

TODAY'S NEWS

To abide or not

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The Karnataka **Governor's** decision to allow an investigation and prosecution of **Chief Minister Siddaramaiah** on **corruption** charges *raises* critical **constitutional** and **political** questions.

Constitutionally, it questions whether a **Governor** can act against a serving **Chief Minister** contrary to the advice of the **Council of Ministers**.

Politically, it raises concerns about the increasing conflict between the **Governor** and the **Chief Minister's** offices.

Siddaramaiah argues that the **Governor** was bound to follow the **Council's** advice to refuse sanction, while some judicial precedents allow **Governors** to act independently if the **Council** is biased.

The **Karnataka High Court** has deferred any action until **Siddaramaiah's** challenge is heard.

The case involves the allotment of land by the **Mysore Urban Development Authority**, which **Siddaramaiah** denies being involved in.

The **broader issue** concerns *whether private complainants* can receive sanction for prosecution under the amended Prevention of Corruption Act.

The article **highlights the tension** between the need for **credible, independent criminal processes** and the politically charged nature of such actions.

Good, not ugly

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The **National Film Awards**, which had faced a **credibility crisis** in recent years due to questionable choices, made a **redeeming** comeback with the 70th edition. The awards surprised many by honoring films that broke away from conventional formulas. Malayalam film **Aattam**, directed by debutant **Anand Ekarshi**, won **Best Feature Film**, **Best Screenplay**, and **Best Editing**, reflecting the #MeToo movement by subtly analyzing male behavior in a theatre group after a sexual abuse allegation. **Kannada film Kantara**, which won **Best Popular Film** and earned **Rishab Shetty** the **Best Actor** award, highlighted **folk traditions** and **environmental concerns** through its portrayal of **Bhoota Kola**, a tribal ritualistic performance.

A common thread among these films is their lack of formulaic approaches, often dictated by corporate studios. **Aattam** originated from a theatre group, featuring working-class members playing themselves. **Nithya Menen's Best Actress** award for her role in **Thiruchitrambalam** was also unconventional, recognizing a performance that elevated the film's overall impact. The awards reinforce the recent trend of **South Indian cinema** surpassing **Bollywood** in terms of quality content. The 70th National Film Awards fulfilled their purpose of celebrating **good cinema**.



Contradiction in the 'Har Ghar Tiranga' Campaign

The Prime Minister's call for the 'Har Ghar Tiranga' campaign is criticized for its moral duplicity, as the government *simultaneously supports machine-made polyester flags*, undermining the significance of khadi.

Impact on Khadi Industry

The 2022 amendment to the **Flag Code of India** *allowed* machine-made polyester flags, which, along with their **GST exemption**, has severely *affected* the khadi industry. The **Karnataka Khadi Gramodyoga Samyukta Sangha (KKGSS)** had to protest against this, as it endangered the industry and its workers.

Government's Disinterest in Handloom Traditions

The government has shown a lack of support for India's handloom and handicraft traditions, favoring corporate interests instead. Policies like **GST, demonetisation, and the COVID-19 lockdown** have further strained handloom workers, leading to a *decline* in the industry.

Call to Restore Khadi's Prestige

The article *emphasizes* the need to restore **khadi** as the *sole fabric for the national flag*, honoring it as a symbol of India's freedom and national pride. The government is urged to support khadi and the handloom sector, recognizing its historical and cultural significance.



The recent political upheaval in Bangladesh, marked by the resignation and fleeing of former Prime Minister Sheikh Hasina, has *created uncertainty for Indian companies operating in the country*. These companies have invested across various sectors, such as edible oil, power, infrastructure, consumer goods, automobiles, and pharmaceuticals. The Hasina government had been favorable towards Indian investors, but her departure *could lead to a shift in policies that might negatively impact these investments*.

Indian companies can protect their investments through three main legal frameworks:

1. **Domestic Laws** of Bangladesh, such as the **Foreign Private Investment (Promotion and Protection) Act**, though these can be changed by the host state.
2. **Contracts** between investors and the government, which may have limited value against sovereign actions.
3. **International Law**, especially through *bilateral investment treaties (BITs)*.

The **India-Bangladesh BIT**, *signed in 2009*, offers protection by imposing conditions on the host state's regulatory behavior, including fair treatment and protection from expropriation. The BIT also allows for investor-state dispute settlement (ISDS). However, the **Joint Interpretative Notes (JIN)** added in 2017 have diluted some protections, particularly concerning **taxation measures** and the **fair and equitable treatment (FET)** provision.

This situation highlights the broader issue for Indian investments abroad. As India continues to be a significant capital-exporting country, its investment treaty practices need to balance both protecting its interests and accommodating regulatory needs of host countries.

The tyranny of inequality

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The methodology
Our objective is to explore the relationship between income inequality and corruption. Specifically, we investigate whether higher income inequality fed corruption between government and business in the 2004-22 period. Since the two recent National Sample Survey (NSS) rounds of household expenditure for 2018 and 2022 are not directly comparable to the NSS

Higher income inequality causes more widespread corruption, while greater confidence in the judiciary curbs it

We have used the Piketty measure of income inequality, which is defined as the ratio of the share of top 1% to that of the bottom 50% of the population in total income. Although inequality in consumption expenditure distribution is usually lower than that of income distribution, un-

of its greater reliability. Corruption is generally defined as the use of public office for private gain and thus leaves out corruption within businesses (for example, insider trading). So, a broader and more

comprehensive definition is the use of public resources by executives in both public and private sectors for private gain without, of course, overlooking the role of politicians. The GWP

asks the question whether corruption is widespread and if the answer is yes, it is taken as 1. By adding these up, we obtain a measure of corruption. Thus the measure of corruption is based on individual perception. There are three main dimensions of

corruption: in government, businesses, and the intersection between government and businesses. We focus on the relationship between inequality and corruption in this intersection – for example, whether award of contracts by the government to build ports is influenced by bribes offered by rich investors.

Corruption has risen following globalisation as natural resources have become more valuable, and regulatory agencies licensing their allocation are more subservient to powerful business interests and corrupt public officials. Besides, success of the 'Make in India' scheme has been elusive so far as none of the macro-economic indicators such as manufacturing, FDI, exports, and employment

have registered an increase. Worse, as argued in a Carnegie India essay (2023), hike in import tariffs and tax cuts have been distortionary.

Findings
This means that there is a possibility of greater rent-seeking by rich and influential investors. Rent-seeking is defined as the use of resources to capture an unwarranted monetary gain from external elements, such as government/public agencies, be it directly or indirectly, without giving anything in return to them *in any way*. An economic rent

causes distribution of resources that is potentially more serious than the waste associated with the rent itself. Groups struggling for the rents invest time and money in the process, even at the expense of the creation of wealth. Since corruption in the intersection of government and business remained high between 2004 and 2002, it is not unlikely that rent-seeking persisted at a high level too. Without going into the merit of the allegations by Hindenburg of the involvement of the SEBI chair and her husband in the Enron case, the fact that the rent-seeking persisted at a high level and the slowing of the SEBI probe it may well be symptomatic of a larger and growing malaise.

We find that income inequality was fuelled largely by speculative investment in each of the four funds, while savings in FDs and post offices curbed it. Trust in the judiciary was driven by the conviction rate and moderated by its severity, implying that trust rose as the conviction rate rose. We find that higher income inequality causes widespread corruption.

While the Budget missed the opportunity to tax the rich at a higher rate, greater transparency and accountability of regulatory agencies remains a chimera. Both a more competitive political system and private businesses are daunting challenges but their potential for a more prosperous India is hard to dispute.

The article *explores the relationship* between **income inequality** and **corruption** in India, particularly focusing on the period from 2014 to 2022. It argues that rising wealth inequality fuels corruption, especially in the intersection between government and business.

Key Points:

1. Wealth Inequality Trends: India has seen a dramatic rise in income inequality. The top 1% of wealth holders now control over 40% of the nation's wealth, a significant increase from 12.5% in 1980. Similarly, the top 1% earn 22.6% of pre-tax income, up from 7.3% in 1980.

2. Corruption and Inequality: The article suggests that increased income inequality correlates with higher levels of corruption, particularly where government officials and businesses intersect. Wealth accumulation often leads to more aggressive pursuit of further wealth through corrupt practices like bribery and manipulation.

3. **Methodology:** The study uses data from the **Gallup World Poll (GWP)** and the **Centre for Monitoring Indian Economy (CMIE)** to analyze corruption and inequality. The GWP's measures of corruption and inequality offer insights, though the GWP's small sample size limits its representativeness.

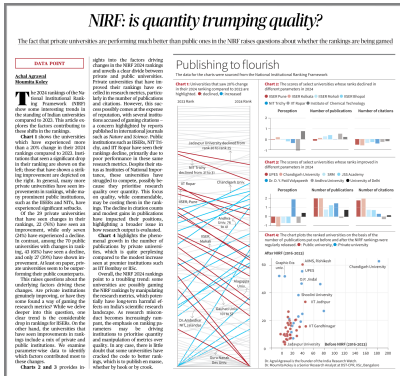
4. Findings:

- **Rent-Seeking:** Wealthy investors often engage in rent-seeking, using their resources to secure undue gains from public agencies without contributing to societal wealth creation.
- **Impact of Speculative Investments:** Speculative investments, like mutual funds, exacerbate income inequality, while savings in more stable instruments, like fixed deposits, mitigate it.
- **Judicial Trust:** Trust in the judiciary is influenced by conviction rates, which rise but at a diminishing rate as trust increases.

5. Recommendations:

- **Taxation and Transparency:** The article criticizes the budget for not increasing taxes on the rich and calls for greater transparency and accountability in regulatory agencies.
- **Political and Economic Reform:** It emphasizes the need for a more competitive political system and more transparent business practices to address the growing corruption linked to income inequality.

In summary, the study highlights that rising income inequality in India is closely associated with increased corruption, particularly in the interplay between government and business sectors. Addressing this issue requires reforms in taxation, transparency, and the political and economic systems.



The **2024 National Institutional Ranking Framework (NIRF)** rankings reveal notable shifts in the standings of Indian universities compared to 2023.

Key Trends:

1. Private vs. Public Universities:

- **Private Universities:** Out of 29 private universities with ranking changes, 22 (76%) have improved their rankings, highlighting significant advancements in this sector.
- **Public Universities:** Among 70 public universities with ranking changes, 43 (61%) have experienced declines, including prominent institutions like IISERs and NITs.

2. Research Metrics:

- Private universities showing ranking improvements have excelled in research metrics, such as the number of publications and citations. However, there are concerns about possible manipulation of these metrics, as reported by international journals.
- Public institutions, despite their focus on research quality, have seen declines due to lower citation counts and modest publication gains.

3. Specific Observations:

- IISERs and other public institutions have faced setbacks, potentially due to their emphasis on research quality over quantity.
- The substantial increase in publications by private universities, contrasted with modest gains by premier public institutions like IIT Bombay and IISc, raises questions about the integrity of the ranking metrics.

Conclusion:

The 2024 NIRF rankings suggest a troubling trend where universities might be prioritizing quantity and manipulation of research metrics to improve their rankings, potentially undermining the quality of scientific research in India.

Union govt. rules out Central law for doctors' safety



The Union government has decided against implementing a **Central protection Act** for healthcare workers, citing existing state laws that cover their safety.

In response to recent incidents and ongoing demands from doctors, the government will increase security in Union hospitals by 25% and deploy additional marshals as needed.

Most states already have legislation making violence against healthcare personnel a cognizable and non-bailable offense.

The Health Ministry plans to review and enhance security measures in hospitals and has called for a meeting with hospital heads to ensure effective implementation of safety protocols.

In SC, Centre defends 2019 law criminalising triple talaq

Kishan Kumar
NEW DELHI

The government in the Supreme Court today defended the 2019 law criminalising triple talaq, saying it was a public wrong that undermined women's rights and the institution of marriage.

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The Union government has defended the law criminalizing triple talaq, arguing that the practice, deemed "manifestly arbitrary" by the Supreme Court in 2017, was a public wrong that undermined women's rights and the institution of marriage.

The Centre's affidavit asserts that the 2019 Act makes the practice a *non-bailable offense*, aligning with the state's interest in *protecting marriage as a social institution*. The government contends that criminal sanctions are necessary because triple talaq continues despite the Supreme Court's 2017 verdict declaring it void. This stance responds to petitions challenging the Act as discriminatory compared to other divorce practices.

About Chines Yaks

Aspect	Details
Native Range	Tibetan Plateau, Qinghai, Xinjiang, and parts of Nepal, Bhutan, and northern India
Altitude	Typically found at elevations of 3,000 to 5,000 meters (10,000 to 16,500 feet)
Appearance	Large, sturdy animals with long, shaggy hair; thick layer of fat
Color	Black, brown, gray
Uses	<ul style="list-style-type: none"> Transportation: Pack animals and pulling carts Agriculture: Plowing fields Products: Milk, meat, hides; milk used for cheese and butter; hair for ropes and textiles
Diet	Herbivorous grazers; feed on grasses, lichens, and other vegetation
Behavior	Social animals; found in herds; adapted to harsh weather conditions
Conservation	Not currently endangered; affected by habitat changes, climate change, and human activities
Grazing Issues	Conflicts over grazing rights, especially in border regions with overlapping claims

Yaks from China stray into eastern Ladakh

Dinakar Reji
NEW DELHI

Nearly 40 yaks from China have wandered into Indian territory in the Demchok area of eastern Ladakh and are in the control of the villagers there, says Demchok councillor Ronchek Samthar.

"As per villagers' sources, 40 Chinese yaks are found in the Indian territory valley called Dromo-Lang Demchok. They are under Demchok village's control. There should be a proper mechanism to return; we also lost our yaks to the Chinese side a few years back and didn't get back," he said on X.



People of Demchok said there should be a system to return animals that stray across either side of the border to their owners. [RUI NEWS](#)

Grazing rights for Indian nomads in traditional grounds under Chinese control has been an issue of friction in Ladakh since 2017. Losing traditional grazing areas gradually affects the livelihood of border residents.

What would be the alternative source of livelihood without livestock? Govt must think," Mr. Stanin said in the post.

Reforms panel mooted lateral entry only of specialists: Moily

As Opposition continues to criticise the recruitment plan, Congress leader who chaired the second Administrative Reforms Commission says its lateral-entry suggestion was not meant to bypass the usual government appointment process

Sandeep Khanna
NEW DELHI

Former Union Law Minister M. Veerappa Moily on Monday acknowledged that the second Administrative Reforms Commission chaired by him in 2005 did recommend lateral entry into government service to perform specialised roles that were not "easily available within traditional civil services".



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"If lateral entry was meant to be a value addition to the government's appointment process, we had suggested a very transparent process for lateral induction," Moily told The Hindu over phone from Bengaluru.

Moily's comment comes after the Narendra Modi government accused the Congress of "hypocrisy" following the allegations by Rahul Gandhi, Leader of the Opposition in the Lok Sabha, that lateral entry was "openly stanching

an attack on Delhi, OBCs and Jats. BJP's internal version of Ram Rajya seeks to destroy the Constitution and search reservations from habitats".

Former Union Law Minister M. Veerappa Moily confirmed that the **2005 Administrative Reforms Commission**, which he chaired, recommended lateral entry into government roles *to add value through specialized expertise*. This was intended *to complement, not replace*, traditional civil service recruitment. The discussion arises amid controversy, with Congress leaders accusing the Modi government of using lateral entry to undermine reservation policies for Scheduled Castes, Scheduled Tribes, and Other Backward Classes. Critics argue that the current lateral entry approach undermines constitutional protections and favors political interests.

Note:

The **2005 Administrative Reforms Commission (ARC)**, chaired by **M. Veerappa Moily**, was established by the Government of India *to propose reforms* for improving the efficiency, effectiveness, and transparency of **public administration**.

Clean Ganga mission head flags slow pace of projects

JashKishor
New Delhi

The head of the National Mission for Clean Ganga (NMCG), the latest target project to clean the Ganga and its tributaries, for a vision covering the entire length of the river, has expressed concern over the slow pace of implementation. He said that the pace of implementation is slow and that the NMCG is not able to meet the targets set for the year.

A variety of projects have been implemented since 2015 as part of the mission, but the pace is slow. The NMCG has been criticised for the slow pace of implementation. The NMCG has been criticised for the slow pace of implementation. The NMCG has been criticised for the slow pace of implementation.

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The head of the National Mission for Clean Ganga (NMCG) expressed concern over the *slow progress and expenditure* on river-cleaning projects under the **Namami Gange mission**, which has seen only ₹18,033 crore spent of the ₹37,550 crore sanctioned since 2015.

Despite significant funding, especially for sewage infrastructure, the pace of project implementation, particularly in Uttar Pradesh, remains sluggish.

About Namami Gange mission

Aspect	Details
Launch Date	June 2014
Objective	Clean and rejuvenate the Ganges River and its tributaries, reduce pollution, and restore ecological health.
Key Components	<ul style="list-style-type: none"> - Sewage Treatment Infrastructure - Riverfront Development - Solid Waste Management - River Rejuvenation - Public Awareness and Participation - Monitoring and Enforcement
Sewage Treatment Infrastructure	Construct and upgrade sewage treatment plants (STPs).
Riverfront Development	Enhance riverfront areas with ghats, parks, and recreational facilities.
Solid Waste Management	Improve waste collection, segregation, and disposal.
River Rejuvenation	Restore natural flow and ecological balance through afforestation and watershed management.
Public Awareness	Engage communities, raise awareness, and promote participation in river conservation.
Monitoring and Enforcement	Establish systems to ensure compliance and track progress.
Challenges	<ul style="list-style-type: none"> - Slow implementation - Coordination issues - Inefficiencies in fund utilization
Significance	Major effort to address environmental issues and restore the health of the culturally and ecologically significant Ganges River.

Mandyam Srinivasan of bee studies fame faces misconduct allegations

Two scientists have raised concerns about potential data manipulation and errors in multiple papers by Mandyam Srinivasan on *honeybee waggle dances*, published between 1996 and 2010. Srinivasan denies the allegations, attributing issues to minor typographical errors. The Journal of Experimental Biology has issued an expression of concern for two affected papers, while other journals are investigating the claims. Despite discrepancies, some researchers believe the fundamental conclusions of Srinivasan's studies remain valid.

The scientists, who are not named in the article, have raised concerns about the integrity of Srinivasan's work. They have pointed out several instances of data manipulation and errors in his papers. Srinivasan has denied these allegations, stating that the issues are due to minor typographical errors.

The Journal of Experimental Biology has issued an expression of concern for two of Srinivasan's papers. This means that the journal is aware of potential issues with the papers but is not withdrawing them at this time. Other journals are also investigating the claims.

Despite the allegations, some researchers believe that the fundamental conclusions of Srinivasan's studies remain valid. They argue that the issues are minor and do not affect the overall findings of his work.

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Note: Mandyam Srinivasan concluded that *honeybees use the waggle dance to communicate* the distance and direction of nectar sources to other bees.

A change in India's power export rules

When did India first transmit power project that supplies all the power generated to another nation on a long-term basis? What did the Indian government do to ensure that the power generated is not lost?

EXPLANER

What is the new rule? The new rule allows the power generated by a power project to be sold to a foreign country on a long-term basis. This is a significant change from the previous rule, which required the power to be sold to a domestic entity. The new rule is aimed at increasing the export of power from India to other countries.

What is the impact of the new rule? The new rule is expected to increase the export of power from India to other countries. This will help to meet the growing demand for power in other countries and will also help to increase the revenue of the power project. The new rule is also expected to attract more investment in the power sector.

What is the background of the new rule? The new rule was introduced by the Ministry of Power. It is a part of the government's efforts to increase the export of power from India to other countries. The new rule is also a response to the growing demand for power in other countries.

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THE GIST

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India's new amendment to power export rules **allows rerouting of electricity to domestic grids if payments from partner countries are delayed.**

The amendment affects Adani Power's Godda plant in Jharkhand, which supplies 1,496 MW of power to Bangladesh under a 25-year agreement. Critics have raised concerns about the high costs of coal and maintenance fees in the contract.

The amendment **aims** to provide flexibility and reduce dependency on unstable external markets.

What inflamed the far-right riots in Britain?

What role did social media play? Has there been a change in the demographics of the rioters?

THE GIST

The recent far-right riots in Britain, involving white working-class men attacking immigrants, are part of a broader pattern of urban unrest. Triggered by misinformation on social media about a knife attack allegedly linked to a Muslim immigrant, these riots reflect a history of dehumanizing immigrants and are influenced by political rhetoric and austerity measures.

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Triggered by misinformation on social media about a knife attack allegedly linked to a Muslim immigrant, these riots **reflect a history of dehumanizing immigrants** and are influenced by political rhetoric and austerity measures.

Right-wing media's focus on the plight of the working class contrasts with their role in creating economic conditions that fuel such unrest, and the riots also connect to broader political tensions over pro-Palestine protests and the Labour government's cautious stance on far-right violence.



How the Banni grasslands of Kachchh, Gujarat can be restored

The study identifies the grasslands of the Banni region of Gujarat as the most suitable for a new cow rearing scheme to increase the sustainability of different areas. It also identifies the grasslands of the Banni region of Gujarat as the most suitable for a new cow rearing scheme to increase the sustainability of different areas.

THE GIST

The study by Dey, Sharma, and Thakkar, published in Scientific Reports, evaluates land suitability for sustainable grassland management in Banni, Gujarat, India's largest tropical grassland. The research categorizes 36% of Banni's grassland as "highly suitable" and 28% as "suitable" for restoration, with recommendations for water management and soil improvement.

The study uses comprehensive soil and satellite data to inform conservation and policy, aiming to support both biodiversity and local livelihoods. This research highlights the urgent need for effective grassland conservation due to their ecological importance and current threats.

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Word	Meaning	Example
Zapper	A person who frequently switches TV channels.	"My grandfather is a zapper; he keeps changing channels on the TV."
Zap	1. To make someone unconscious or to shoot; 2. To move very quickly or go through quickly.	1. "The robber zapped the old lady with an iron rod." 2. "I saw Harish zapping around the university on his new scooter."
Chocoholic	A person with a compulsive desire to eat chocolates.	"My grandfather is a chocoholic; he eats chocolates while watching TV."
Zappy	Full of energy or vigour.	"You're so zappy today; you seem full of energy!"

SEBI allows Category I, II AIFs to borrow

The Hindu Bureau
MUMBAI

Alternative Investment Funds (AIF) in Category I and II can now borrow for operational flexibility, the Securities and Exchange Board of India (SEBI) said in a circular on Monday (August 19, 2024).

"The regulator has capped borrowings to 10% of investible funds, or 20% of drawdown value, which is the amount called from investors for making investments in investee companies," SEBI said in the circular and mandated that the information about leveraging be disclosed to investors. Further, AIFs

AIFs should maintain a cooling off period of 30 days between two borrowings, the regulator said

should maintain a cooling off period of 30 days between two borrowings, the regulator added.

Borrowings should be the last resort for AIFs and the cost of such borrowings should be borne by investors who failed to provide for the drawdown amount, the regulator said.

The market watchdog also allowed the tenure of Large Value Funds (LVFs) to be extended to five years, as per its circular.

The **Securities and Exchange Board of India (SEBI)** issued a circular on August 19, 2024, introducing **new guidelines** for **Alternative Investment Funds (AIFs)** in Category I and II.

Key Points:

1. Borrowing Limits: AIFs in Category I and II are now permitted to borrow for operational flexibility. The borrowing limit is set at 10% of their investible funds or 20% of the drawdown value (the amount called from investors for making investments).

2. Cooling Off Period: AIFs must observe a 30-day cooling off period between two borrowing instances. This ensures that borrowing is done judiciously and not excessively.

3. Borrowing as Last Resort: Borrowing should be a last resort for AIFs. Any costs associated with borrowing must be borne by investors who have not provided the drawdown amount when required.

4. Disclosure Requirement: AIFs are required to disclose information about their borrowing practices to investors, ensuring transparency.

Aspect	Details
Definition	Alternative Investment Funds (AIFs): Investment funds that pool money from investors to invest in assets not typically covered by traditional investment funds (e.g., equities, bonds). AIFs encompass various strategies, including private equity, venture capital, hedge funds, and real estate.
Types of AIFs	- Category I: Start-ups, SMEs, social ventures - Category II: Private equity, debt funds, etc. - Category III: Hedge funds, complex strategies
Investment Focus	- Diversified assets - Unconventional investments (e.g., real estate, private equity, commodities)
Regulation	- Regulated by SEBI in India or relevant authorities in other countries - Ensures investor protection and market integrity
Investor Eligibility	- Targeted at high-net-worth individuals (HNWIs), institutional investors, and sophisticated investors
Leverage and Borrowing	- Category I & II: Up to 10% of investible funds or 20% of drawdown value - Category III: More common, uses complex strategies - Cooling off period required
Transparency & Disclosure	- Detailed disclosures required - Information on investment strategies, performance, and risks
Tenure & Liquidity	- Longer investment horizons - Less liquidity compared to traditional funds
Advantages	- Diversification - Potential for higher returns - Access to unique investments
Risks	- Higher risk due to complex strategies - Liquidity issues - Regulatory risks

5. Extension for Large Value Funds: The tenure for Large Value Funds (LVFs) can now be extended up to five years, allowing for more flexibility in managing long-term investments.

These changes aim to provide AIFs with more operational flexibility while ensuring responsible borrowing practices and transparency to investors.

Funds go long on the Japanese yen for the first time in four years

Janine McGreaver

ORLANDO

By one measure, the speculative Japanese yen-funded carry trade has been completely unwound. The latest Commodity Futures Trading Commission data show that hedge funds have flipped their long-standing short yen position and are now net long of the currency for the first time since 2020.

It may have taken a lot in recent weeks to prompt the turn: a hawkish Japanese rate hike, yen-buying intervention and a burst of safe-haven demand amid the historic spike in U.S. stock market volatility—but the flip was quick. A short position is a bet

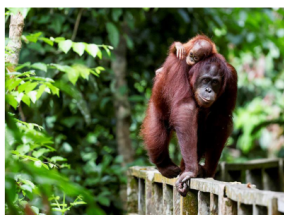


Bullish signs: Hedge funds are not long on the yen for the first time since 2020.

that an asset will fall in value, and a long position is a wager its price will rise. The question now is whether CFTC funds will go back into yen-funded carry trades or not. The bar to extending

The yen 'carry' trade—selling the yen to fund the purchase of higher-yielding currencies or assets—is an attractive strategy from a fundamental perspective despite the recent turmoil. On the other hand, the recent turmoil is not in the yen view mirror completely. This is bad for carry trades, which rely on low and stable volatility. Figures are likely to show inflation in Japan climbed to 3.2% last month, the highest since February, likely to keep the Bank of Japan minded to continue tightening policy. All while the Fed is about to start cutting rates. (The opinions expressed here are those of the author or a columnist for Reuters)

Hedge funds have recently **shifted** from a long-standing short position on the Japanese yen to a **net long position**, marking the first change since 2021. This shift was prompted by factors such as a hawkish **rate hike by Japan**, yen-buying interventions, and increased safe-haven demand due to U.S. stock market volatility. The yen-funded carry trade, which involves selling the yen to invest in higher-yielding assets, remains attractive despite recent market turmoil. However, ongoing U.S. economic strength, significant dollar interest rate advantages, and potential further tightening in Japan may affect future yen positions.



A female Bornean orangutan carries her offspring at a rehabilitation centre in Sepilok, Malaysia. REUTERS

Malaysia reconsiders plan to send its orangutans abroad

Agence France-Presse

KUALA LUMPUR

Malaysia is inviting countries that buy its palm oil to adopt orangutans but leave them in their natural habitat, local media reported, tweaking a plan that originally sought to send some abroad.

In a scheme modelled on China's 'panda diplomacy', Malaysia announced in May that it would send the great apes as gifts to palm oil-purchasing countries, sparking an outcry among conservationists.

Orangutans are critically endangered, according to the International Union for Conservation of Nature, and have lost habitat to logging and agricultural expansion — particularly palm oil plantations.

On Sunday, Plantation and Commodities Minister Johari Abdul Ghani said any orangutans that were adopted would stay in Malaysia, the official Bernama news agency and other local media reported.

"All conservation activities will be carried out in forest areas or forest patches in oil palm plantations with high conservation value," he said.

"These... areas provide space for orangutans to move freely, find food, and reproduce without interference from humans or other activities."

Buyers of Malaysian palm oil from around the world can "sponsor" one or more orangutans, and the funds collected will be used to implement conservation programmes for the animals, the minister said, according to *The Star* newspaper.

The programmes include "collaborating with a team of rangers, comprising experts, to monitor the presence, safety and condition of these wild animals", he said.

Malaysia has revised its plan for orangutan conservation by inviting countries that purchase its palm oil to adopt the great apes while keeping them in their natural habitat. Initially intended to send orangutans abroad as part of a gift scheme modeled on China's 'panda diplomacy,' the plan faced backlash from conservationists due to the species' critically endangered status and habitat loss from palm oil plantations.

Under the new scheme, adopters will sponsor orangutans to remain in Malaysia, where funds will support conservation efforts in forested areas within palm oil plantations. These efforts include monitoring by rangers and ensuring the animals' safety and well-being.

About Orangutan

Aspect	Details
Species	Bornean Orangutan (*Pongo pygmaeus*) Sumatran Orangutan (*Pongo abelii*) Tapanuli Orangutan (*Pongo tapanuliensis*)
Distribution	Borneo (Bornean) Sumatra (Sumatran and Tapanuli)
Conservation Status	Critically Endangered (IUCN)
Threats	Deforestation (palm oil plantations) Illegal wildlife trade Hunting
Physical Characteristics	Adult males: Up to 200 pounds (90 kg) Long, reddish-brown fur
Diet	Primarily fruits Also consumes leaves, bark, and insects
Behavior	Arboreal (tree-dwelling) Builds nests from branches and leaves
Reproduction	Birth interval: Every 6-8 years Infants stay with mothers for 6-7 years
Conservation Efforts	Protected areas and wildlife reserves Rehabilitation and release programs Awareness campaigns

"News Highlights: Key Updates in Brief"

- The **Karnataka High Court** has deferred proceedings on complaints against Chief Minister Siddaramaiah regarding alleged irregularities by the Mysuru Urban Development Authority until August 29, questioning the legality of the Governor's sanction for investigation.
- The **K. Hema Committee report** on the Malayalam film industry exposes severe issues including sexual exploitation, discrimination, illegal bans, and poor working conditions, revealing a culture of abuse and control by powerful individuals. The report recommends establishing a legal framework and tribunal to address these systemic problems.
- India's Prime Minister Narendra Modi will visit **Poland** and **Ukraine** to strengthen bilateral ties and discuss the Russia-Ukraine conflict, despite recent criticism of his visit to Russia.
- The **Supreme Court** is set to deliver a verdict on the *right to privacy for adolescents*, responding to a controversial Calcutta High Court judgment advising girls to control their sexual urges and suggesting decriminalizing consensual acts by those over 16.
- Former Army Chief General **S. Padmanabhan**, who served from 2000 to 2002 and played a key role in **Operation Parakram**, passed away at 83, leaving behind a legacy of dedication and strategic leadership.
- **India** has approved Nepal to export an additional 251 MW of electricity, increasing the total to 941 MW from 28 hydropower projects, including new exports to Bihar under a medium-term sales agreement.
- The **Information and Broadcasting Ministry** has *paused* the **draft Broadcasting Bill, 2023** for further consultation with stakeholders. Union Minister Ashwini Vaishnaw emphasized the need for broader input before finalizing the Bill, which has faced criticism for its potential regulatory impact on content creators and streaming platforms. The Bill will not be introduced in Parliament this year, and a revised version will be considered after wider consultations.
- Former CSIR Director-General **Girish Sahni**, aged 68, *passed away* due to a heart attack; he was known for his pioneering research on *blood clot treatments*.
- The U.S. is urging India *to avoid exporting certain items* to Russia, such as chemicals, defense equipment, and aeronautical parts, which could potentially aid Russia's war efforts against Ukraine and lead to secondary sanctions. This comes as India's exports of engineering goods and chemicals to Russia have significantly increased, with total exports rising 35.41% to \$4.26 billion in 2023-24. The U.S. aims to inform Indian exporters about these restrictions amid ongoing Western sanctions against Russia.

Practice Mains Question

1. Analyze the effectiveness of diplomatic strategies, such as 'panda diplomacy' and its adaptations, in advancing environmental and conservation goals. How might such strategies be applied to other endangered species or conservation issues?
2. Evaluate the potential consequences of the U.S. urging Indian exporters to avoid sending sensitive items to Russia. How might this affect India's trade policies, economic interests, and international relations with both the U.S. and Russia?
3. Analyze the effectiveness of current policies and approaches in addressing grassland degradation in India, with a focus on the Banni grassland study. What strategies should be adopted to ensure the sustainability of grassland ecosystems in the face of environmental and developmental pressures?
4. How does the increase in misinformation through social media during civil unrest, as seen in the recent riots in Britain, challenge traditional methods of public information and order management? What measures can be implemented to address these challenges effectively?

Practice Prelims Question

1. Consider the following statements regarding the 70th National Film Awards:

1. Aattam won the award for Best Popular Film.
2. Rishab Shetty won the Best Actor award for his role in the film Kantara.
3. The film Thiruchitrambalam was recognized for Best Feature Film on National Integration.

Which of the above statements is/are correct?

- a) 1 only
- b) 2 only
- c) 2 and 3 only
- d) 1, 2, and 3

Answer: b) 2 only

Explanation:

- Aattam won Best Feature Film, Best Screenplay, and Best Editing, not Best Popular Film.
- Rishab Shetty won the Best Actor award for Kantara.
- Thiruchitrambalam was not recognized for Best Feature Film on National Integration; Nithya Menen won the Best Actress award for her role in the film.

2. Consider the following statements regarding the Flag Code of India and the Khadi industry:

1. The Flag Code of India initially mandated that the national flag be made of hand-spun and hand-woven khadi.
2. In 2022, the Flag Code of India was amended to allow machine-made polyester flags.
3. The Karnataka Khadi Gramodyoga Samyukta Sangha (KKGSS) is the only BIS-accredited national flag manufacturer in India.

Which of the above statements is/are correct?

- a) 1 and 2 only
- b) 1 and 3 only
- c) 2 and 3 only
- d) 1, 2, and 3

Answer: d) 1, 2, and 3

Explanation:

- The **Flag Code of India** initially required that the national flag be made of **hand-spun and hand-woven khadi**.
- In 2022, the code was amended to allow **machine-made polyester** flags.
- The **Karnataka Khadi Gramodyoga Samyukta Sangha (KKGSS)** is indeed the only BIS-accredited national flag manufacturer in India.

3. The K. Hema Committee is related to addressing systemic issues in which of the following sectors?

- A) Indian banking sector
- B) Malayalam film industry
- C) National sports federations
- D) Indian educational institutions

Answer: B) Malayalam film industry

Explanation:

The K. Hema Committee was specifically formed to address systemic issues within the Malayalam film industry. The committee's report highlighted various problems including sexual exploitation, illegal bans, discrimination, and poor working conditions in the industry. The report's recommendations aimed at improving the safety and fairness for women and addressing the overall working environment in the Malayalam film sector. The committee's focus was not on other sectors like banking, sports, or education.

4. Which of the following statements is true about General S. Padmanabhan, who recently passed away?

- A) General S. Padmanabhan served as the Chief of the Army Staff from 1995 to 2000.
- B) General Padmanabhan led the Army during Operation Parakram.
- C) General S. Padmanabhan was born in Chennai on December 5, 1940.
- D) He retired from the Army on December 31, 2000.

Answer: B) General Padmanabhan led the Army during Operation Parakram.

5. Former Director-General of the Council of Scientific and Industrial Research (CSIR), Girish Sahni, passed away recently. He was renowned for his research in which field?

- A. Renewable Energy Technologies
- B. Space Exploration
- C. Blood Clot Treatments
- D. Artificial Intelligence

Answer: C. Blood Clot Treatments

Explanation: Girish Sahni was known for his research on the formation and alleviation of blood clots and developed several clot-busting drugs.

6. Which of the following is the largest tropical grassland in India?

1. Banni Grassland
2. Sunderbans Grassland
3. Chilika Lake Grassland
4. Tropical Savannah of the Western Ghats

Answer: 1. Banni Grassland

Explanation:

The **Banni Grassland** in Gujarat is the largest tropical grassland in India. Located in the Kachchh district of Gujarat, this grassland once spanned approximately 3,800 square kilometers but now covers about 2,600 square kilometers. It is notable for its vast expanse and ecological significance, supporting a variety of flora and fauna adapted to the tropical climate.

The other options do not fit the description of the largest tropical grassland:

- **Sunderbans Grassland:** This is not a significant grassland but rather a mangrove forest area in the delta region of West Bengal.
- **Chilika Lake Grassland:** Chilika Lake is a brackish water lagoon, not primarily known for being a tropical grassland.
- **Tropical Savannah of the Western Ghats:** The Western Ghats are known for their rich biodiversity and varied ecosystems but are not classified as a large tropical grassland.

7. In the context of Alternative Investment Funds (AIFs), what does the term "drawdown value" refer to?

- a) The total amount invested by AIFs in various assets
- b) The amount called from investors for making investments in investee companies
- c) The amount of leverage used by AIFs
- d) The total value of assets managed by the AIFs

Answer:

- b) The amount called from investors for making investments in investee companies

8. Which of the following countries is known for using "panda diplomacy," where giant pandas are gifted to other countries as a symbol of goodwill and diplomatic relations?

- A) India
- B) China
- C) Japan
- D) Russia

Answer: B) China

9. Which country recently modified its conservation strategy for orangutans, shifting from sending them abroad to allowing them to stay in their natural habitat?

- A) Indonesia
- B) Malaysia
- C) Thailand
- D) Philippines

Answer: B) Malaysia

10. Which alternative investment fund (AIF) category is allowed to borrow up to 10% of investible funds or 20% of drawdown value according to recent SEBI regulations?

- A) Category I
- B) Category II
- C) Category III
- D) All categories

Answer: A) Category I and B) Category II



"Understanding current affairs is crucial for UPSC/ State PSC preparation, as it bridges the gap between theoretical knowledge and real-world application, ensuring that candidates are well- informed, relevant, and capable of making insightful analyses on contemporary issues."
