

**DAILY
CURRENT
AFFAIRS
ANALYSIS**



LAKSHYA ACADEMY®

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1 - Issues with the Insolvency and Bankruptcy Code:

GS II

Government Policies and Interventions

- **What Concerns the IBC the Most?**

- **Minimal Repayment Ratio:**

- The buyer usually only needs to pay 15% of the total amount required for the resolution plan to be approved, and years may pass before the banks earn any more interest, according to the Reserve Bank of India's (RBI) 2023 financial stability report (FSR).
- This has caused some to doubt the repayment process's efficacy.

- **Resolution and Recuperation:**

- The low settlement sums and lengthy resolution timeframes of recent settlements and resolutions, like the Reliance Communications Infrastructure Ltd. (RCIL) case, have sparked concerns.
- For instance, the resolution plan took four years to execute, significantly longer than the allotted maximum of 330 days, and the settlement for RCIL amounted to a meagre 0.92% of the debt.
- Principal and interest should ideally be paid to the Financial Creditors (FCs).
- The identification and acknowledgement of defaults can be a time-consuming procedure, which can hinder the prompt beginning of resolution actions and ultimately lower recovery rates.

- **Hairstyles and Recuperation Times:**

- The idea of "haircuts," which entails writing off debt and interest, has become more well-known.
- By taking the business to the cleaners and receiving a hefty haircut from bankers and the National Company Law Tribunal (NCLT), promoters are taking advantage of the situation.
- After resolutions, banks are released from liability and only the companies—not the owners—are declared insolvent, leaving depositors as the losers while lenders suffer and Insolvency Professionals (IPs) stay rich.
- Financial creditors have suffered as a result, in some cases just recovering 5% of the outstanding debt.

- **Valuable in Real Terms:**

- In NCLT-settled cases of large corporates, banks or financial creditors recover an average of just 10-15% of the value, as highlighted in the FSR released by the RBI in 2023. Nevertheless, the RBI claims that creditors realise 168.5% of the liquidation value and 86.3% of the fair value.
- According to the FSR, 3% of the allowed claims were realised out of 597 liquidations against a claim of Rs 1,32,888 crore.
- Corporates are treated differently by banks, which collect current interest on loans to farmers, students, MSMEs, and homeowners, as well as penalty interest for late payments.
- Concerns regarding the recuperation procedure have been raised by the small amount realised from liquidations as well.

- **Regulatory Issues:**

- **Reports on Regulations:**

- The FSR has brought up a number of issues with the Corporate Insolvency Procedure (CIRP).
- According to the research, banks and other financial creditors are only receiving a small portion of the liquidation value and fair value, and the acknowledged claims are less than the dues.

- **Report of the Parliamentary Standing Committee:**

- Concerns have been raised in the 32nd report of the Parliamentary Standing Committee on Finance regarding low recovery rates, with haircuts of up to 95%, and the length of time it takes to resolve cases—more than 71% of which are pending for more than 180 days—which indicates that the original goal of the code, as intended by the Parliament, has been deviated from. There have also been issues with Resolution Professionals (RPs) and Insolvency Professionals (IPs).
- It also suggests setting a cap on haircut lengths and requiring the Committee of Creditors (COCs) to adhere to a code of conduct.

- **Limited Strength of the Judicial Bench:**

- A lack of judges slows down the IBC resolution process, which in turn causes case processing to slow down and resolution periods to increase.

- **Which aspects of the 2016 Insolvency and Bankruptcy Code stand out the most?**

- **About:**

- A time-bound framework for handling the bankruptcy and insolvency of businesses, people, and partnerships is provided under the Insolvency and Bankruptcy Code (IBC), 2016.

- When a person or organization's liabilities surpass its assets and it is unable to raise enough money to pay its debts when they fall due, it is said to be insolvent.
- When an individual or business is formally deemed unable to pay their debts, they file for bankruptcy.
- The 2016 Insolvency and Bankruptcy Code is amended by the Insolvency and Bankruptcy Code (Amendment) Act, 2021.
- The goal of this modification is to give corporate entities that the code classifies as micro, small, and medium-sized enterprises (MSMEs) an effective alternative framework for handling insolvency.
- It seeks to guarantee outcomes that are more expeditious, economical, and maximise value for all parties involved.

- **Goals:**

- maximising the assets owned by the debtor.
- encouraging self-employment.
- ensuring that matters are resolved efficiently and on time.
- balancing each stakeholder's interest.
- promoting an economy and market that are competitive.
- establishing a structure for cases of cross-border insolvency.

- **IBC Record:**

- **The Indian Bankruptcy and Insolvency Board (IBBI):**

- The regulatory body in charge of managing bankruptcy procedures in India is IBBI.
- The government appoints the Chairperson of the IBBI and its three full-time members, who are specialists in the legal, financial, and insolvency domains.
- There are ex-officio members as well.

- **Resolution of Proceedings:**

- The National Companies Law Tribunal (NCLT) renders decisions in business-related cases.
- The Debt Recovery Tribunal (DRT) manages individual cases.
- Courts are essential in authorising the start of the resolution process, selecting experts, and validating the creditors' final judgements.

- **The Code's Insolvency Resolution Procedure:**

- started after default by the creditor or the debtor.
- Experts in insolvency oversee the process, managing debtor assets and giving creditors access to financial data.

- During the resolution procedure, the debtor cannot be sued for a period of 180 days.
- **Creditors' Committee (CoC):**
 - Financial creditors comprise the CoC, which is constituted by insolvency specialists.
 - The CoC makes decisions about the repayment schedule, asset liquidation, and debt revival for outstanding debts.
 - If a decision is not made within 180 days, the debtor's assets will be liquidated.
- **Procedure for Liquidation:**
 - The following is the distribution of the proceeds from the sale of the debtor's assets:
 - First costs associated with insolvency resolution are those related to paying the insolvency professional; second are secured creditors, whose loans are collateralized; third are obligations to employees; and fourth are unsecured creditors.
- **Way Ahead:**
 - Put policies in place to guarantee a greater proportion of repayment in the resolution plans. These could include more stringent standards for plan approval, a greater emphasis on the buyer's obligation to make a sizable upfront payment, and incentives for prompt repayment.
 - To lessen the strain on banks during write-offs, the RBI decided to impose a maximum loan ceiling of Rs 10,000 crore to a single corporate house.
 - A thorough assessment of IBC and NCLTs is critically needed, as the initial goals have not been met.
 - Review the idea of "haircuts" and put protections in place to stop promoters from abusing the system. Include provisions guaranteeing a just division of losses between financial creditors and promoters.
 - Improve the resolution process's transparency by making sure that there are frequent updates on the progress of cases and the causes of any delays.
- **Source → The Hindu**

2 - Diverse Advancements in the Clean Air Goal:

GS III

Environmental Conservation

- Climate Trends is an environmental consultancy and capacity building project grounded in research, with a focus on climate change, sustainable development, and the environment.
- The government of India's climate-tech startup partner, Respirer Living Sciences, provided support for the establishment of the ATMAN Centre of Excellence on Clean Air Technologies at IIT Kanpur.
- **Which aspects of the study stand out the most?**
- **Differential Reductions in PM2.5:**
 - Of the 49 cities with continuous PM2.5 data for five years, only twenty-seven demonstrated a decrease in PM2.5 levels, and only four cities achieved or exceeded the desired fall in accordance with the National Clean Air Campaign (NCAP) Goals.
 - By 2026, 131 cities would have seen a 40% decrease in average particulate matter (PM) concentrations because to the NCAP.
 - The target was originally set for a 20–40% decrease by 2024, however it was later moved to 2026.
- **Different Developments in Different Cities:**
 - While some towns, like Delhi, saw minor declines (just 5.9%) or even increases in pollution loads, other cities, like Varanasi, Agra, and Jodhpur, showed notable reductions in PM2.5 levels.
 - Varanasi demonstrated the greatest reduction, with average decreases in PM2.5 levels of 72% and PM10 levels of 69% between 2019 and 2023.
- **Localised vulnerabilities:**
 - The Indo-Gangetic Plain (IGP), which is home to about 18 of the top 20 most polluted cities for PM2.5, is still extremely susceptible to high particle matter concentrations.
 - The only cities outside the IGP that were listed among the top 20 for PM 2.5 pollution were Guwahati and Rourkela.

- **Challenges in Monitoring:**

- An important factor influencing annual pollutant concentrations is the availability and dispersion of continuous ambient air quality monitoring.
- However, there aren't enough of these monitoring stations in many Indian cities.
- Most Indian cities only have a few of these stations, compared to several in places like Delhi and Mumbai.
- Out of the 92 cities, only four have more than ten of these stations.

- **Variables Affecting Pollution:**

- It is necessary to conduct additional research to determine the causes of variations in pollution levels, which include geographic regions, a variety of emission sources, meteorological influences, and the interaction between emissions and meteorology.

- **The National Clean Air Programme: What is it?**

- January 2019 saw its debut by the Ministry of Environment, Forests, and Climate Change (MoEFCC).
- Creating a nationwide framework for managing air quality with a time-bound reduction target is a first for the nation.
- The objective of the National Clean Air Programme (NCAP) is to lower average particulate matter (PM) concentrations in 131 cities by 40% by 2026. The goal was originally set for a 20–40% reduction by 2024, but it was revised to 2026.
- It includes 131 cities that the Central Pollution Control Board (CPCB) determined to be non-attainment areas.
- Cities that have not met the National Ambient Air Quality Standards (NAAQS) for more than five years are considered non-attainment cities.
- Under the Air (Prevention and Control of Pollution) Act of 1981, NAAQs are the criteria for ambient air quality with reference to certain identified pollutants notified by the CPCB.
- PM10, PM2.5, SO2, NO2, CO, NH3, Ozone, Lead, Benzene, Benzo-Pyrene, Arsenic, and Nickel are the pollutants listed under the NAAQS.
- A platform for tracking NCAP implementation is called PRANA (platform for Regulation of Air-pollution in Non-Attainment Cities).

- **What Steps Are Being Done to Control Air Pollution?**

- The SAFAR Portal is the system for air quality and weather forecasting and research.
- The eight contaminants for which an air quality index (AQI) has been created are PM2.5, PM10, ammonia, lead, nitrogen oxides, sulphur dioxide, ozone, and carbon monoxide.
- Delhi's Graded Response Action Plan.

- **To Cut Down on Vehicle Pollution:**

- BS-VI Automobiles,
- Encourage the use of electric vehicles,
- As a last resort, the Odd-Even Policy (for Delhi).
- The New Commission on Air Quality Management
- farmers receive a subsidy for purchasing a Turbo Happy Seeder (THS) machine in order to lessen stubble burning.
- The National Air Quality Monitoring Programme (NAMP) aims to monitor four air pollutants on a regular basis at all locations. These pollutants are SO₂, NO₂, PM₁₀, and PM_{2.5}.
- *Source → The Hindu*

3 - Government Blocking the Websites:

GS II

Government Policies and Interventions

- **What are the current trends in India regarding website blocking orders?**
- In 2013, the Union government blocked 62 websites; in 2023, it blocked 6,954 websites through October.
- The Information Technology (IT) Act, 2000, Section 69A, authorises the issuance of these directives.
- The rise in internet usage has coincided with a notable increase in website banning orders, particularly since the notable decline in mobile data costs in 2016.
- Individual posts, videos, or profiles most likely make up the majority of the blacklisted websites.
- Web/application servers' locations are promptly tracked down as needed, or if a court ruling requires them to be blocked because they are not abiding by the law.

- **What is the government's legal basis for blocking websites or online content?**
- **The Information Technology Act of 2000:**
 - In India, all activities pertaining to the use of computer resources are governed under the IT Act, 2000, as revised from time to time.
 - It includes all "intermediaries" involved in the usage of electronic records and computer resources.
 - A number of websites and channels that are accused of breaking the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules 2021 have been blocked by the Ministry of Electronics and Information Technology as a result of the regulations governing the conduct and content of intermediaries and digital media platforms under the IT Act 2000.
- **The IT Act's Section 69 states:**
 - The authority to command individuals "to intercept, monitor, or decrypt any information generated, transmitted, received, or stored in any computer resource" is granted to both the federal and state governments.
 - **These are the justifications for the exercise of these powers:**
 - for the benefit of India's defence, security, and sovereignty or integrity.
 - cordial ties with other countries.
 - maintaining public order or stopping the inducement of others to commit any crimes that are punishable under these.
 - for looking into any offence.
- **What are the obstacles to blocking websites by the government, and why does it do so?**
 - The main reasons for government website banning include legal requirements, public order, and national security concerns.
 - It attempts to combat dangers like hate speech, terrorism, and unlawful content.
 - There are a number of issues with this method, though, including the ease with which users can use technologies like VPNs to get around bans, which makes enforcement challenging.
 - "Virtual Private Network" (VPN) refers to the ability to create a secure network connection when utilising public networks.
 - Due to advancements in encryption technology used by Web browsers and companies, blocking websites has gotten more difficult and Internet providers' visibility into their users' activities has become less clear.

- **What Effects Does the Government's Website Blocking Have?**

- **Effect on Right to Free Speech:**

- Website blocking raises issues related to Freedom of Expression, particularly when it isn't clearly justified. It's important to find a balance between defending citizens' rights to free speech and national interests.

- **Effect on Access to Information:**

- Website blocking can prevent people from accessing important information and a range of viewpoints, which can impede the public's capacity to remain educated about a variety of subjects and make well-rounded decisions.
- The public's freedom to access information may be hampered and knowledge may not be properly disseminated if the government arbitrarily disables websites.

- **Economic Repercussions:**

- Website blocking may have negative economic effects, particularly if it interferes with the operations of respectable companies who use those platforms for their operations.
- If websites owned by companies or entrepreneurs are restricted, it could pose a problem for them in terms of revenue as well as hindering innovation and economic growth.

- **Public View and Belief:**

- Website blocking decisions made by the government have the power to influence how the public views and trusts it to protect democratic values.
- The public's trust in government institutions may be damaged if they believe that website blocking is arbitrarily or unjustifiably done, which could have an effect on civic involvement in general.

- **The Way Ahead:**

- Collaboration with large CDNs (Content Delivery Networks), like Amazon Web Services, Google Cloud, and Cloudflare, could be investigated to improve the effectiveness of website blocking. CDNs are important for content distribution and can offer more efficient means of blocking particular types of content.
- Although governments attempt to counteract legitimate dangers by banning websites, caution and open, accountable procedures are necessary to lessen the possible negative effects on enterprises, public trust, and freedom of speech.

- *Source* → *The Hindu*

4 - Saffron Production in Kashmir is Declining:

GS III

Indian Agriculture

- **What Elements Affect the Saffron Production Decline?**

- **Closeness to Cement Plants:**

- Large amounts of dust are released by cement plants near saffron fields, harming the output of saffron in terms of both quality and quantity.
- Cement contamination has caused a 60% reduction in saffron field cultivation in Pulwama during the past 20 years.

- **Effects of Dust from Cement:**

- Cement dust that contains toxic gases such as carbon monoxide, sulphur dioxide, and nitrogen oxides damages delicate saffron blossoms.
- Large amounts of cement dust also cause early leaf fall and slowed growth by reducing chlorophyll, clogging stomata—tiny openings in plant tissue that allow for gas exchange—in leaves, and interfering with light absorption and gas diffusion.
- The crocin content in Kashmiri saffron, which determines its colour, is adversely affected by cement dust, which also affects the saffron's medicinal qualities and beauty benefits.

- **Environmental Elements:**

- Reduced saffron output is caused by climate change, unforeseen rainfall, and land diversion for industries and dwellings.
- Saffron farming, which is heavily reliant on a good climate, is impacted by the use of ploughing equipment.

- **Absence of Intervention by the Government:**

- Since 2005, farmers have opposed the construction of cement plants next to saffron fields due to environmental concerns.

- Authorities have allowed cement companies to operate near saffron farms in spite of objections and appeals.
- **Market Difficulties:**
 - Due to the declining profitability of the spice industry, saffron growers are having financial challenges.
 - Farmers worry that the industry's future is grim due to falling prices, quantity, and quality.
- **What Are the Crucial Details Regarding Kashmiri Saffron?**
- **Production and Cost of Saffron:**
 - Saffron production in the Union territory of Jammu & Kashmir has always been restricted to a small geographic area.
 - Production of saffron is mostly derived from the Pampore region of India, also referred to as the Saffron Bowl of Kashmir.
 - The word "kong" in Kashmiri, "zaffran" in Urdu, and "kesar" in Hindi refer to the saffron spice, which is taken from the stigma, or male reproductive component, of the saffron flower (*Crocus sativus* L).
 - Kashmiri kesar commands a premium price of Rs 3 lakhs per kilogramme.
 - One gramme of kesar is made from 160–180 blooms, which is a lot of work.
 - Saffron corms, or seeds, are grown in India in the months of June and July, as well as in certain locations in August and September.
 - October is when it begins to flower.
- **Conditions for Cultivation:**
 - Height: Saffron requires a photoperiod of 12 hours of sunlight to grow well, and it grows well at a height of 2000 metres above sea level.
 - Soil: It grows in a wide range of soil types, although it is most successful in calcareous (pH between 6 and 8) well-drained, humus-rich, and well-drained soil.
 - Climate: In order to cultivate saffron, we want a clearly defined summer and winter with temperatures between 35 and 40 degrees Celsius in the summer and 15 to 20 degrees Celsius in the winter.
 - Rainfall: A minimum of 1000–1500 mm of rain must fall annually.
- **Content and Colour of Crocins:**
 - Crocin content ranges from 5-6% in the other kinds to 8% in Kashmiri kesar.

- **Advantages of Saffron from Kashmir:**

- Many medical benefits of it include decreasing blood pressure, curing anaemia, relieving headaches, and helping with sleeplessness.
- Enhances skin quality, minimises spots, reduces pigmentation, and has cosmetic effects.
- essential component of many traditional recipes and is frequently used in food colouring, dairy products, confections, and beverages.
- 2020 saw the Kashmir Valley's saffron receive a Geographical Indication (GI) recognition from the central government.
- One of the globally significant agricultural heritage systems is the Kashmir Saffron Heritage (GIAHS).
- GIAHS are resilient sites characterised by agrobiodiversity, traditional knowledge, and sustainable management; they involve farmers, herders, fishermen, and forest people and contribute to livelihoods and food security. GIAHS are agroecosystems where communities maintain a close relationship with their territories.
- Through its GIAHS Programme, the Food and Agriculture Organisation of the United Nations has recognised approximately 60 such sites globally.

- **India's Initiatives to Encourage Saffron Production:**

- As a component of the Rashtriya Krishi Vikas Yojana (RKVY), the NSM was initiated in 2010–11 with the goal of bolstering saffron farming in Jammu and Kashmir and enhancing the socioeconomic standing of the Kashmiri populace.
- NECTAR, or the North East Centre for Technology Application and Reach:
- An independent entity operating under the Department of Science & Technology, the Government of India funded a trial project to investigate the viability of cultivating saffron in the Northeastern region of the country at a larger quantity and same quality.

- **The Way Ahead:**

- To lessen the effect of cement manufacturers on saffron fields, stringent environmental laws should be put into place and strictly enforced.
- Assure recurring inspections and sanctions for polluting industries in the vicinity of saffron growing regions.
- Encourage cooperation between saffron growers and the government to address issues and come up with long-term fixes.
- Encourage projects aimed at providing saffron producers with alternate forms of revenue in order to diversify their means of subsistence.
- Provide funding for saffron cultivation research and development, with an emphasis on developing types that are resistant to environmental stresses.

- Invest in technologies that help saffron crops develop sustainably and retain quality by reducing the negative effects of pollution.
- *Source* → *The Hindu*



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