

Connect to Current -Daily Current Capsules - 29th March 2019

Electoral Reforms

Electoral bonds will affect transparency, EC tells SC

Relevance IN – Prelims (about electoral bonds) + Mains (GS II important aspects of governance, transparency and accountability + GS IV Ethics, Integrity and Aptitude)

What's the NEWS

- The Election Commission of India (ECI) has told the Supreme Court that electoral bonds, contrary to government claims, **wreck transparency in political funding**.
- The ECI ripped apart amendments made to various key statutes through the two **consecutive Finance Acts of 2016 and 2017**.
- The amendments would pump in black money for political funding through shell companies and allow “unchecked foreign funding of political parties in India which could lead to Indian politics being influenced by foreign companies.

Know! about the amendments done in the finance act

- The Finance Act of 2017 amends various laws, including the Representation of the People (RP) Act of 1951, the Income Tax Act and the Companies Act.

- The Finance Act of 2016 makes changes in the Foreign Contribution (Regulation) Act of 2010.

Know! all about the provisions mentioned in the electoral bonds and various amendments done by the government for making the donation and provisions ambiguous

- The amendment to the RP Act allows political parties **to skip recording donations received by** them through electoral bonds in their contribution reports to the ECI.
- This is a retrograde step as far as transparency of donations is concerned
- The ECI has no way to ascertain whether the donations were received illegally by the political party from government companies or foreign sources.
- The ECI said the amendment introduced by the government in the Income Tax Act allows anonymous donations.
- Donors to political parties need not provide their names, address or PAN **if they have contributed less than Rs. 20,000**. Now, “many political parties have been reporting a major portion of the donations received as being less than the prescribed limit of Rs. 20,000
- The Finance Act of 2016, had amended the FCRA 2010 to **“allow donations to be received from foreign companies having majority stake in Indian companies**
- The earlier 7.5% ceiling on the political donations by companies has been removed and even companies which make losses can now donate via electoral bonds.

Know! all about Electoral bond

What is it?

- An electoral bond is designed to be a bearer instrument like a Promissory Note — in effect, it will be similar to a bank note that is payable to the bearer on demand and free of interest. It can be purchased by any citizen of India or a body incorporated in India.

How do you use it?

- The bonds will be issued in **multiples of ₹1,000, ₹10,000, ₹1 lakh, ₹10 lakh and ₹1 crore** and will be available at specified branches of State Bank of India.
- They can be bought by the donor with a KYC-compliant account. Donors can donate the bonds to their party of choice which can then be cashed in via the party's verified account within 15 days.

What are the other conditions?

- Every party that is registered under section 29A of the Representation of the Peoples Act, 1951 (43 of 1951) **and has secured at least one per cent of the votes polled** in the most recent Lok Sabha or State election will be allotted a verified account by the Election Commission of India.
- The bonds will be available for purchase for a period of 10 days each in the beginning of every quarter, i.e. in January, April, July and October as specified by the Central Government. An additional period of 30 days shall be specified by the Central Government in the year of Lok Sabha elections.
- **The electoral bonds will not bear the name of the donor.** In essence, the donor and the party details will be available with the bank, but the political party might not be aware of who the donor is.
- The maximum amount of cash donation that a political party can receive be capped at ₹2,000 and that parties be entitled to receive donations by cheque or digital mode, in addition to electoral bonds.

Internal Security

In 2018, Official Secrets Act invoked in five cases

Relevance IN – Prelims (about the official secret act) + Mains (GS III internal security challenges)

What's the NEWS

- The Ministry of Home Affairs (MHA) issued five prosecution sanction orders last year under the Official Secrets Act (OSA), 1923.
- The colonial-era law meant for ensuring secrecy and confidentiality in governance, mostly on national security and espionage issues, has often been cited by authorities for refusing to divulge information.
- Governments have also faced criticism for misusing the law against journalists and whistleblowers.

Know! about the Act

- The Official Secrets Act was first enacted in 1923 and was retained after Independence.
- The law, applicable to government servants and citizens, provides the framework for dealing with espionage, sedition, and other potential threats to the integrity of the nation.
- The law makes spying, sharing 'secret' information, unauthorised use of uniforms, withholding information, interference with the armed forces in prohibited/restricted areas, among others, punishable offences.

- If guilty, a person may get up to 14 years' imprisonment, a fine, or both.
- **The OSA does not define “secret” or “official secrets”.** Public servants could deny any information terming it a “secret” when asked under the RTI Act.
- Another contentious issue with the law is that its Section 5, which deals with potential breaches of national security, is often misinterpreted.
- The Section makes it a punishable offence to share information that may help an enemy state. The Section comes in handy for booking journalists when they publicise information that may cause embarrassment to the government or the armed forces.
- Several countries, including the United Kingdom, Malaysia, Singapore, and New Zealand, continue to use the legislation to protect state secrets. In 2001, Canada replaced its OSA with a Security of Information Act. The “official secrets” come under the Espionage Act in the U.S.

Space Awareness

Successful anti-satellite missile test puts India in elite club (some more information regarding Mission Shakti)

An infographic titled 'Space power' detailing India's Mission Shakti anti-satellite (ASAT) test. The central image shows a red and white missile being launched from a mobile launcher on a barge, with a large plume of fire and smoke. To the right, a diagram illustrates the missile's three-stage ascent, showing it intercepting a satellite in orbit. A red box identifies the satellite as Microsat-R, an imaging satellite at 274 km altitude. Another text box states the interceptor is a three-stage missile with a kill vehicle on top. A map of India highlights the launch location, Dr. Abdul Kalam Island (formerly Wheeler Island) in Odisha. A list of bullet points provides additional mission details. The bottom left corner notes the launch date as Wednesday and identifies the organization as DRDO.

Space power

Under **Mission Shakti**, DRDO tested anti-satellite (ASAT) missile which hit a **live satellite** in Low Earth Orbit of 300 km

- ASAT is a modified interceptor missile of the Ballistics Missile Defence (BMD) system
- The mission was completed in three minutes
- Low Earth Orbit was chosen to minimise debris
- Only three other countries — U.S., Russia and China — have demonstrated this capability

The downed satellite was **Microsat-R**, an imaging satellite which orbits at a height of 274 km

The interceptor missile was a three-stage missile. The kill vehicle is on the top

The test was conducted around 11 a.m. from Dr. Abdul Kalam Island launch complex, earlier known as Wheeler Island, in Odisha

ASAT being launched on Wednesday. - DRDO

What's the NEWS

- India successfully conducted an Anti-Satellite (ASAT) missile test, named Mission Shakti, becoming the fourth country in the world to demonstrate the capability to shoot down satellites in orbit. So far, only the United States, Russia and China have this prowess.
- The satellite downed by the ASAT missile was Microsat-R, an imaging satellite which was launched into orbit on January 24, 2019 using a Polar Satellite Launch Vehicle (PSLV)
- India has built the broad capabilities and building blocks to develop ASAT missiles for some time as part of its Ballistic Missile Defence (BMD) programme.
- A BMD interceptor missile successfully engaged an Indian orbiting target satellite in LEO in a 'hit to kill' mode'
- The ASAT missile was a modified exo-atmospheric interceptor missile of the BMD. A LEO of 300 km was chosen to "minimise" debris and it also won't last more than a few months
- Anti-satellite weapons provide the capability to shoot down enemy satellites in orbit thereby disrupting critical communications and surveillance capabilities.
- ASAT missiles also act as a space deterrent in dissuading adversaries from targeting the country's satellite network.

Know! about India's ASAT system

- While Mission Shakti may have targeted an object in outer space, India has long developed the ability to intercept incoming missiles.
- In 2011, a modified Prithvi missile, mimicked the trajectory of a ballistic missile with a 600-km range.

- Radars at different locations swung into action, tracking the “enemy” missile, constructing its trajectory and passing on the information in real time to the Mission Control Centre (MCC) to launch the interceptor, an Advanced Air Defence (AAD) missile.
- It had a directional warhead to go close to the adversarial missile before exploding to inflict damage on it.

Know! about low earth orbit satellites

- The Indian satellite that was shot down was a Low Earth Orbit (LEO) satellite.
- These are satellites roughly at an altitude of 2,000 kilometres from the earth and that’s the region where the majority of satellites are concentrated.

State Specific

Assam launches initiative to educate voters

What’s the NEWS

- Folk song competitions, quiz programmes and appeals by celebrities are some of the initiatives being undertaken by the election office in Assam for attracting women, first-time voters, people with physical disabilities and senior citizens to cast their votes.

Know! more about the initiative

- District election officers have been directed to reach out to the maximum number of voters in the constituencies under their jurisdiction
- The local aspects of people should be taken care while chalking out the programmes under **the Systematic Voters’ Education and Electoral Practices** and the aim is to reach out to all sections of voters

- A major component of the SVEEP is to remove gender gap in polls and an initiative ‘**Aaideur Chora**’ has been taken up in collaboration with the Assam State Rural Livelihood Mission and Assam State Urban Livelihood Mission to sensitise female voters.
- ‘**Chandraprabha**’, a woman mascot, will be used for spreading the message of participation in the local language.
- The nodal officers of the SVEEP campaigns are organising ‘naam’ (folk song) singing, ‘pitha’ and ‘laru’ (Assamese sweets) making competitions and street plays to involve women in the awareness campaigns.
- Polling stations with low female voter turn-out have been identified and ‘mahila voter rallies’ are being held

Bilateral Relations

India in pact to ease U.S. firms’ compliance

Relevance IN – Prelims (about the benefits of CbC) + Mains (GS II bilateral relations affecting India’s intrest)

What’s the NEWS

- India and the U.S. signed an inter-government agreement for the automatic exchange of country-by-country (CbC) reports, which will **reduce the compliance burden for Indian subsidiary companies of U.S. parent companies.**
- This is a key step in making India **compliant with the Base Erosion and Profit Shifting (BEPS) project**, of which it is an active participant.

Know! more about the agreement

- This Agreement for Exchange of CbC Reports, along with the Bilateral Competent Authority Arrangement between the two competent authorities, will enable both the countries **to automatically exchange CbC reports filed by the ultimate parent entities** of multinational enterprises (MNE) in the respective jurisdictions
- The Base Erosion and Profit Shifting (BEPS) Action Plan **adopted by the Organisation for Economic Co-operation and Development (OECD) and G20 countries** in 2013 recognised that the way forward to mitigate risk from base erosion and profit shifting was to enhance transparency.
- The signing India-U.S. agreement for exchange of CbC information is a huge respite for subsidiaries of U.S. head-quartered companies.
- The signing of the agreement further revalidates the keen willingness of Indian and U.S. tax authorities to engage and amicably resolve issues for taxpayers.

Know! about Base erosion and profit shifting

- Base erosion and profit shifting refers to the **activities of multinational corporations to shift their profits from high tax jurisdictions to lower tax jurisdiction**, thereby eroding the tax base of the high tax jurisdictions and depriving them of tax revenue.
- In order to combat this, many countries entered into agreements to share tax information with each other to enhance transparency and make such profit shifting that much harder.

National

The Union Cabinet has approved the creation of six additional posts in the National Company Law Appellate Tribunal (NCLAT)

Relevance IN – Prelims (about NCLT) + Mains (GS III economic developments)

What's the NEWS

- The proposal involves the creation of three additional posts each for judicial members and technical members in the NCLAT.
- The creation of additional posts will help meet the mandate provided to NCLAT by the Finance Act 2017, the Companies Act 2013 and the Insolvency and Bankruptcy Code 2016.

National Company Law Appellate Tribunal

- National Company Law Appellate Tribunal (NCLAT) was established under Section 410 of the Companies Act, 2013 for hearing appeals against the orders of National Company Law Tribunal (NCLT).
- NCLAT is the Appellate Tribunal for hearing appeals against the orders passed by NCLT **under the Insolvency and Bankruptcy Code, 2016 (IBC).**
- NCLAT hears appeals against the orders passed by Insolvency and Bankruptcy Board of India.

- NCLAT is also the Appellate Tribunal to hear and dispose of appeals against any direction issued or decision made or order passed by the Competition Commission of India (CCI) – as per the amendment brought to Section 410 of the Companies Act, 2013 by the Finance Act, 2017.

Prelims Practise Question

Consider the following statements about electoral bonds

1. An electoral bond is designed to be a bearer instrument like a Promissory Note — in effect, it will be similar to a bank note that is payable to the bearer on demand and free of interest
2. The bonds will be issued in multiples of ₹1,000, ₹10,000, ₹1 lakh, ₹10 lakh and ₹1 crore and will be available at specified branches of Public sector banks.
3. Every party that is registered under section 29A of the Representation of the Peoples Act, 1951 (43 of 1951) and has secured at least four per cent of the votes polled in the most recent Lok Sabha or State election will be allotted a verified account by the Election Commission of India.

Find the correct statements from the option given below

- a. 1 only
- b. 2 and 3
- c. 1 and 3
- d. All

Consider the following statements regarding Mission Shakti

1. India successfully conducted an Anti-Satellite (ASAT) missile test, named Mission Shakti, becoming the fourth country in the world to demonstrate the capability to shoot down satellites in orbit.
2. The satellite downed by the ASAT missile was Microsat-R, an imaging satellite which was launched into orbit on January 24, 2019 using a Polar Satellite Launch Vehicle (PSLV)
3. India has built the broad capabilities and building blocks to develop ASAT missiles for some time as part of its Ballistic Missile Defence (BMD) programme.
4. Anti-satellite weapons provide the capability to shoot down enemy satellites in orbit thereby disrupting critical communications and surveillance capabilities.

Find the correct statement from the option given below

- a. All
- b. 1 and 4
- c. 2 and 4
- d. None

KEEP Learning KEEP Evolving

TEAM CL IAS