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Current Affairs

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SC denies judges met Bobde

Why in news?

The Supreme Court denied a media report that two of its judges Justices Rohinton F. Nariman and D.Y. Chandrachud met Justice S.A. Bobde, who is chairing an in-house committee inquiring into allegations of sexual harassment against Chief Justice of India Ranjan Gogoi.

SC Statement:

- A statement issued by the court's Secretary-General said the report was "wholly incorrect" that the two judges met Justice Bobde on the evening of May 3 (Friday).
- The statement categorically said the Justice Bobde panel was examining the allegations without any input from any other judge of the Supreme Court.
- The court statement does not specifically deny the letter reportedly written by Justice Chandrachud on May 2. It only carefully denies that Justices Chandrachud and Nariman had together met Justice Bobde.

Newspaper Publication:

- The Indian Express newspaper had published that the two judges had met Justice Bobde and discussed their concerns.
- The report said Justice Chandrachud had also written to the panel, which comprises Justices Indu Malhotra and Indira Banerjee as members.
- It said Justice Chandrachud had asked the panel not to proceed ex parte without the participation of the complainant woman and to

either provide her with a lawyer or appoint an amicus curiae.

Without aides:

- On the third day of the committee hearing on April 30, the complainant had refused to further participate in the “informal” proceedings.
 - She had issued a press statement citing that one of the reasons for her withdrawal was that the panel allegedly refused her request to have a lawyer or a support person accompany her during the hearings.
 - I was compelled to walk out of the committee proceedings today (April 30) because the committee seemed not to appreciate the fact that this was not an ordinary complaint but a complaint of sexual harassment against a sitting CJI,” she had stated in a press release.
 - A highly placed source in the Supreme Court had explained that, “She (the complainant) declined to participate following which the committee conveyed to her that the consequences of her decision would be that the committee would have to continue the hearings ex parte . She agreed.”
 - The CJI had also participated in the committee proceedings.
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Odisha struggles to put life back on track

Why in news?

Two days after the extremely severe cyclone Fani hit coastal Odisha, the administration struggled to cope with the herculean task of restoring power and water supplies in the worst affected cities of Bhubaneswar and Puri.

Relief trucks stranded:

- Several trucks carrying relief material were stranded outside Puri as roads had not been cleared as an overwhelmed administration struggled to deal with the situation.
- Cyclone victims, lacking food and water, queued up before offices of

the Collector and others desperately seeking relief.

- Utter chaos prevailed in the normally bustling tourist-pilgrim town of Puri as essential commodities including candles, torches, biscuits and water bottles vanished from the shelves.
- Desperate residents demanded restoration of power but normalcy is unlikely for at least a week. A shortage of diesel required for running generators is adding to the crisis.
- The situation was no different in the capital Bhubaneswar, where water supplies petered out in the absence of electricity.
- Hundreds of angry residents surrounded the offices of the water supply board and staged protests at the residences of MLAs and MPs.
- Barring a few pockets where the government was able to ensure supplies, getting hold of a bottle of water turned into a major achievement in the city.
- The rising temperatures and extreme humidity after the cyclone aggravated the misery of the beleaguered residents.
- Packaged water bottles, pouches and cans were grabbed by thirsty families in bulk on Sunday. Neither big commercial establishments nor roadside kiosks were left with much stock.

30 lakh without power:

- Over 30 lakh consumers have been left in darkness with 19 132-KV towers, two 400-KV towers, 200 33-KV/11-KV high tension poles, 10,000 distribution transformers and several high-tension lines suffering extensive damage, officials said.
- Although the government claimed that power would be restored in some areas, including hospitals in Bhubaneswar by Sunday evening, officials said that restoration of connections to individual homes would take at least a week in the capital and a fortnight in Puri district.
- Many families were seen shifting to hotels to tide over the crisis.
- A committee chaired by Union Cabinet Secretary P.K. Sinha, on Sunday reviewed the relief measures being undertaken in Odisha, West Bengal and Andhra Pradesh.

India, U.K. in talks to build a naval supercarrier

Why in news?

The United Kingdom is in talks with the Indian government on building a new state-of-the-art aircraft carrier along the lines of Britain's **HMS Queen Elizabeth** as part of the ongoing 'Make in India' negotiations, according to a media report.

INS Vishal:

- The talks are under way for the Indian Navy to buy detailed plans for the 65,000-ton British warship to build a so-called "**copycat supercarrier**" to be named INS Vishal in 2022
- An Indian delegation has already visited Rosyth dockyard in Scotland where HMS Queen Elizabeth was assembled and where a second supercarrier, HMS Prince of Wales, is now being built," the Sunday Mirror reported.
- If a deal can be agreed, the new warship would-be built-in India but UK companies could supply many of the parts," the media outlet claimed.

The third carrier:

- The report noted that the new naval carrier would serve alongside India's 45,000-ton carrier **INS Vikramaditya** bought from Russia in 2004 and the currently under-construction 40,000-ton **INS Vikrant**, and could give India a larger carrier fleet than Britain.
- We have regular discussions with India on a range of equipment and capability issues. It would be inappropriate to comment further," U.K. Defence Minister Stuart Andrew said.
- The design for U.K. aircraft carriers is owned by the British and French aerospace giants BAE and Thales.
- Discussions have begun with India. The design can be modified to meet Indian Navy and local industry requirements," a BAE spokesperson said.

In Assam, allegations of false NRC objections

Why in news?

The All Assam Minority Students' Union (AAMSU) has claimed that certain organisations used "false" objections against many people from religious and linguistic minority communities included in the draft National Register of Citizens (NRC).

Minority Harassment:

- The complete draft published in July, 2018 had excluded 40.07 lakh of the 3.29 crore applicants.
- A window ending December 31, 2018 was provided for those left to file claims for re-inclusion.
- Citizens who suspected foreigners got into the list were also allowed to file objections within the same period
- Religious as well as linguistic minority people are being harassed in the name of NRC.
- Members of some organisations such as the All Bodo Students' Union (ABSU) took signatures of villagers on blank forms and then filed objections in their names against the inclusion of people from minority communities in the complete NRC draft.
- The villagers in whose names the objections were made later said they had no idea how they came to be embroiled in the case.
- The AAMSU produced a few letters by local farmers and daily-wagers to the District Registrar of Citizen officer in western Assam's Kokrajhar district.

No guarantee that bank privatisation will be a panacea

Why in news?

The banking system is overburdened with non-performing loans. Much of the problem lies in public sector banks, but private sector banks like ICICI and Axis Bank have not been immune.

Need of the hour:

- Some of the malaise comes from a general need to improve governance, transparency and incentives in the system.
- However, the difficulties in even some private banks suggest that 'simple' solutions like privatising all public sector banks may be no panacea.
- At any rate, banking reforms should tackle four broad areas:
 - 1. Clean up banks by reviving projects that can be revived after restructuring debt.
 - 2. Improve governance and management at public sector banks.
 - 3. De-risk banking by encouraging risk transfers to non-banks and the market.
 - 4. Reduce the number and weight of government mandates for public sector banks, and for banks more generally.

Is privatisation of public sector banks the answer? Much of the discussion on privatisation seems to make assumptions based on ideological positions.

- Certainly, if public sector banks are freed from some of the constraints they operate under (such as paying above the private sector for low-skilled jobs and paying below the private sector for senior management positions, having to respond to government diktats on strategy or mandates, or operating under the threat of CVC/CBI scrutiny), they might perform far better. However, such freedom typically requires distance from the government. So long as they are majority-owned by the government, they may not get that distance
- At the same time, there is no guarantee that privatisation will be a panacea.
- Some private banks have been poorly governed. Instead, we need to recognise that ownership is just one contributor to governance, and look at pragmatic ways to improve governance across the board.
- There certainly is a case to experiment by privatising one or two mid-sized public sector banks and reducing the government stake below 50% for a couple of others, while working on governance reforms for the rest.
- Rather than continuing a never-ending theoretical debate, we will then actually have some evidence to go on.

- Some political compromises will be needed to allow the process to go through, but so long as the newly privatised banks are not totally hamstrung in their operational flexibility as a result of these compromises, this will be an experiment worth undertaking.

Improving governance:

- An alternative proposal to improve governance is to merge poorly managed banks with good banks. It is uncertain whether this will improve collective performance – after all, mergers are difficult in the best of situations because of differences in culture.
- When combined with differences in management capabilities, much will depend on whether the good bank's management is strong enough to impose its will without alienating the employees of the poorly managed bank.
- We now have two experiments under way: State Bank has taken over its regional affiliates, and Bank of Baroda, Vijaya Bank and Dena Bank have been merged.
- The performance of the latter merger will be more informative. Thus far, market responses suggest scepticism that it will play out well. Time will tell.

De-risk banking by encouraging risk transfers to non-banks and the market:

- Too many risks devolve on to banks, including risks such as that of interest rate volatility that banks elsewhere typically lay off in markets. Too much project risk stays with banks because other financial instruments such as equity and subordinate debt cannot be issued cheaply.
- Risk also returns through the back door.
- For example, banks do not make loans to housing developers because of their intrinsic risks.
- But they do make loans to non-bank financial companies, which make loans to developers. To prevent risk from returning to bank balance sheets, NBFCs must be able to raise money directly from markets.
- Financial market development, addressed in Eswar Prasad's note in this volume, will help banks focus more on risks they can manage better and thus bear more effectively, while sharing or laying off what they cannot.

- Banks will have to complement financial markets rather than see them as competition. The use of financial technology will be especially helpful to them in this endeavour.

Reduce the number and weight of government mandates for PSBs:

- Uncompensated government mandates have been imposed on public sector banks for a long time. This is lazy government – if an action is worth doing, it should be paid for out of budgetary resources
- Mandates also are against the interests of minority shareholders in public sector banks.
- Finally, it does not draw the private sector in to compete for such activities. The government should incentivise all banks to take up activities it thinks desirable, not impose it on a few – especially as the privileges associated with a banking licence diminish.
- Along these lines, requirements that banks mandatorily invest in government bonds (the SLR requirement) should continue to be reduced, substituting them instead with the liquidity coverage ratios and net stable funding ratios set by Basel. Among the more dangerous mandates are lending targets and compulsory loan waivers.
- Government-imposed credit targets are often achieved by abandoning appropriate due diligence, creating the environment for future NPAs.

Doing away with loan waivers:

- Loan waivers, as the RBI has repeatedly argued, vitiate the credit culture and stress the budgets of the waiving state or Central government. They are poorly targeted, and eventually reduce the flow of credit.
 - Agriculture needs serious attention, but not through loan waivers. An all-party agreement to this effect would be in the nation's interest
 - Finally, the government should keep its banks well capitalised, conditional on improvements in governance and management efficiency. This is simply good accounting practice, for it prevents the government from building up contingent liabilities on bank balance sheets that a future government will have to pay for.
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North Korea says Kim oversaw testing of multiple rocket launchers

Why in news?

North Korea has conducted a "**strike drill**" for multiple launchers, firing tactical guided weapons into the **East Sea** in a military drill supervised by leader Kim Jong Un on Saturday, the North's state media reported on Sunday.

Purpose of the drill:

- The purpose of the drill was to test performance of "large-caliber long-range multiple rocket launchers and tactical guided weapons by defense units," the Korean Central News Agency said.
- Photographs released by KCNA showed the tactical guided weapons fired could be a short-range, ground-to-ground ballistic missiles, according to Kim Dong-yub, a military expert at Korea's Kyungnam University's Institute of Far Eastern Studies.
- While such a missile launch would be in violation of UN Security Council Resolutions, at least it would not involve long-range ballistic missiles that have been seen as a threat to the United States.
- The new, **solid fuel ballistic missiles** can fly as far as 500 kilometres (311 miles), putting the entire Korean Peninsula within its range and are capable of neutralizing the **advanced U.S. anti-missile defense system (THAAD)** deployed in South Korea, the military analyst said.
- The South Korean defense ministry, however, put the range of weapons fired on Saturday at between 70 to 240 km (44 to 149 miles).

To increase the combat ability:

- Giving orders on Saturday for the test firing, North Korean leader Kim stressed the need to "increase the combat ability so as to defend the political sovereignty and economic self-sustenance" of North Korea in the face of threats and invasions, the report said.
- The statement came a day after the test firing, which analysts interpreted as an attempt to exert pressure on Washington to give ground in negotiations to end the North's nuclear program after a summit in February ended in failure.

- North Korea had maintained a freeze in nuclear and ballistic missiles testing in place since 2017, which U.S. President Donald Trump has repeatedly pointed out as an important achievement from his engagement with Pyongyang.
- With North Korea never promising to completely stop all missile testing it only promised a self-imposed moratorium of testing long-range missiles such as ICBMs that can hit the U.S. homeland we should not be shocked by North Korea's short-range launch," said Harry Kazianis, director of Korean Studies at the Center for the National Interest.

Response from Rivals:

- The latest test firing prompted Seoul to call on its communist neighbour to "stop acts that escalate military tension on the Korean Peninsula" on Saturday, while Trump said in a Twitter post that he was still confident he could have a deal with Kim.
 - The projectiles, fired from the east coast city of Wonsan around 9 a.m. (0000 GMT) flew about 70 kms to 200 kms (44-124 miles) in a north-easterly direction, South Korea's Office of the Joint Chiefs of Staff said in a statement on Saturday.
 - The South Korean military initially described it as a missile launch, but subsequently gave a vaguer description and said it was conducting joint analysis with the United States of the latest launches.
 - Talks stalled after a second summit between Kim and Trump in Hanoi in February failed to produce a deal to end Pyongyang's nuclear program in return for sanctions relief.
 - North Korea demanded Washington to lift the U.S.-led sanctions in return for a partial dismantling of its nuclear weapons program, while the United States wanted the quick rollback of the North's entire nuclear weapons program.
 - The North's last missile launch was in November 2017, when it tested an intercontinental ballistic missile. Soon after that missile test, the North declared that its nuclear force was complete, after which Pyongyang extended an olive branch to the South and the United States.
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