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ECONOMY

NCLT rejects JAL's claim of liquidity crunch on govt. delay

CONTEXT: The NCLT, which on Mon- day ordered initiation of insolvency proceedings against Jaiprakash Associates Ltd. (JAL), rejected the company's contention that it faced a liquidity crunch and defaulted on debt repayments mainly due to delays in government approvals and pro- longed litigation concerning land acquisition for Yamuna Expressway and change in government policies.



National Company Law Tribunal (NCLT):

It is a quasi-judicial authority incorporated for dealing with corporate disputes that are of civil nature arising under the Companies Act,2013.

Established: It was constituted on 1 June 2016 under the Companies Act,2013.

Committee: NCLT was formed based on the recommendation of the Balakrishna Eradi committee on law relating to the insolvency and the winding up of companies.

Composition: The NCLT shall consist of a President and such number of Judicial and Technical Members as may be required.

Powers:

- It is not limited or bound by the rules laid down in the Code of Civil Procedure and is guided by the principles of natural justice, subject to the other provisions of this Act and of any rules that are made by the Central Government.
- The NCLT can enforce any order that it gives in the same manner as a court would enforce it.
- NCLT has the power to scrutinize its own orders.
- The tribunal has the power to regulate their own procedure.
- National Company Law Tribunal is the adjudicating authority for the insolvency resolution process of companies and limited liability partnerships under the Insolvency and Bankruptcy Code, 2016.

ECONOMY

RBI absorbs via VRRR auctions surplus ₹44,430 crore

CONTEXT: The Reserve Bank of India (RBI) on Tuesday absorbed surplus liquidity aggregating ₹44,430 crore through two variable rate reverse repo (VRRR) auctions of three days tenor. The aforementioned amount was deployed by banks even as the central bank was ready to absorb a total of ₹1-lakh crore (notified amount).

At the first three-day VRRR auction for a notified amount of ₹50,000 crore, banks deployed funds aggregating ₹41,730 crore. The central bank accepted the funds at a weighted average rate (WAR) of 6.48%.



One-day Variable Rate Reverse Repo (VRRR)

The one-day Variable Rate Reverse Repo (VRRR) auctions are a monetary policy tool utilized by central banks, including the Reserve Bank of India (RBI), to manage liquidity in the financial system.

This mechanism plays a vital role in influencing short-term interest rates and controlling inflationary pressures.

Understanding VRRR Auctions:

Reverse Repo Operations: In a VRRR auction, the central bank conducts reverse repo operations, wherein it borrows funds from commercial banks and financial institutions for a short duration, typically one day.

Variable Interest Rates: Unlike traditional reverse repo operations with fixed interest rates, VRRR auctions involve variable interest rates. The central bank determines the interest rate based on prevailing market conditions, liquidity requirements, and monetary policy objectives.

Process of VRRR Auctions:

- **Announcement:** The central bank announces the schedule and terms of the VRRR auction, including the date, time, and indicative size.

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- **Submission of Bids:** Commercial banks and financial institutions submit bids specifying the amount they are willing to lend to the central bank and the interest rate they expect to receive.
- **Auction Conduct:** The central bank reviews the bids and determines the cut off interest rate based on market demand and prevailing liquidity conditions.
- **Acceptance of Bids:** Bids submitted at or below the cut off interest rate are accepted, and funds are borrowed from successful bidders for the specified duration.
- **Execution:** The central bank borrows funds from participating institutions at the determined interest rate, injecting liquidity into the banking system.

INTERNATIONAL RELATIONS

Short on troops, Australia opens military to non-citizen residents from Five Eyes

CONTEXT: Australia will allow non-citizens to join its armed forces, the government said on Tuesday, as the sparsely populated nation struggles to meet recruitment targets.

Defence Minister Richard Marles said that from July, looser eligibility criteria would allow “permanent residents who have been living in Australia for 12 months” to serve.

Citizens from Britain, Canada, New Zealand and the United States are being favoured, he added.

'Five Eyes' intelligence alliance



What is Five Eyes Alliance?

The Five Eyes is an intelligence alliance comprising nations including Australia, Canada, New Zealand, the United Kingdom and the US.

These countries are parties to the multilateral UK-USA Agreement, a treaty for joint cooperation in signals intelligence.

These partner nations exchange a wide spectrum of intelligence within one of the world's most tightly-knit multilateral agreements as part of the collaboration.

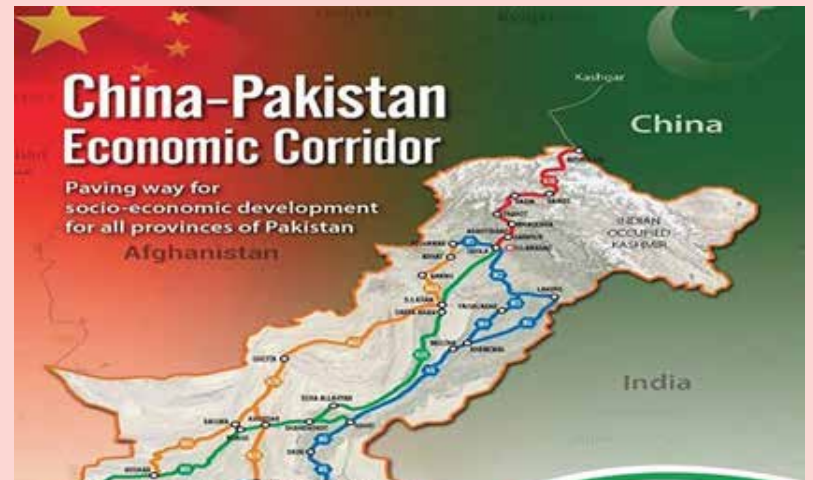
Following its origin, the agency later enlarged its core group to 'Nine Eyes' and 14 Eyes alliances as well, encompassing more countries as security partners.

The 'Nine Eyes' group expands to cover the Netherlands, Denmark, France and Norway, whereas the 14 Eyes bloc further includes Belgium, Italy, Germany, Spain and Sweden.

INTERNATIONAL RELATIONS

Sino-Pak. relations 'unshakable', says Sharif as he begins China visit

CONTEXT: Prime Minister Shehbaz Sharif on Tuesday emphasised that Pakistan's all-weather relationship with China was “unshakable” as he embarked on a five-day official visit to Beijing to further bolster bilateral ties and to launch the second phase of the multi-billion dollar CPEC projects in his country.



What is China Pakistan Economic Corridor (CPEC) ?

CPEC is a 3,000-km long route of infrastructure projects connecting China's northwest Xinjiang Uygur Autonomous Region and the Gwadar Port in the western province of Balochistan in Pakistan.

It is a bilateral project between Pakistan and China, intended to promote connectivity across Pakistan with a network of highways, railways, and pipelines accompanied by energy, industrial, and other infrastructure development projects.

It will pave the way for China to access the Middle East and Africa from Gwadar Port, enabling China to access the Indian Ocean and in return China will support development projects in Pakistan to overcome the latter's energy crises and stabilising its faltering economy.

What are CPEC's Implications for India?

India's Sovereignty: India has continuously opposed the project since it passes through the Pakistan-occupied Kashmir territory of Gilgit-Baltistan – a claim opposed by Pakistan.

The corridor is also perceived to be an alternative economic road link for the Kashmir Valley lying on the Indian side of the border.

Chinese Control Over Trade Via Sea: Major US ports on the East Coast depend on the Panama Canal to trade with China.

Once CPEC becomes fully functional, China will be in a position to offer a 'shorter and more economical' trade route (avoiding travel through the entire Western Hemisphere) to most North and Latin American enterprises.

Stronger BRI and Chinese Dominance in Trade Leadership: China's BRI project that focuses on the trade connectivity between China and the rest of Eurasia through a network of ports, roads and railways has been often seen as China's plan to dominate the region politically. CPEC is one giant step in the same direction.

INTERNAL SECURITY

Sukhoi fighter jet crashes in Nashik

CONTEXT: An SU-30MKI fighter jet of the Indian Air Force (IAF) crashed in Nashik on Tuesday. The aircraft was recently overhauled by Hindustan Aeronautics Limited (HAL) and was on a test sortie from HAL Nashik at Sirsa gaon, a HAL official said.



Sukhoi Su-30MKI

The Sukhoi Su-30MKI is a two-seater, twinjet multirole air superiority fighter. It is developed by Russian aircraft manufacturer Sukhoi and built under license by India's Hindustan Aeronautics Limited (HAL) for the Indian Air Force (IAF). A variant of the Sukhoi Su-30, it is a heavy, all-weather, long-range fighter. The Su-30MKI is a highly integrated twin-finned aircraft. The airframe is constructed of titanium and high-strength Aluminium alloy. The Su-30MKI has a range of 3,000 km with internal fuel which ensures a 3.75 hour combat mission. The air refuelling system increases the flight duration up to 10 hours with a range of 3,000 km combat radius.

Hindustan Aeronautics Limited

Hindustan Aeronautics Limited (HAL) is a prominent Indian public sector aerospace and defence company headquartered in Bangalore. Established in 1940, HAL is

HAL's Portfolio	
Licensed/Joint Venture Products	Indigenous Products
Prentice	HT-2
Harlow PC-5A	HF-24 Marut
Gnat	HJT-16 Kiran
Mig-21	Dhruv ALH
Chetak	Tejas LCA
HS 748 Avro	Rudra
Cheetah	LCH
MiG-27	
Jaguar	
Su-30 MKI	
Hawk Mk132	
Dornier 228	

distinguished as one of the oldest and largest aerospace and defence manufacturers globally. Presently, HAL operates 11 dedicated Research and Development (R&D) centres and 21 manufacturing divisions across four production units spread throughout India.

It is managed by a board of directors appointed by the President of India acting through the Ministry of Defence, Government of India.

ECONOMY

Netherlands turns third largest export destination

CONTEXT: The Netherlands has emerged as India's third-largest export destination after the U.S. and UAE during 2023-24, even as the country's merchandise shipments dipped by more than 3%, according to the Commerce Ministry data.

The main commodities which registered healthy exports growth in the Netherlands include petroleum products (\$14.29 billion), electrical goods, chemicals, and pharmaceuticals in the last fiscal.

India's trade surplus with the Netherlands rose to \$17.4 billion in FY24 from \$13 billion in FY23.



Balance of Trade (BoT)

- Balance of Trade (BoT) is also known as Trade Balance.
- Balance of Trade (Merchandise) = Export of goods – Import of goods
- Balance of Trade (Services) = Export of services – Import of services

Foreign Trade Policy 2023

The policy is based on the principles of trust and partnership with exporters and aims at process re-engineering and automation to facilitate ease of doing business for exporters.

The Key Approach is based on Four Pillars:

- Incentive to Remission,
- Export promotion through collaboration - Exporters, States, Districts, Indian Missions,
- Ease of doing business, reduction in transaction cost and e-initiatives, and
- Emerging Areas – E-Commerce Developing Districts as Export Hubs and streamlining Special Chemicals, Organisms, Materials, Equipment, and Technologies (SCOMET) policy.

Goals and Targets:

The government aims to increase India's overall exports to USD 2 trillion by 2030, with equal contributions from the merchandise and services sectors.

The government also intends to encourage the use of the Indian currency in cross-border trade, aided by a new payment settlement framework introduced by the RBI in July 2022.

This could be particularly advantageous in the case of countries with which India enjoys a trade surplus.

SCIENCE AND TECHNOLOGY

Volvo to issue world's first EV battery passport

CONTEXT: Volvo Cars is launching the world's first EV battery passport recording the origins of raw materials, components, recycled content and carbon footprint for its flagship EX90 SUV, which is about to start production, the Swedish automaker told Reuters.

The passport was developed by Volvo, owned by China's Geely, in partnership with U.K. start-up Circular which uses blockchain to map supply chains for companies. Battery passports will be mandatory for EVs sold in the EU from February 2027.

What is a battery passport ?

A battery passport is an electronic record for each battery in the market which carries information such as supplier information, material composition, manufacturer information, performance and durability characteristics and information regarding recycling. The information is collected all along the battery's life cycle. The concept envisions a multi-stakeholder consensus on scope of data collection, access rights and data ownership.

The batteries can be stamped with a data carrier like a QR code which can lead users to this information.

Cell producers, module producers, battery producers, vehicle manufacturers and battery recycling entities will be required to share the details that go into the battery's DPP. The regulations will impact the industrial as well as electric vehicle battery.

The purpose of the battery passport is to allow proper traceability and transparency in information that can help producers, consumers and recyclers of batteries make informed decisions about the batteries. This enables the shift from a linear to a circular energy storage economy.

The mandatory data points needed are related to general battery and manufacturer information; compliance, labels, certifications; battery carbon footprint; supply chain due diligence; battery materials and composition; and circularity and resource efficiency and performance and durability.

This particularly benefits manufacturers of battery and electric vehicle manufacturers as supply chain data availability improves their material sourcing decisions and reliable verification of environment, social and governance (ESG) credentials of suppliers. Analysis of field data of deployed batteries enables a feedback mechanism for data-driven cell R&D.

GEOGRAPHY

Hundreds in emergency shelters after Philippine volcano erupts

CONTEXT: At least 2,800 people have moved into emergency centres on Tuesday after a volcano erupted in the central Philippines. Mount Kanlaon on Negros island exploded for six minutes on Monday, sending a plume of ash, rocks and gases 5 km into the sky. The state volcanology agency said more eruptions were possible.

Mount Kanlaon

Kanlaon, also known as Mount Kanlaon and Kanlaon Volcano, is an active andesitic stratovolcano and the highest mountain on the island of Negros in the Philippines, as well as the highest peak in the Visayas, with an elevation of 2,465 m above sea level.

The volcano has three hot springs on its slopes: Mambukal Hot Springs on the northwest, Bucalan Hot Spring and Bungol Hot Spring. Its adjacent volcanic edifices are Mount Silay and Mount Mandalagan, north of Kanlaon.



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