

Truss-Kwarteng 'Mini Budget'



❖ Context

- Since the new UK (sixth-largest economy in the world) Prime Minister Liz Truss and Chancellor of the Exchequer (Finance Minister) Kwasi Kwarteng presented their "mini-Budget", the British economy has plunged into a crisis.

❖ About the Mini - Budget

- The **September 2022** United Kingdom mini-budget was a **set of economic policies** that included a cut in basic rate of income tax, abolition of the 45% higher rate of income tax, increase in National Insurance; and the abolition of the proposed Health and Social Care Levy.
- Although not an official budget statement, it was widely referred to by the media as a "mini-budget".
- The government's idea is to leave people and companies with more money in their hands to **boost consumer spending** and **incentivise businesses to invest in the economy**.

❖ Consequences

- The pound sterling has rapidly lost value against the dollar and fallen to a 37-year low.
- The sharp rise in bond yields.

❖ Immediate Implications

- The UK economy is already struggling with **historic inflation** fuelled by skyrocketing prices of imported Russian gas in the wake of the war in Ukraine. The sharp fall in exchange rate will essentially **make the UK's imports costlier**.
- The government intends to substantially increase its borrowings partly to help the poor tide over the cost-of-living crisis and partly to kick-start the UK's stagnant economy. The sharp rise in the bond yields implies that the **cost of borrowing increases for the government**.

❖ Why is it Going Wrong?

- Typically, **when governments give tax breaks to spur an economy they also reduce their spending** - or else, they give a tax break to the less well-off by taxing the rich a tad more.
- This allows the **government's borrowings to not spiral out of control**.
- The private sector gets to borrow from the investible pool of savings at low interest rates while consumers spend more since they have lesser taxes to pay.
- In the Truss-Kwarteng model, the government's borrowings will go up sharply. This suggests that interest rates will rise which is not a cause of worry in a developed economy like the UK.
- However, in view of the **UK's economy being stagnant for almost 15 years** and **facing the prospects of stagflation**, the markets are treating the UK like any emerging economy, such as India, and punishing it by demanding higher interest rates.

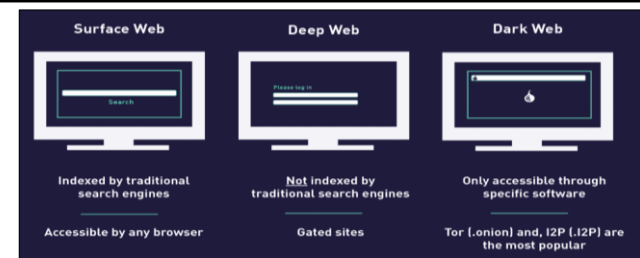
❖ BoE's Emergency Bond Buying Programme

- The Bank of England stepped in recently by offering to **buy some of the country's long-term debt** (of at least 20 years maturity) as an emergency measure to stabilise the market conditions.
- The programme will be for a limited period and the Bank of England plans to sell back the bonds it purchased once market conditions stabilise.

Dark Web and Public Exploits

❖ Context

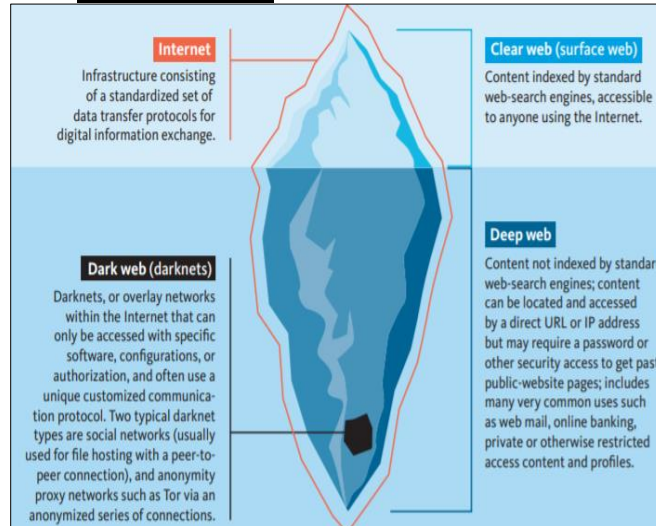
- According to a report by cybersecurity firm Kaspersky, **India is among the top five countries** in the Asia-Pacific region where **employees are making money by selling data of their organisations on the dark web**.



❖ Key Highlights of the Report

- **Pakistan, Australia, China and Indonesia** are the other nations where similar cyber security threats are rampant.
- The country accounted for 35% of all instances of insiders selling data on the dark web in the Apac region in 2021.
- India also comprised **9.8% of all data leaks** in the Apac region.
- **India is among the top three countries** in the Apac region where companies are vulnerable to **publicly-available exploits**, along with **China and Indonesia**. India is **one of the key countries where hackers have the opportunity to gain remote access on devices**, followed by Indonesia, Bangladesh, the Philippines and Vietnam.

❖ Dark Web



❖ Public Exploits

- Public exploits are vulnerabilities in software code, websites etc., that are known to the security community, and can allow hackers to penetrate a company's systems.
- The dark web is a term used for parts of the internet that cannot be accessed using regular browsers, and requires special software like The Onion Router (TOR) Browser.
- Insiders selling company data make it easier for hackers to launch attacks on firms or plant malware in their infrastructure.



UAPA

❖ Context

- The **Ministry of Home Affairs (MHA)** imposed a ban on the PFI and its associate organisations, for 5 years under The **Unlawful Activities (Prevention) Act (UAPA)**, 1967.



Unlawful Activities (prevention) Act
UAPA

❖ Key Highlights

- **Section 2(1)(p) of the UAPA defines an “unlawful association”** as one which has for its object any unlawful activity or offence defined under **Sections 153A or 153B of the IPC** — that is, promoting enmity between different groups and making imputations, assertions that are prejudicial to national integration.
- An unlawful association is also one that encourages or aids persons to undertake any unlawful activity, or of which the members undertake such activity.
- Under Section 3 of the UAPA Act, **the government has powers to declare an association “unlawful”.**

❖ Process of Declaration

- **Within 30 days** of issuing the gazette notification, the Ministry sends **reference to the UAPA tribunal**, headed by a retired or sitting judge of a High Court and appointed by the Centre.
- The tribunal issues **show-cause notice** to the organisation.

- After arguments from both sides, the Tribunal can hold an **inquiry to decide within six months** on whether there is sufficient evidence to declare the organisation an “unlawful association”.
- **The ban becomes applicable for a period of five years once the Tribunal approves it.**

❖ Consequences

- Under Section 7 of the UAPA, the government has power to **prohibit the use of funds** of an unlawful association.
- Under Section 8, **all places that are used by the unlawful association can be notified and seized.**
- A person who is and continues to be a member of the (unlawful) association or takes part in its meetings or contributes to, or receives or assists. is **punishable with imprisonment** for a term which may extend to two years.
- The law allows any person aggrieved by a prohibitory order to make, within 15 days of the date of the service of such order, an application to the Court of the District Judge within the local limits.

International Civil Aviation Organisation (ICAO)

❖ Context

- The **ICAO** signed a Memorandum of Understanding (MoU) with the **International Solar Alliance (ISA)** in the presence of ministers from India and France on the sidelines of the **42th Session of ICAO Assembly in Montreal.**



❖ Key Highlights

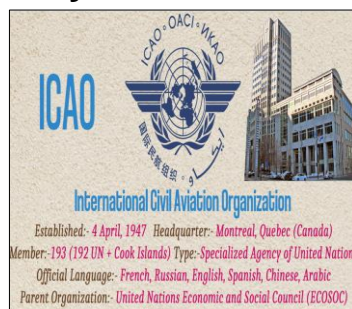
- The MoU has been signed to check the growth of CO2 emissions in the sector.
- **India has pledged for Net Zero Carbon goal in 2070 in COP 26.**

❖ About ICAO

- It is a **specialised agency of the UN ECOSOC**, established in **1947** by the **Convention on International Civil Aviation**, also known as the **Chicago Convention (1944).**
- Its headquarter is located in Montreal, Quebec, Canada.
- It has a **sovereign body, the Assembly, and a governing body, the Council.**
- The Assembly of 193 members **meet at least once every three years.**
- The **Air Navigation Commission (ANC)** is the technical body within ICAO.

❖ About ICAO Council

- The Council of ICAO is a **permanent body** of the organisation **elected by the ICAO Assembly every 3 years.**
- It consists of **36 members elected in 3 groups.** The present Council was elected in October 2019. The three groups are
 - Group I (Chief Importance)
 - Group II (Large Contributions) - **India is currently its member.**
 - Group III (Geographic Representations)
- **Key function of the council** includes :
 - Convenes the Assembly.
 - Discharges the duties and obligations laid down in the convention.
 - Appoints the Secretary General.
 - Adopts international Standards and Recommended Practices (SARPs).
 - Acts as an arbiter between Member States.
- **The stipulations ICAO standards contain never supersede the primacy of national regulatory requirements.**



News in Between the Lines

Credit Enhancement

❖ Context

- **SEBI** released a new framework for credit rating agencies involving ratings of securities having explicit credit enhancement features.

❖ Key Highlights

- The new rules are **applicable from 1 January, 2023.**

Face to Face Centres





- It is aimed at enhancing transparency and the quality of the rating process.
- Under the rule, CRAs can assign the suffix '**CE**' (**Credit Enhancement**) to the rating of instruments having explicit credit enhancement.
- Credit enhancement is a **strategy for improving the credit risk profile of a business**, usually to obtain better terms for repaying debt or to reduce the risks to investors of certain structured financial products. While assigning such credit ratings, CRAs will have to conduct independent due diligence.

Topli Karvy



❖ Context

- Media outlets and tourists confused the Neelakurinji with another shrub, **Topli Karvy (*Strobilanthes callosus*)** of the same genus ***Strobilanthes***.

❖ Key Highlights

- The **Neelakurinji (*Strobilanthes kunthiana*)** is a shrub of the **Acanthaceae family** that famously **blooms once every 12 years** in the **Western Ghats**.
- ***Strobilanthes*** is a genus of about 350 species of flowering plants in the family Acanthaceae, **mostly native to tropical Asia and Madagascar**.
- The **Topli Karvy** is found more in the northern section of the Western Ghats in Maharashtra as it grows on the **plateaus of the northern Western Ghats**. It is called so as it **resembles an inverted basket**.
- The Neelakurinji on the other hand grows in the **shola grasslands of the southern Western Ghats**, which are not found in Maharashtra.
- The **shola forests** are patches of **stunted tropical montane forests** surrounded by **grasslands** in the high elevations of southern India spread over the **states of Kerala, Karnataka and Tamil Nadu**.

Lecanemab



❖ Context

- Eisai Co. and partner Biogen Inc. claim to have made the first medicine to **slow Alzheimer's disease** in a definitive, large-scale trial.

❖ Key Highlights

- **Lecanemab** reduced the pace of cognitive decline in people with early disease by 27% over 18 months when compared with a placebo.
- It is designed to remove **amyloid**, a toxic protein that clutters the brain.
- The results bolster a long-held but controversial theory, **the amyloid hypothesis** that the buildup of amyloid over time is one of the main causes of the disease.
- While it appears to unambiguously slow the disease, **the medicine doesn't restore mental capacity or totally stop its loss**. In rare severe cases, **side effects** were noticed including **brain swelling and bleeding**.

World First CNG Terminal



❖ Context

- The Prime Minister laid the foundation stone for the world's first CNG (Compressed Natural Gas) terminal at **Bhavnagar in Gujarat**.

❖ Key Highlights

- It is expected to begin operations in **2026**.
- The **Bhavnagar port** is in close vicinity to the **Dholera Special Investment Region (SIR)**. It faces the **Gulf of Khambhat**.

Buddhist Caves Discovered in Bandhavgarh Tiger Reserve



❖ Context

- The **Archaeological Survey of India (ASI)** has reported 26 Buddhist caves in Madhya Pradesh's **Bandhavgarh Tiger Reserve** following an exploration exercise between May and June, 2022.

❖ Key Findings

- The caves date back to the time between **2nd century BC and 5th century BC** (same time as the Ajanta caves) and pertain to the **Mahayana sect of Buddhism**.
- Remains of Mahayana sect, such as chaitya-shaped doors and cells containing stone beds. A **Buddhist pillar fragment** containing miniature stupa carvings, dating back to the **2nd - 3rd century AD**.
- **24 Brahmi inscriptions**, dating from 2nd-5th century AD.
- **Gupta period remains** such as door jambs.





Paddy Straw Bedding



- **26 ancient temples/remains of Kalachuri period** (9th-11th century AD).
- **Forty-six sculptures and 19 waterbodies** built between the 2nd & 15th century.
- **Places mentioned in the inscriptions** - Kaushami, Mathura, Pavata (Parvata), Vejabharada and Sapatanaairikaa.
- **Kings mentioned in the inscriptions** - Shri Bhimsena, Maharaja Pothasiri and Bhattadeva.

❖ Context

- With the return of paddy straw burning during the harvest season of early varieties of rice, creating bedding for cattle with paddy straw is among the many alternatives for the safe disposal of stubble.

❖ Key Highlights

- Paddy straw, if dried and properly cut, is a **better bedding material** because of its **high water retention capacity**, due to the **high cellulose and silica content**.
- **Benefits** - good for animal health and soil; increases milk production; reduces pressure on the skin, restricts heat loss, and limits contamination by waste produced by the animal; fewer bacteria in the milk produced; reduced incidence of lameness; mastitis control.
- **Mastitis** is an inflammation of breast tissue that sometimes involves an infection.
- The old bedding, if properly disposed of, decomposes and **turns into organic farm manure or compost** in 3-4 months.

India and Netherland Fast Track Mechanism (FTM)



❖ Context

- India & the Netherlands have signed a joint statement to formalise a bilateral FTM.

❖ Key Highlights

- The mechanism will serve as a platform for **faster resolution of investment cases** of Dutch companies operating in India.
- **The Netherlands is the fourth largest foreign direct investor in India.**
- In 2021-2022, bilateral trade between the two countries was valued at \$17 billion.
- **India's exports to the country** comprises mineral fuels and mineral-based products, organic chemicals, electrical machinery and equipment, aluminium, iron and steel and pharmaceutical products.

Slush Fund



❖ Context

- **US Securities and Exchange Commission** fines Oracle \$23 million for bribery in India, Turkey & UAE using slush funds.

❖ Key Highlights

- A slush fund is a sum of money that is set aside as a reserve.
- It has not always been properly accounted for in terms of where the funds have come from or what they are used for due to which, the fund is sometimes misused to finance illicit or unethical activities, to hide transactions, or to acquire non-public information or other services.

Persons in News

Justice Dipankar Datta

- Currently, Chief Justice of Bombay HC. Recommended by the 5 member SC collegium for appointment as SC judge.
- **For the 1st time, the Collegium accessed records of past judicial performances** (ranging from the number of judgements delivered to their quality and rates of disposal) to make recommendations.

R Venkataramani

- Appointed as the **16th Attorney General for India**. As per **Article 76 of the Constitution**, a person who is qualified to be appointed a **Judge of the SC** should be the **Attorney General for India**.

Lt. General (Retd.) Anil Chauhan

- Appointed new **Chief of Defence Staff**.
- Will also function as **Secretary to GoI**, Department of Military Affairs. This is the first instance a retired military officer is returning to serve as its most senior officer.
- In June, the amended service rules of the armed forces made **all serving & recently retired 3-star officers** - Lt General, Air Marshal and Vice Admiral - **under the age of 62 eligible for the post**.
- The Government **may extend the service** of the CDS subject to a **maximum age of 65**.