparently shut the door on such talks, saying Mr. Putin should be brought to trial at the International Criminal Court in The Hague, which last year issued an arrest warrant for Putin on war crime charges.

For many Russians, he rebuilt the state in the early 2000s after the “decade of humiliation” of the 1990s that followed the collapse of the USSR. Statism, rooted in Orthodox Christian conservative values, replaced the state-sanctioned communism of the Soviet years. He stood up to the West, seeking to restore Russia's great power glory. He brought wars within Russian territories to an end, ensured economic and political stability and expanded the country's borders with the annexation of Crimea in 2014. But he also turned the state into a militaristic, authoritarian machinery that sought complete dominance at home and counterbalancing against the West abroad. Two of his most vocal political opponents are gone — Boris Nemtsov and Alexei Navalny — while several others are in jail. The media have been muzzled. And state institutions have practically become branches of the Kremlin. With his sweeping victory, Mr. Putin will likely project further strength and preserve the status quo. But the meticulous way in which the regime staged the election, with the goal of bolstering Mr. Putin's numbers, and its overzealous attempt to stamp out even the slightest dissent expose the underlying weakness rather than endorsing the strongman image that hangs on the facade of the regime Mr. Putin has built.

Western leaders denounced the election as a sham, while President Volodymyr Zelenskyy particularly criticised voting in Ukrainian areas that Russia has illegally annexed. Germany sharply criticised the vote with Chancellor Olaf Scholz's spokeswoman, Christina Hoffmann, saying that “in our opinion, it was not a democratic election.” Meanwhile, Chinese President Xi Jinping and North Korean leader Kim Jong-un quickly congratulated Mr. Putin, along with some Central and South American leaders and presidents of nations that have historic and close current ties to Russia.

## POLITY AND GOVERNANCE

### Multi-purpose app SAKHI to assist Gaganyaan crew

**CONTEXT:** Vikram Sarabhai Space Centre (VSSC), Thumba has developed a multi-purpose app to help astronauts carry out a range of tasks such as looking up vital technical information or communicating with one another during the Gaganyaan space flight mission.

Custom-built, hand-held smart device strapped to space suits featuring SAKHI would monitor the health of the astronauts, help them stay connected with Earth and even alert them about their dietary schedules. The VSSC describes the application as an indispensable assistant to the crew. SAKHI will provide astronauts with access to technical documents and training manuals during the mission. This access is crucial due to the limited space in the crew module, making it impractical to carry physical copies of these materials. SAKHI will ensure that astronauts have all the necessary information readily available, allowing them to access it easily whenever needed. The ISRO is hoping to launch the Gaganyaan mission in 2025.

## INTERNATIONAL RELATIONS

### India-U.S. tri-service exercise Tiger Triumph commences



The Tiger Triumph exercise between India and the U.S. is a tri-service Humanitarian Assistance and Disaster Relief (HADR) exercise aimed at enhancing interoperability and refining Standard Operating Procedures (SOPs) for HADR operations. The exercise, taking place on the Eastern seaboard, started on Monday and will continue until March 31. The harbour phase is scheduled for March 18 to 25, during which personnel from both navies will engage in training visits, exchanges, sports events, and social interactions. After the Harbour Phase, the ships will proceed to the sea phase to conduct maritime, amphibious, and HADR operations based on simulated scenarios.

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**INTERNATIONAL RELATIONS**

## In call to Rajnath, U.S. official lauds Navy's anti-piracy operation

**CONTEXT:** Lloyd Austin, the U.S. Secretary of Defence during a telephone conversation with Union Defence Minister Rajnath Singh conveyed appreciation for the Indian Navy playing an important role in conducting anti-piracy operations in the Indian Ocean Region.

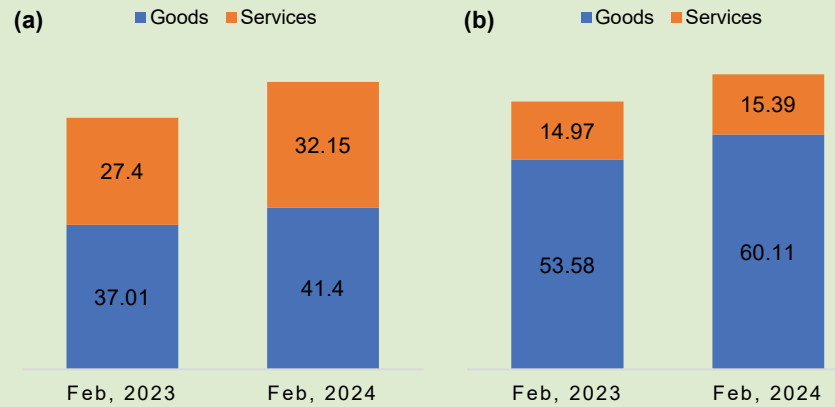
The comments come against the backdrop of the over 40-hour anti-piracy operation 1600 NM from India that led to the surrender of 35 pirates and the release of 17 crew members of the merchant vessel Ruen. The two Ministers discussed ways and means to implement the India-U.S. defence cooperation road map which was concluded last year. Other defence industrial cooperation issues such as repair of U.S. naval ships in Indian shipyards were also briefly discussed. Both Ministers also discussed a range of bilateral, regional security and defence cooperation issues, the Ministry said. They reviewed the recent bilateral events such as the INDUS-X Summit held in New Delhi in February, and the bilateral tri-service exercise 'Tiger Triumph' which commenced in India on Monday. Both the Ministers had last met in New Delhi in November 2023 during the India-U.S. Ministerial 2+2 Dialogue.

**ECONOMICS AND DEVELOPMENT**

## Trade puzzle

**TRANSBORDER TRADE**

India's overall exports (Merchandise and Services combined) in February 2024\* is estimated to be USD 73.55 billion, exhibiting a positive growth of 14.19 % over February 2023. Overall imports in February 2024\* is estimated to be USD 75.50 billion, exhibiting a positive growth of 10.12 % over February 2023.



**FIGURE:** (L) Column chart representation of monthly value of exports of goods and services. (R) Column chart representation of monthly value of imports of goods and services.

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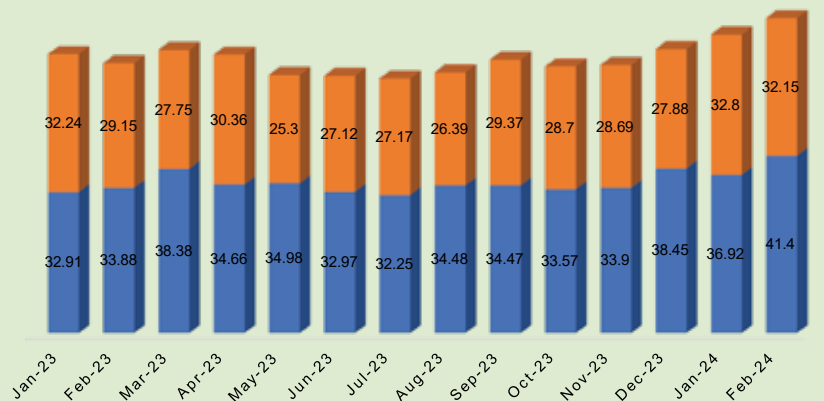
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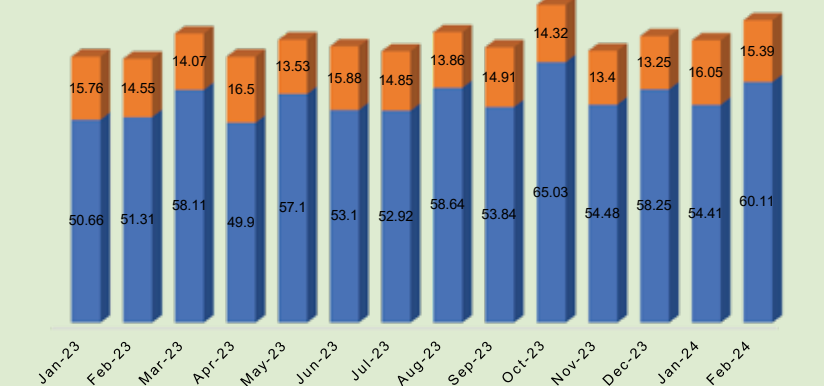
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**EXPORTS**

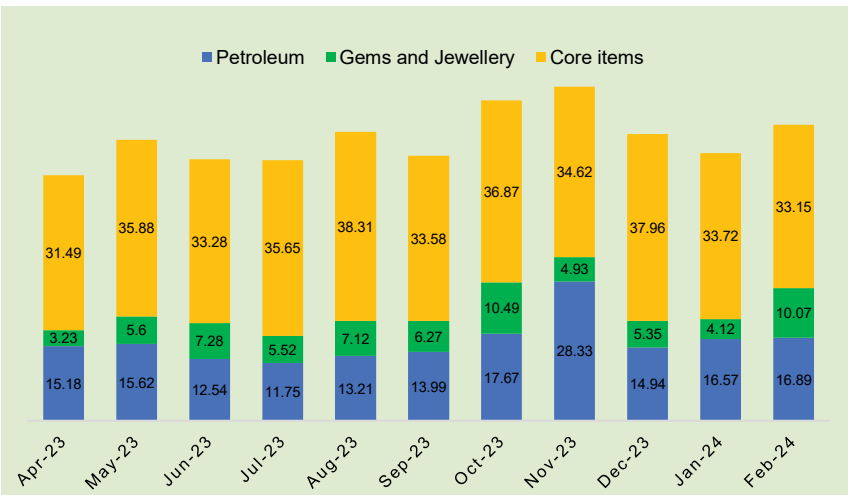


**FIGURE:** Column chart representation of monthly value of merchandise and services exports

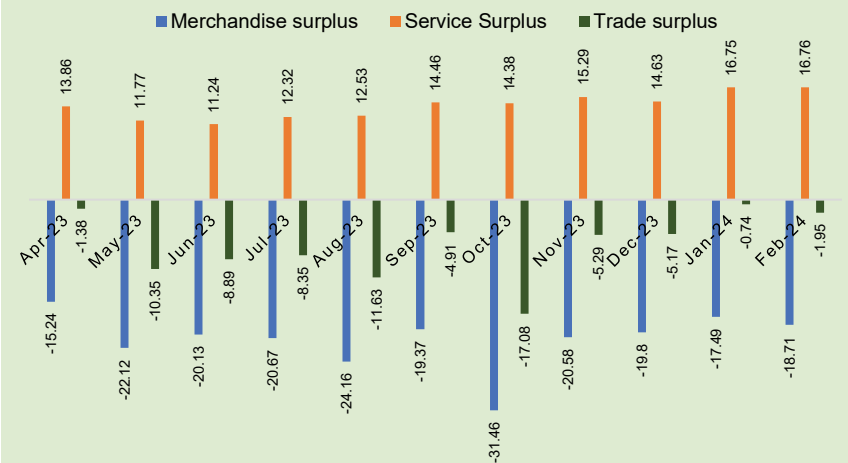
**IMPORTS**



**FIGURE:** Column chart representation of monthly value of merchandise and services imports



**FIGURE:** Bar chart representation of the import profile of Indian imports. Gems & Jewellery\*: Gold, Silver & Pearls, precious & Semi-precious stones.



**FIGURE:** Column chart representation of trade surplus.

India's goods exports jumped 11.9 % in February, marking the healthiest uptick in 20 months. The \$ 41.4 billion tally is the highest in 11 months, and only the third occasion in two years that the \$ 40 billion mark has been breached. It is remarkable that this spurt, significantly higher than the average export tally of \$ 35.4 billion in the first ten months of this year, comes amid persistent concerns about disruptions in the Red Sea and the drought-hit Panama Canal that have throttled vital trading routes and spiked the time and cost of moving consignments.

**INTERNATIONAL RELATIONS**

## All eyes are now on the Indian Ocean region

**CONTEXT:** The Indian government shifted its focus from the Indo-Pacific to the Indian Ocean since October 2023, though it had previously concentrated on strengthening the Quad and the broader Indo-Pacific strategy since January 2021.

### The policy shift

Under President Mohamed Muizzu, the Maldives appears to be moving closer to China, despite India's efforts to maintain a friendly relationship. In contrast to the Maldives, Sri Lanka has shown more consideration for India's security interests. It has imposed a year-long moratorium on foreign research ships, including those from China, docking at its ports, indicating a willingness to align more closely with India. India's SAGAR (Security and Growth for All in the Region) policy has yielded positive results in Mauritius. The Prime Ministers of India and Mauritius recently inaugurated new infrastructure in the Agaléga Islands, which will enhance Mauritius's ability to combat illegal activities in its Extended Economic Zone, benefiting both countries.

Both the Western Indian Ocean littered with island nations and the Northern Indian Ocean stretching from the Arabian Sea to the Suez have become active geographies again. The gradual regionalisation of the Israel-Hamas conflict, as reflected in the attacks by Houthi rebels on international shipping, has now led to a massive drop in transits through the Suez Canal. The diversion of ships to the longer route around the Cape of Good Hope adversely affects all nations in the region, big or small.

The new chain of developments is set to expand the Chinese Navy's footprint in the region. Its broad objective is to assert dominance. With the Maldives as a willing partner, Beijing lost little time in announcing a new agreement under which unspecified military assistance would be extended gratis to Maldives. This comes when 88 Indian military personnel, deployed with the host nation's consent to operate humanitarian flights of three aviation platforms, has been replaced by a civilian group.

The strategic contestation between China and India is intensifying. Much of China's trade and energy supplies pass through the region, so its case for security for its supply routes cannot be dismissed. But what is worrisome is its strategic intent to create an adverse environment for India's security by turning the country's neighbours against it. A clear pattern is emerging behind Beijing's quest for naval bases in Djibouti, Kyaukphyu, Gwadar, and Hambantota. This, combined with the nearly four-year-old border standoff, which has defied a diplomatic resolution, has meant the two nations continue to confront each other as adversaries.

India has been facing a "bully" in a very "determined manner," observed India's defence secretary recently. He spoke not only of the border situation but also of the Indo-Pacific where "a pivotal moment" was being witnessed. India and the U.S., he underlined, were key stakeholders in the Indo-Pacific region. Cooperation helps them in addressing the strategic competition with China. Collaboration in underwater domain awareness has been identified as a key goal in dealing with the "emerging" threats.

Besides the U.S., where do the U.K., European Union, France, and Germany stand as far as Indian Ocean rivalries are concerned? Geographic proximity to the region demands that they

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take a clear line on China's activities. While they are concerned about Beijing's illegal claims in the South China Sea, they must see that a similar kind of assertiveness and hostile intent is building up in the Indian Ocean too. Each of these players seeks closer economic and security cooperation with India, and incremental progress is taking place. But they display a 'studied ambiguity' when it comes to interpreting China's behaviour and the long-term motivations driving it. The geographic distance of the European nations from China gives them a sense of security. They should re-examine the fundamental tenets of their Asia strategy. But will they, given their excessive preoccupation with the conflicts in Ukraine and Gaza? Recent interactions with European officials and scholars generate limited hope; therefore, the task to persuade them must go on.

#### India's other options

The government has other options too. First, India needs to convey a clear message to its strategic partners that while it is conscious of its Indo-Pacific responsibilities, it prioritises the Indian Ocean region. Second, a critical audit of the Indian Ocean Rim Association (IORA) and the Colombo Security Conclave (CSC) is needed. While IORA is underperforming and has become too amorphous to be effective, the CSC faces the danger of losing a key member, the Maldives, if the island nation's partnership with China deepens. It may be time for New Delhi to encourage the creation of a new mechanism with the objective of bolstering maritime security and optimising the potential for the Blue Economy. This group could comprise four nations from the neighbourhood (India, Sri Lanka, Bangladesh, and Myanmar) and four island states (Mauritius, Seychelles, Comoros, and Madagascar). The ninth seat may be kept for the Maldives if it adopts a sensible policy. This group can be named the 'Indian Ocean Cooperation Organisation.' Third, Foreign Affairs Insights & Review ranked the Indian Navy the seventh most powerful in the world. As India aims to become the third largest economy, it should find new budgetary resources for its Navy to make it the third or fourth strongest.

## ECONOMICS AND DEVELOPMENT

### On FTAs with European countries

**CONTEXT:** The India-EFTA Trade and Economic Partnership Agreement (TEPA) is India's latest Free Trade Agreement (FTA), signalling a shift towards deeper economic engagement with the European Free Trade Association (EFTA) countries — Switzerland, Norway, Iceland, and Liechtenstein. This agreement marks India's first FTA with any European country and represents a westward tilt in its FTA strategy towards the western world.

#### What does this mean?

The successful conclusion of an FTA with developed countries including Switzerland and Norway is a significant positive signal to the world, showcasing India's firm commitment to trade liberalisation at a time of rising protectionism across both developed and developing countries. For trading partners, an FTA with India is very attractive since it represents surpassing India's high tariff walls to access a large market. The TEPA negotiations started almost 15 years back; however, these were rapidly concluded in the last few months, close on the heels of the swift conclusion of FTAs with Australia and the UAE. The FTAs with the U.K. and the EU are also

reportedly at an advanced stage.

#### What are the key features of TEPA?

**Investment:** TEPA sets out a target of a \$ 100 billion investment into India from EFTA countries, and consequent one million jobs over a 15-year period. It also provides India the ability to withdraw its tariff concessions if such expected investment is not achieved. India growing at a fast rate of 9.5 %, and the return on EFTA investments in India exceeding 16 % annually over the 15-year timeline he promised investments and jobs to materialise, two conditions need to be met. If India is not satisfied, it can pull back its tariff concessions in a proportionate manner after 18 years. The investment chapter is not subject to dispute resolution and is overall, a statement of positive intent, and its benefits will be dependent on the private sector's responsiveness to the TEPA.

**Trade in goods:** The chief gain here is for EFTA's market, which can have more access to India due to tariff concessions. India is mandated to eliminate tariff on most products within seven to 10 years. This will benefit EFTA exports of seafood like tuna and salmon, fruits like olives and avocados, coffee capsules, oils like cod liver and olive oil, and a variety of sweets and processed foods including chocolate and biscuits. Also covered are smartphones, bicycle parts, medical equipment, clocks, and watches, many medicines, dyes, textiles, apparels, iron and steel products, and most machinery. Additionally, tariffs on cut and polished diamonds will be reduced from 5 % to 2.5 % in five years. For wines, India has extended tariff cuts as follows: wines priced between \$ 5 and less than \$ 15 will see a duty reduction from 150 % to 100 % in the first year, which will then decrease gradually to 50 % over 10 years. For wines costing \$ 15 or more, the initial duty cut is from 150 % to 75 %, eventually reducing to 25 % after 10 years.

Gold, which accounts for 80 % of the merchandise imports from EFTA countries, as well as dairy, soya, coal and some sensitive agricultural products have been excluded from India's tariff concession list. There will be no material impact since most products face very low or zero tariff for nations which have the Most Favoured Nation (MFN) status in EFTA countries. For example, value wise, 98 % of India's \$1.3 billion merchandise exports to Switzerland are industrial products where tariff is already zero. The remaining 2 % of India's exports are agricultural products, where gains would be negligible due to low trade values.

**Trade in services:** On services, both India and the EFTA members have committed to liberalisation across a wide range of sectors. Some key benefits for India include commitments by Norway for access to yoga instructors and practitioners of traditional medicine from India, subject to compliance with its legal framework. Both Norway and Switzerland have committed four and three years respectively for highly skilled Indian professionals moving as intra-corporate transferees, subject to obtaining work permits.

The nitty-gritties of actual service delivery are often impacted by regulatory requirements in each country. A separate annex in the TEPA lays the framework for easing the recognition of qualifications of service suppliers through streamlining the various requirements, including the possibility of achieving equivalence by topping up academic or training requirements, rather than having to repeat the entire professional degree. Separate annexes on financial services and telecom services similarly lay down disciplines that aim to enable ease of providing such services.

In a departure from previous FTAs of India, benefits of the trade in services chapter would extend to any juridical person (i.e.,



corporate entity) by merely being incorporated in an EFTA member, while having its actual operations in any other WTO member, including those with which India does not have FTAs. This will allow free riders benefiting from the TEPA. The investment chapter stems that risk by requiring benefits to be confined only to entities having substantial business activities within the EFTA; however, services related to commercial presence will be governed by the services chapter.

**Sustainable development:** The TEPA's chapter on Trade and Sustainable Development (TSD), comprising commitments on environment and labour aspects, represents a first for India in any FTA. India has so far been sceptical of linking environmental and labour related issues within a FTA, given the concern that these may simply become proxies for protectionist measures. The TSD chapter refers to a range of multilateral environmental agreements and labour conventions, whose implementation is based on a balance of rights and obligations. For example, the UN Framework Convention on Climate Change and Paris Agreement recognises differential obligations for developed and developing countries. Labour conventions under the International Labour Organization (ILO) are based on a tripartite framework involving the government, as well as organisations representing employers and employees. Even though the TSD chapter is not subject to dispute resolution, India will need to be careful that any scrutiny of its implementation of environment and labour obligations, which is inevitable under the TSD chapter, is respectful of the balance inherent in multilateral environment and labour conventions.

**Intellectual property rights:** the EFTA countries are home to several pharmaceutical and high technology MNCs, whose ask has been commitments on protection of intellectual property rights that exceed the WTO's Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement. The TEPA represents a nod to some of these. For example, India's Patents Act provides for pre-grant opposition of a patent application. The TEPA's IPR Annex requires swift rejection of "prima facie unfounded" oppositions. This potentially opens up India's internal regulatory process to external scrutiny on whether this standard was met. Similarly, a statutory requirement under Indian law is filing of an annual statement on working of a patent. The TEPA mandates that this periodicity be increased to three years, with annual statements to be required only in specified cases, which potentially raises the concern that the statutory requirement as it exists under Indian law, may need reconsideration to make it case specific. While amendments to India's patent rules have been notified on March 15, five days after the signing of the TEPA, FTA commitments should ideally have followed such amendments.

## INTERNATIONAL RELATIONS

### Afghan forces hit back at Pak. after air strikes kill 8

**CONTEXT:** Eight civilians were killed on Monday in "reckless" air strikes by Pakistan's military in the border regions of Afghanistan, prompting Afghan forces to retaliate against Pakistani military outposts.

The rising tensions between Afghanistan and Pakistan since the Taliban took power in Afghanistan in 2021. Islamabad accuses militant groups in Afghanistan of carrying out attacks, while the Taliban claims Pakistani airstrikes targeted civilian homes in border provinces, killing women and children. Afghanistan retaliated against Pakistani military points, leading to cross-border skirmishes. The Taliban condemned the attacks, warning of consequences. Afghan refugees from Waziristan were reportedly targeted, not militants. The Afghan Foreign Ministry summoned the head of the Pakistani embassy in Kabul to protest the airstrikes and called for avoiding actions that could strain relations between the two countries.

## INTERNATIONAL RELATIONS

### China's Wang Yi begins diplomatic blitz with New Zealand, Australia visits

**CONTEXT:** Chinese Foreign Minister Wang Yi made a rare visit to New Zealand on Monday, stressing the need to work with "friends" in the face of the "tumultuous international situation".

Chinese Foreign Minister Wang Yi's diplomatic visit to New Zealand and Australia, focus on trade and diplomatic ties. This marks his first visit to either country since 2017. Wang emphasized the importance of strengthening ties amid international turmoil, including issues like Taiwan and the South China Sea. New Zealand, part of the Five Eyes alliance, has faced criticism for prioritizing trade with China over security concerns. The visit underscores the significance of China as New Zealand's largest trading partner. Wang will also meet with the Australian Foreign Minister Penny Wong in Canberra later in the week.



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## INTERNATIONAL RELATIONS

## India, Peru to hasten FTA talks; round 7 in April

**CONTEXT:** India and Peru are trying to speed up talks on the proposed bilateral free trade agreement (FTA), after it got delayed due to the COVID-19 pandemic and have scheduled the seventh round of negotiations in New Delhi, from April 8, before which offer lists on goods and services are likely to be exchanged.



The proposed FTA with Peru is significant for India as it seeks to increase its presence in Latin-American countries in line with the policy decision to diversify beyond traditional markets. The COVID-19 pandemic led to a pause in the negotiations but since the India-Peru FTA talks restarted in February this year, both sides are trying to expedite it.

### Gold negotiations

Although the Model Code of Conduct (MCC) for the 2024 Lok Sabha elections has come into force, it would not apply to ongoing trade negotiations, senior government officials had recently clarified. However, Cabinet approval for an FTA during the MCC period may be difficult.

Peru is interested in higher market access for its gold, which accounts for about 80 % of its exports to India and also some agricultural items such as avocados and blueberries. Negotiations on gold could be tricky as it is a very important export item for Peru but as it is a high-value item, reducing import duties on it as part of the FTA may not be easy for India. In FY23, the yellow metal accounted for \$1.8 billion or 80 % of India's imports from Peru, per

research body GTRI. Import duty on gold in India is 15 %, including basic custom duty of 10 % and agriculture infrastructure development cess of 5 %.

### Trade expansion

India's free trade agreement (FTA) with the EFTA bloc (Switzerland, Iceland, Norway, and Liechtenstein) and its trade relations with Peru. The free trade agreement with the EFTA bloc comprising Switzerland, Iceland, Norway and Liechtenstein, India did not offer any effective tariff concession on gold. This was even though in Switzerland's case, too, gold exports to India, valued at over \$16 billion in 2022-23, comprised about 80% of its total exports to the country.

In the FTA, India did not offer significant tariff concessions on gold, despite it being a major export item for Switzerland. Peru is interested in exporting agricultural products like avocados, grapes, and blueberries to India, with negotiators determining the scope of such items. India aims for greater market access for traditional exports like motor vehicles, cotton yarn, and pharmaceuticals, as well as exploring opportunities in new products. The Commerce Department seeks to expand India's trade with Latin America and the Caribbean (LAC), aiming to double bilateral trade to \$100 billion, as bilateral trade volume reached \$ 3.12 billion in FY 2022-23. While India agreed to a 1% concession on the bound rate of 40%, the effective duty stays at 15%. Apart from gold, Peru would also be interested in exporting more agricultural products like avocados, grapes and blueberries to India. The negotiators would decide what is the scope of such items.

India hopes to have greater market access for traditional exports such as motor vehicles, cotton yarn and pharmaceuticals while exploring opportunities in new products. As imports from India comprise less than 2% of Peru's total imports, the Commerce Department is of the view there is a significant scope for expansion of India-LAC bilateral trade. Efforts are on to double the bilateral trade to \$100 billion in the coming years. During FY 2022-23, the bilateral trade volume reached \$3.12 billion.

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## ECONOMICS AND DEVELOPMENT

## IL&FS's new board moves NCLAT, urges it to curb PSBs from tagging group firms as 'wilful defaulter'

**CONTEXT:** The newly appointed board of debt-ridden IL&FS has urgently sought appellate tribunal NCLAT's intervention to restrain 11 public sector lenders from initiating proceedings to declare group companies as "wilful defaulters".



In its petition, IL&FS said it was aggrieved by the "blatant violation and disregard" of previous NCLAT orders by the banks. IL&FS also charged banks of taking procedural action under the garb of the RBI guidelines, and "harassing the directors" of IL&FS firms. The banks were "issuing show cause notices, calling for a personal hearing before the wilful defaulter identification committee, threatening initiation of criminal proceedings, including initiating proceedings as well as and for declaring IL&FS companies and their current directors as wilful defaulters, as well as getting issued look out circulars".

### 'Coercive actions'

All such coercive actions/steps are attempts by the respondent banks to pressurise the IL&FS companies to directly or indirectly meet their debt demands, without having regard to the fact that the resolution/satisfaction of debts of all the creditors of the IL&FS companies is subjudice before this tribunal".

IL&FS has asked that the banks be restrained from pursuing proceedings against "other IL&FS companies and/or their directors and/or officers appointed after October 2018 by the IL&FS new board". It has also made the RBI a party, and requested NCLAT to "pass an order directing Respondent No. 12 (RBI) to direct Respondent No. 1 to 11 (banks) restraining them from taking any coercive action against the applicants and other IL&FS companies." It has also requested the National Company Law Appellate Tribunal (NCLAT) to direct banks to "not take any coercive action against the applicant and other IL&FS companies and/or their directors and/or officers" during the pendency of the hearing and final disposal of the present application.

The banks are: Central Bank of India, Bank of Baroda, Indian Bank, Canara Bank, Punjab National Bank, Indian Overseas Bank, State Bank of India, Bank of India, Jammu & Kashmir Bank, IDBI Bank and Union Bank of India. According to IL&FS, the banks were participating in the IL&FS resolution process to get their debts addressed and these parallel coercive steps were not only "squarely in the teeth" of the orders passed by NCLAT, but were the likely result of either a selective reading of such orders, or an "uncoordinated mechanical attempt" at purportedly complying with applicable RBI guidelines. IL&FS's new board had already referred the actions of the erstwhile management for investigation.



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