

# The Hindu



## ANALYSIS

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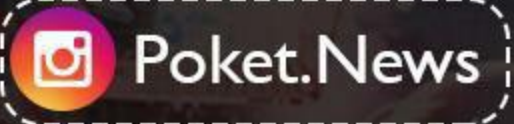
## 30 AUG 2019

## BY AMIT SAINI





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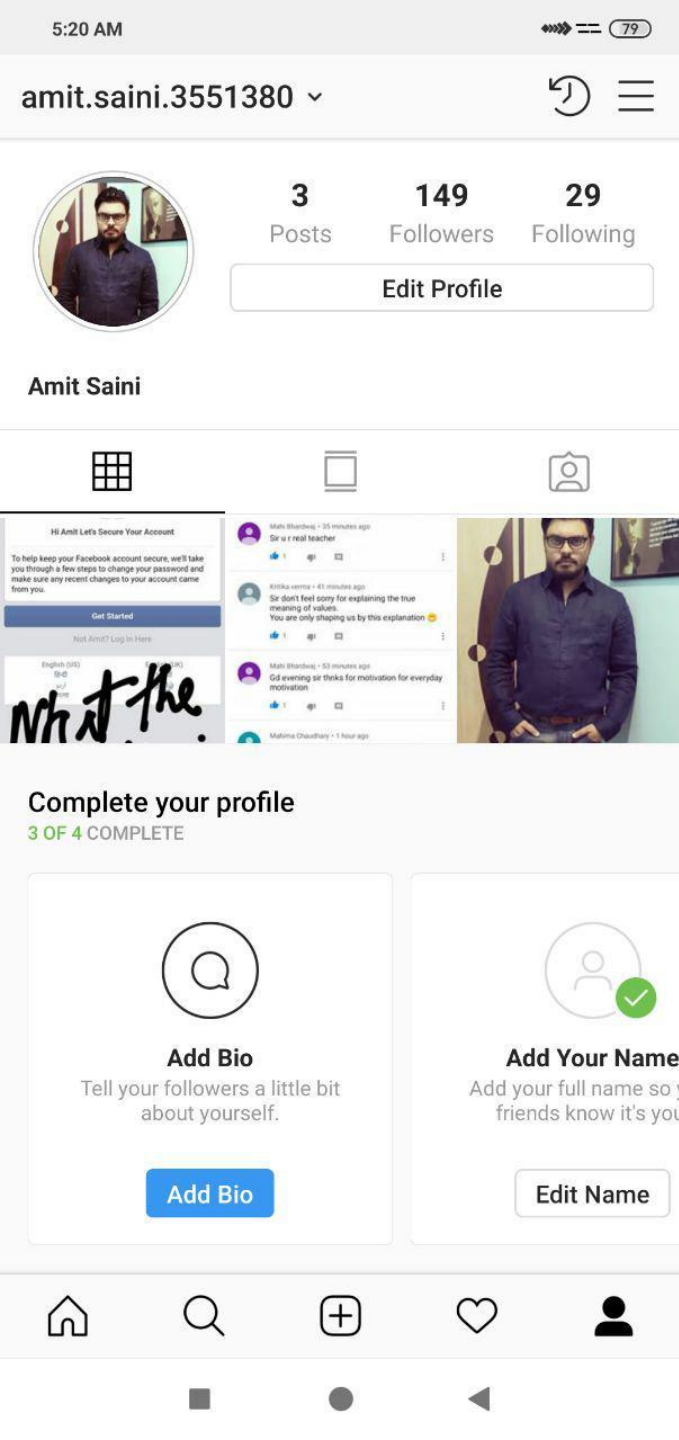
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# Vocabulary

- Hobble
- Flayed
- Boast
- Beleaguered



# On dilution, bifurcation and ‘special status’

J&K’s perceived loss and New Delhi’s real gains over the Centre’s Article 370 decision need to be objectively assessed



FAIZAN MUSTAFA

The jubilation in parts of the country following the supposed abrogation of Article 370 was in contrast to the gloom in the Kashmir Valley. It was ignored by both sides that New Delhi did not make any substantial gain in terms of powers; neither did Srinagar suffer any major loss. Later, in what could be construed as a setback to the Centre, the Supreme Court referred all the petitions on Article 370 to a Constitution Bench, which will hear the matter in the first week of October.

Amidst these developments, some points require deeper scrutiny. First, the apex court could possibly strike down as ‘unconstitutional’ the Centre’s move to amend Article 370 by invoking the very same article. Second, the bifurcation of a State which is under President’s rule into two Union Territories is possibly against federalism. And third, Article 370, as it stood on August 4, was a special power available not to Kashmir, but to the Centre.

First, Article 370 has not been abrogated. It still very much remains part of the Constitution. Instead, the government, in an innovative and constitutionally suspect manner, invoked the Article to amend Article 367. On August 5, the President inserted a new clause to say that the ‘Constituent Assembly’ of Jammu and Kashmir (J&K) shall mean ‘Legislative Assembly’ of the State, and ‘State government’ shall mean ‘Governor acting on the advice of Council of Ministers’. With this interpretation, Article 370 presented an entirely different picture. Since the erstwhile State was already under

President’s rule, the Parliament, by exercising ‘powers’ of the Legislative Assembly, gave its concurrence to the aggressive surgery of Article 370 that has killed the spirit as well as the text of the provision.

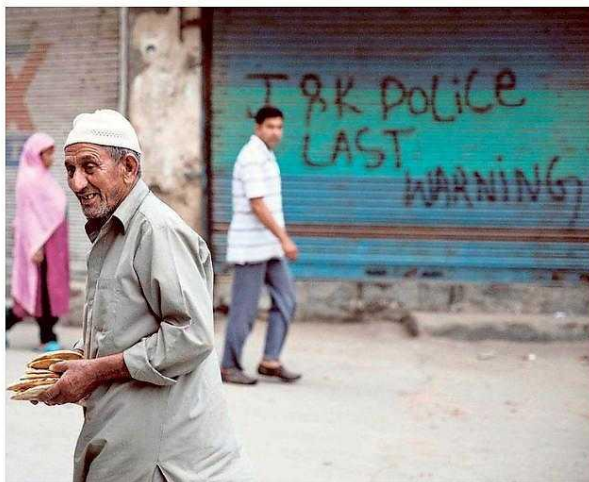
## Bona-fide exercise of power?

True, during President’s rule, Parliament can certainly exercise ‘powers’ of the State Assembly; but whether the aforesaid ‘concurrence’ can be termed as a legitimate and bona-fide exercise of power is a moot question for various reasons.

One, a Legislative Assembly that was in itself a creation of the Constituent Assembly cannot take the place of the latter. Two, the August 5 order defined the ‘State government’ to mean ‘Governor acting on the advice of Council of Ministers’. And since there was no Council of Ministers, the validity of the Governor’s concurrence mentioned in the presidential order was questionable.

Finally, Article 370(1)(d), which on August 5 was used for the purpose of diluting the Article itself, was meant to be deployed to apply ‘other provisions of Constitution’ to Jammu and Kashmir, not to modify or repeal Article 370 itself. The expression ‘other provisions’ here means provisions other than ‘Article 1’, ‘Article 238’ (now repealed) and ‘Article 370’.

Four points are to be kept in mind here. First, one constitutional provision cannot be used to nullify another. Second, an interpretation clause is to be used only when there is ambiguity in the Constitution. Here, the ‘Constituent Assembly’ Article 370 talked about was clearly identifiable – it first met on October 31, 1951 and was dissolved on January 26, 1957, and hence there was no ambiguity. Third, even when there are two contradictory provisions, the ‘doctrine of harmonious construction’ is to be invoked so that both the



“The constitutional validity of J&K’s bifurcation into two Union Territories is doubtful.” Residents in Srinagar earlier this month. • REUTERS

provisions are given effect to. Fourth, like Parliament, President too cannot alter the federal character of the Constitution, which has been held to be part of its basic structure. The Constitution prohibits colourable exercise of power – what you cannot do directly, you cannot do even indirectly.

## Blow to federalism

Next, the constitutional validity of Jammu and Kashmir’s bifurcation into two Union Territories is also doubtful. Article 3, which deals with Parliament’s powers to alter boundaries of a State or bifurcate it, required the President to obtain the ‘concurrence’ of the J&K State Assembly before Parliament took up such a Bill. It has now come to light that while imposing President’s rule in J&K on December 19, 2018, the proviso on the reference to Assembly was suspended. This not only shows that the bifurcation was planned by the Centre in 2018 itself but also gives a clear indication of its mala-fide intention of doing something indirectly.

A mala-fide presidential action under Article 356 can be struck down. If the apex court upholds the Centre’s suspension of Article 3, it will be the end of Indian federalism as States will become a plaything in the Centre’s hands. It needs to be recalled here that prior to the Reorganisation Act of 1956, States were given the opportunity to express their views. Andhra Pradesh Assembly too was given this opportunity in 2014 prior to the creation of Telangana. Since the J&K Assembly stood dissolved and there had been no election announced, it was denied its right to express its view.

When a State is under President’s rule, Parliament can act as nothing more than a ‘night watchman’. It certainly cannot pass a resolution to bifurcate the State.

## No major departure

Let us now objectively assess New Delhi’s gains in sounding the death knell for Article 370. Since almost the entire Constitution of India had been already applicable to

J&K, constitutionally speaking, heavens have not fallen for Srinagar. Entry 76 of the Union List, which deals with audit, was extended to J&K in 1958. The Election Commission of India was given powers to conduct elections from 1959 by the First Amendment to the J&K Constitution. A total of 94 out of the 97 items in the Union List had already been made applicable to J&K when the Centre made its move and hence Parliament had all the powers.

Out of the 395 Articles in the Indian Constitution, 260 Articles had already been extended to J&K through successive Presidential Orders. As regards the rest of the Articles, J&K Constitution had identical provisions. Moreover, more than 250 Central laws had already been extended and most of J&K’s State laws were identical to Central laws.

In reality, the ‘special status’ Article 370 conferred was not to J&K but to the Central government. The Centre could deny certain provisions while extending unilaterally some other amendments. For instance, following the 44th Amendment, unlike in the rest of the country, national emergency in J&K could still be imposed on the grounds of ‘internal emergency’. Similarly, while for the rest of the country, freedom of speech could be curtailed only through ‘reasonable restrictions’, in J&K, it could be controlled through restrictions that “appropriate legislation considered reasonable”.

Yes, we do live in a post-truth world but we need to objectively assess J&K’s loss and New Delhi’s real gains when it comes to the dilution of Article 370. Further, whether the apex court will allow India to become a ‘unitary state’ remains to be seen.

Faizan Mustafa is Vice-Chancellor, NALSAR University of Law, Hyderabad. Views expressed are personal



# Govt. needs to be prudent in using RBI's transfer

The fund transfer provides some much-needed relief and manoeuvrability to the beleaguered Centre



M. GOVINDA RAO

With the acceptance of the Bimal Jalan committee's report by the Reserve Bank of India (RBI), the stand-off between the RBI and the Ministry of Finance seems to have ended for now. The report has also helped to clarify the volume of reserves required for risk provisioning to counter a financial stability crisis if it were to arise.

Though the RBI belongs entirely to the government, the integrity of its balance sheet is important to ensure financial stability and to combat market risks. The committee made its recommendations after taking into account the role of RBI in financial salience; cross-country practices; statutory requirements; and impact of its public policy mandate and operating environment. Based on these factors, it decided on the volume of reserves required to support the financial system in times of crisis

and concluded that the provisioning has to be more stringent than in developed countries to ensure the perception of safety, particularly as India has low sovereign rating and the Indian rupee does not have reserve currency status.

The revised economic capital framework recommended by the committee makes a distinction in the economic capital of the RBI between 'revaluation reserves' and 'realised equity'. Revaluation reserves, it held, are a risk buffer against market risks and not available for transfer. The committee used the Expected Shortfall (ES) method to measure the market risk and adopted a more stringent confidence level of 99.5% as against the practice by other central banks at 99%.

## Economic capital range

The revised framework would allow the economic capital to be in the range of 24.5% to 20% of the balance sheet. As regards realised equity, the committee recommended the required range to be between 6.5 to 5.5% of the balance sheet.

The RBI Board in its meeting on August 26 accepted these recommendations and decided to trans-



fer ₹1,76,051 crore to the government. As the economic capital of the RBI, at 23.3% in June 2019, was within the prescribed range, it decided to transfer the entire surplus of ₹1,23,414 crore earned during 2018-19. As the RBI had already transferred ₹28,000 crore as interim dividend in February 2019, the remaining amount will be transferred in the current fiscal. The government will get an amount of ₹58,081 crore over the budgeted dividend of ₹90,000 crore for the current fiscal. The large surplus in 2018-2019 was mainly due to the revenues earned from open market operations, amounting to ₹3 lakh crore, to shore up liquidity and therefore, the coming years

may not see such large dividends.

The additional fund transfer from the RBI provides much-needed relief and manoeuvrability to the beleaguered government. An analysis of the budget presented in July shows that the tax revenue projections are far too optimistic. In fact, the actual net tax revenue collection of the centre in 2018-2019 was ₹15.9 lakh crore and to achieve the budgeted target of ₹19.78 lakh crore in 2019-2020, the net tax revenue will have to increase by almost 25% and correspondingly, gross tax revenue will have to grow by 26.5%. The expected shortfall in tax revenue for the Central government, if the past trend is taken (after devolution to the States), is likely to be about ₹70,000 crore.

## Achieving fiscal deficit target

With the economy slowing down and the Goods and Services Tax (GST) not kicking in the expected buoyancy, the shortfall may even be higher. The infusion of additional funds, thus, will help the government to substantially overcome this shortfall and achieve the fiscal deficit target without having to axe allocations to social sector and poverty alleviation.

However, while the Central government will overcome the shortfall in tax collections, the States will have to suffer the consequence of lower-than-budgeted revenue realisations. They have presented their budgets taking into account the tax devolution based on Central budget forecast and shortfall in collections will adversely impact their expenditure allocations to various sectors.

If, on the other hand, the tax revenue growth picks up, then the government can use the additional money to clear the dues of the Food Corporation of India and fertiliser companies to minimise spillover of deficits to the next year. The additional funds can also be used to spend on much-needed capital expenditure.

The decision of the RBI Board must be welcomed as it has not come a day sooner and should help the government in combating the economic slowdown and to conform to the fiscal targets. It is hoped that the government will be prudent in using these funds.

*The author is Adviser, Centre for Public Policy, Indian Institute of Management, Bangalore. Views are personal*



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# How the RBI ended 2018-19 with an over ₹1.23 lakh-crore surplus

The central bank recorded a huge jump in gains from foreign exchange transactions while its interest income leapfrogged

RAGHUVIR SRINIVASAN  
CHENNAI

Ever since the Reserve Bank of India (RBI) announced a jaw-dropping surplus of ₹1,23,414 crore for 2018-19 (July-June accounting year), the question that has been uppermost on everyone's mind is: how did the central bank post such a massive surplus?

In the immediate two preceding years, 2017-18 and 2016-17, the surpluses were only ₹50,004 crore and ₹30,663 crore respectively.

The RBI Annual Report for 2018-19, released on Thursday, provides the answers. There are two basic reasons for the impressive surge.

## Dollar value

First, a huge ₹28,998 crore gain from foreign exchange transactions thanks mainly

## Year of record income

Reserve Bank of India's earnings surge on the back of gains from forex transactions and higher interest

(₹ cr.)	2017-18	2018-19	Increase	Increase (%)
<b>Interest</b>	<b>73,871</b>	<b>1,06,837</b>	<b>32,966</b>	<b>44.62</b>
<b>which includes from</b>				
Domestic bond holdings	47,968	58,343	10,375	21.62
LAF operations	(9,541)	1,046	10,587	-
Foreign bonds	23,428	27,811	4,383	18.71
Deposits foreign	11,112	18,008	6,896	62.05
<b>Other income</b>	<b>4,410</b>	<b>86,199</b>	<b>81,789</b>	<b>854.62</b>
<b>which includes</b>				
Gain/loss from forex transactions	(4,067)	28,998	33,065	-
Provision written back	367	52,618	52,251	14,237.32

Source: RBI Annual Report 2019

to a change in accounting policy. Until last year, when the RBI sold dollars in the market (to support the rupee), the gain or loss was cal-

culated based on the previous Friday's market value of the dollar. This policy was changed this year to reflect the historical acquisition

## An expanding balance sheet

Currency in circulation and bond holdings rise due to OMOs (₹ cr.)

Liabilities	2017-18	2018-19	Difference (%)
Deposits	6,52,597	7,64,922	▲ 17.21
Contingency fund	2,32,108	1,96,344	▼ 15.40
CGRA #	6,91,641	6,64,480	▼ 3.92
Notes in circulation	19,11,960	21,68,797	▲ 13.43
<b>Assets</b>			
Gold coin & bullion	1,44,023	1,67,502	▲ 16.30
Foreign investments	26,35,074	27,85,218	▲ 5.69
Domestic bonds	6,29,745	9,89,877	▲ 57.18
#Currency & Gold Revaluation Account			
<b>Surplus jumps</b>	(₹ cr.)	2017-18	2018-19
Centre gains as RBI fully transfers its record surplus	Income	78,281	1,93,036 *
	Expenditure	28,277	17,045
	Surplus transferred to Centre	50,004	1,75,991*

\*Includes a sum of ₹52,618 crore provision written back

cost of the dollar. A rough, back-of-the-envelope calculation puts this historical cost at around ₹53. This means that, if the RBI were to sell

the dollar in the market today at around ₹72, it stands to gain ₹19 for every unit it sells.

In the previous year, the

RBI posted a loss of ₹4,067 crore from similar transactions. Former top RBI officials say that the change in policy is not inappropriate as the earlier method resulted in understatement of gains. The RBI has been buying dollars regularly since the 1991 crisis to build up its reserves at rates much lower than the prevailing one.

When it sells those dollars, the actual gains have to be computed in reference to the weighted average acquisition cost and not that of the previous Friday.

The second reason for the higher surplus is a leap in interest income which was higher by ₹32,966 crore compared to 2017-18. The RBI conducted several rounds of open market operations (OMO) last year to infuse liquidity leading to a 57%

jump in its holding of government bonds.

As per estimates by SBI Research, the RBI purchased a whopping ₹3,31,100 crore net of government bonds in 2018-19 through OMOs.

Interest from bond holdings alone was higher by ₹10,375 crore while Liquidity Adjustment Facility (LAF) operations yielded another ₹1,046 crore as interest earnings.

Last year, the central bank had paid interest of ₹9,541 crore to banks as it absorbed excess liquidity from the market. The liquidity infusion operations resulted in a rise in currency in circulation by a good 13.43% to ₹21,68,797 crore as of June 30 this year.

The RBI's balance sheet size grew by 13.41% to ₹41,02,905 crore in 2018-19.



# Digital media firms say FDI norms are 'restrictive'

They feel existing and new platforms will be affected

SOBHANA K. NAIR  
NEW DELHI

Companies operating news portals expressed disappointment on Thursday with the government's new Foreign Direct Investment (FDI) policy capping the investment in digital media at 26%, saying that the measure would impact both existing digital platforms as also affect new platforms that may be looking to expand.

On Wednesday, Commerce Minister Piyush Goyal announced that the Cabinet had cleared FDI up to 26% under the "government route" for digital media companies that upload or stream news and current affairs.

This is a departure from the existing policy, as until now only the print media and news broadcast television companies in India



have had FDI caps of 26% and 49%, respectively.

Several digital media outlets that *The Hindu* spoke to were unwilling to speak on record but explained that some of them would likely have to restructure and look for Indian investors as they had more than 26% foreign investment.

"The Indian investors are not bullish and are mostly reluctant to invest in media portals, more so in the current economic situation," said Vignesh Vellore, CEO of

*The News Minute*. "The new policy hurts smaller players like us and the ones who are looking to launch new projects. In future, when we have to look at investments to scale up our operations, this kind of cap will be very discouraging," he said.

"Digital news media was unregulated & thriving so far. 100% FDI was allowed in start ups. Now govt wants to limit FDI to 26%. This is regressive. Cos already operating with 50% or 100% FDI will have to divest foreign equity in favour of domestic when capital is scarce and scared!" M. K. Venu, a founding editor of *The Wire*, tweeted.

In a series of tweets, Nikhil Pahwa, founder of MediaNama, a portal dedicated to digital business, described the new policy as 'restrictive'.



# ₹47,436 crore released for afforestation

The funds have been collected as compensation from industry for razing forest land for business

**SPECIAL CORRESPONDENT**  
NEW DELHI

The Union Environment Ministry on Thursday transferred ₹47,436 crore to 27 States for afforestation. These are long-pending dues part of the Compensatory Afforestation Fund (CAF), a ₹54,000 crore tranche that has been collected for nearly a decade as environmental compensation from industry, which has razed forest land for its business plans.

## **Economic value**

The amount to be paid by industry depends on the economic value of the goods and services that the razed forest would have provided. These include timber, bamboo, firewood, carbon sequestration, soil conservation, water recharge, and seed dispersal. Industrialists pay this

money and this is eventually transferred to the States concerned to carry out afforestation.

Only a fraction of this corpus had actually been disbursed to States, due to the lack of a legal framework and instances of States using it for non-forestry purposes.

## **Independent authority**

The CAF Act 2016, which came into being more than a decade since it was devised, established an independent authority – the Compensatory Afforestation Fund Management and Planning Authority – to execute the fund.

However, it was not until last August that the rules governing the management of the fund were finalised.

Environment Minister Prakash Javadekar, while presenting cheques to senior



**Seed capital:** A forest employee making seed balls at the Ahmadpur Forest Nursery in Bhopal. ■ A.M. FARUQUI

officials in State forest administration, said the Centre would use geographic tagging technology to keep a tab on whether States were using their allotted funds appropriately.

“The Fund will be used as per provisions of the CAF Act and Rules. These include catchment area treatment, wildlife management, forest fire prevention, soil and moisture conservation work

in the forest....it cannot be used for payment of salary, travelling allowances, making buildings and buying of office equipment for forest officers. We will use electronic repositories, geographical tagging for tracking expenses,” he added.

## **Odisha top recipient**

Odisha, the top recipient of funds, got nearly ₹6,000 crore followed by Chhattisgarh and Madhya Pradesh with ₹5,791 crore and ₹5,196 crore respectively.

Kerala got the least with ₹81.59 crore.

Activists and environmentalists have raised concerns that the funds are used by the State to ride roughshod over tribal rights and unscientific afforestation methods were often implemented to make good razed forests.



# GI tag for T.N.'s Dindigul lock, Kandangi saree

Their popularity has been on decline

**SANGEETHA KANDAVEL  
A. SHRIKUMAR**  
CHENNAI/MADURAI

Two iconic, but dying products from Tamil Nadu – the Dindigul lock and the Kandangi saree – were given the Geographical Indication tag by the Geographical Indications Registry in Chennai on Thursday. While the application for the lock was made by the Dindigul Lock, Hardware and Steel Furniture Workers Industrial Co-operative Society Limited, the Amarar Rajeev Gandhi Handloom Weavers Co-operative Production and Sales Society Limited filed the application for the Kandangi Saree.

“Dindigul lock and Kandangi saree were registered today,” Chinnaraja G. Naidu,

Deputy Registrar of Geographical Indications, said on Thursday. He added that both these products were losing their sheen in the market, and the GI tag would help them get some recognition.

While the market is flooded with sarees that are woven in other parts of the State and look like the Kandangi saree, the original saree is made manually made using a winding machine, loom, shuttle and bobbin. The famous Dindigul locks are known throughout the world for their superior quality and durability, but the industry has been slowly dying due to competition from Aligarh and Rajapalayam, and lack of proper marketing.





# Russia set to offer submarines during Modi-Putin summit

- Fifth Generation Fighter Aircraft may also be sold
- Russia is likely to offer India its conventional submarines on the government-to-government route under the Navy's Project-75I at the summit between Prime Minister Narendra Modi and President Vladimir Putin at Vladivostok next week, Russian officials said.
- "Russian conventional submarines will be offered through the government-to-government route to India at the summit. This will save a lot of time in the procurement process," one official said.
- "The possibility of offering India the **Su-57**, the Russian **Fifth Generation Fighter Aircraft** (FGFA), is also being explored, but it has not been decided yet," he said.
- **The Navy is looking to buy six advanced conventional diesel-electric submarines under Project 75I** that, after several delays, has made progress in the past several months. The procurement is under the Strategic Partnership (SP) model, and is the second project to be processed through this route after the Navy's tender for utility helicopters.

## Strengthening defence

Reviewing defence cooperation will be on top of the agenda during Prime Minister Narendra Modi's visit to Russia next week



- The deal to manufacture at least 200 Ka-226T Utility helicopters for the Indian Army and Air Force is likely to get a boost

- The two leaders will also review

the setting up of a manufacturing plant in India for Ak-203 assault rifles

- Russia is likely to offer its conventional submarine for the Navy's P-75I tender

- Russia might consider an offer of Su-57 Russian Fifth Generation Fighter Aircraft (in picture) to India



# U.S. again expresses concern on J&K

Comments come three days after Trump said Modi felt he had the situation under control

SUHASINI HAIDAR  
NEW DELHI

Three days after U.S. President Donald Trump met Prime Minister Narendra Modi in France and discussed the situation in Kashmir, American officials said they were “concerned” about the continuing communication restrictions and detentions.

Mr. Trump had said that during their discussion on the Kashmir issue, Mr. Modi had said that he “really feels he has it under control”, and that India and Pakistan could resolve the issue bilaterally.

Sources told *The Hindu* that diplomats from different embassies, including senior U.S. and U.K. officials, had



The U.S. has expressed concern over continued restrictions and communication blockade. ■ PTI

been meeting External Affairs Ministry officials over the past few days to stress that they were watching the situation closely.

A U.S. Embassy spokesperson said on Thursday:

“We continue to be very concerned by reports of detentions and the continued restrictions on the residents of the region. We urge respect for human rights, compliance with legal proce-

dures, and inclusive dialogue with those affected. We welcome Prime Minister Modi’s statement that J&K will soon return to a normal political status.”

The spokesperson added, “We call on all parties to maintain peace and stability along the Line of Control and to prevent cross-border terrorism. We continue to support direct dialogue between India and Pakistan on Kashmir and other issues of concern.”

The comments, which also addressed recent statements by Pakistan Prime Minister Imran Khan, said: “The United States is watching the situation in Jammu

and Kashmir closely. We continue to call for calm and restraint, including on rhetoric...We note the broader implications of the developments in Jammu and Kashmir and the potential for increased instability in the region.”

The comments came on a day Human Rights Watch issued a statement urging the government to lift the communication shutdown and alleging that the curbs had caused “disproportionate harm on the population”.

The government has maintained that the restrictions are necessary to prevent large-scale violence and subvert terrorist threats.



# Tribunal upholds ban on SIMI for another five years

‘Its activists are under an umbrella of frontal organisations’

**VIJAITA SINGH**  
NEW DELHI

The Union Home Ministry has told a tribunal that the Students Islamic of India (SIMI) is filing applications under the Right to Information Act (RTI) to help its members who are facing trial in various courts.

Based on the submissions made by the Ministry and State police departments, a tribunal constituted under the Unlawful Activities (Prevention) Act (UAPA) has upheld the ban against SIMI for another five years. The outfit was first banned in 2001, and this is the eighth time it has been banned.

To impose the fresh ban, the tribunal examined at least 34 cases registered against the members and former members of SIMI by the police across the country after January 2014. In a 75-page order, the tribunal headed by Justice Mukta Gupta said some of the members and activists of SI-

 **It's evident that they are continuing to receive funds within India and through foreign funding**

UAPA TRIBUNAL

MI are working under the “umbrella of frontal organisations and having links with number of other terrorist organisations Al-Qaeda, Lashkar-e-Toiba (LeT), Jaish-e-Mohammad (JeM), Islamic State, Indian Mujahideen etc.” The tribunal said that it was “evident that they were continuing to receive funds within India as also through foreign funding.”

The tribunal said it examined two public witnesses and 50 witnesses from the government to reach the conclusion. It said that it received “11 sealed covers in the form of intelligence reports, secret informations collected from time to time by the investigating and intelligence agencies” against

SIMI. “One of the (sealed) reports also note about a one-month campaign organised by activists of SIMI under the name and banner of an umbrella organisation and that the activists of SIMI and some of their members and sympathisers are filing RTI applications in the various proceedings to help the accused or members in the trials for committing various offences. The sealed cover placed on record by S.C.L. Das, Joint Secretary, MHA,” the tribunal ruled.

The Tamil Nadu police deposed that “SIMI activists/cadres are regrouping themselves under the banner of Wahadat-e-Islaami Hind (WeIH) to expand their militant outreach among Muslim youth under the guise of spreading Islamic ideology. SIMI activists under the guise of WeIH continue to hold meetings, classes, symposium, seminars etc. to spread their anti-national ideology.”

# Bank frauds rise 74%, says RBI

## Lenders, on average, took 55 months to report large frauds

**SPECIAL CORRESPONDENT**  
MUMBAI

Bank frauds saw a whopping 73.8% jump in value in 2018-19 as compared to the previous year. In terms of number of cases, it was up 15%, the RBI's annual report said.

"The number of cases of frauds reported by banks increased by 15% in 2018-19 on a year-on-year basis, with the amount involved rising by 73.8%, though mostly related to occurrences in earlier years," the report said.

Banks had taken 55 months, on an average, to report large frauds.

The overall average lag between the date of occurrence and its detection by banks was 22 months, the RBI report said.

The average lag for large

 **As many as 717 counterfeit notes of the demonetised ₹1,000 denomination had been detected**

frauds, that is ₹100 crore and above, which amounted to ₹52,200 crore in 2018-19, was 55 months.

### **PSBs lead the pack**

Among bank groups, public sector banks (PSBs), which constitute the largest market share in bank lending, have accounted for the bulk of frauds reported in 2018-19. These were followed by private sector banks and foreign banks.

"Cheating and forgery was the major component, followed by misappropriation and criminal breach of

trust," it said.

While the total number of counterfeit notes detected had fallen in 2018-19 to 3,17,384 pieces from 5,22,783 pieces in the previous years, what's interesting is that 717 such notes of ₹1,000 denomination had been detected.

The ₹1,000 notes were withdrawn from circulation on November 8, 2016. The number of ₹2,000 counterfeit notes detected also increased in 2018-19 to 21,847 pieces from 17,929 pieces, the data showed.

There was also a sharp increase in the new ₹500 notes category, with 21,865 counterfeit notes detected as compared to 9,892 in the previous year.



# UN warns of rising seas, storm surges

Draft report says rising global ocean waterline could displace 250 million people by year 2100

AGENCE FRANCE-PRESSE  
PARIS

The same oceans that nourished human evolution are poised to unleash misery on a global scale unless the carbon pollution destabilising Earth's marine environment is brought to heel, warns a draft UN report obtained by AFP.

Destructive changes already set in motion could see a steady decline in fish stocks, a hundred-fold or more increase in the damages caused by superstorms, and hundreds of millions of people displaced by rising seas, according to the Intergovernmental Panel on Climate Change (IPCC) "special report" on oceans and Earth's frozen zones, known as the cryosphere. As the 21st century unfolds, melting glaciers will first give too much



**Storm is brewing:** Ice sheets floating in the Ilulissat Icefjord, Greenland. ■ GETTY IMAGES/FILE

and then too little to billions who depend on them for fresh water, it finds.

Without deep cuts to man-made emissions, at least 30% of the northern hemisphere's surface permafrost could melt by century's end,

unleashing billions of tonnes of carbon and accelerating global warming even more.

The 900-page scientific assessment is the fourth such tome from the UN in less than a year, with others focused on a 1.5-Celsius cap

on global warming, the state of biodiversity, and how to manage forests and the global food system.

All four conclude that humanity must overhaul the way it produces and consumes almost everything to

avoid the worst ravages of climate change and environmental degradation.

Governments meet in Monaco next month to vet the new report's official summary. The final advice to policymakers will be released on September 25.

## Extreme events

By 2050, many low-lying megacities and small island nations will experience "extreme sea level events" every year, the report concludes.

Even if the world manages to cap global warming at two degrees Celsius, the global ocean waterline will rise enough to displace more 250 million people.

The report indicated this could happen as soon as 2100, though some experts think it is more likely to happen on a longer timescale.

# Measles cases 3 times more than last year

- Every region in the world, except the Americas, is experiencing an increase in the number of cases of measles, a vaccine-preventable disease that can kill or disable children, the World Health Organization (WHO) said on Thursday.
- Kate O'Brien, director of WHO's department of immunisation, put the blame on weak health systems and misinformation about vaccines, and called on social media outlets and communities to make sure information on preventing the highly contagious disease was accurate.
- Nearly three times as many cases were reported from January to July this year than in the same period in 2018, the WHO said.
- Nearly 3,65,000 cases have been reported globally this year.



# Two new species of eels discovered

The marine creatures thrive in shallow waters but are also found a bit deeper

**SIB KUMAR DAS**  
BERHAMPUR

Two new species of marine eel were discovered and documented this month by the Estuarine Biology Regional Centre (EBRC) of the Zoological Survey of India (ZSI) at Gopalpur in Odisha.

One of them is a short brown unpatterned moray eel now named *Gymnothorax andamanensis*. Two specimens of this eel were caught in two-metre-deep waters off the south Andaman coast by J. Praveenraj of the Division of Fisheries Science, ICAR-Central Island Agricultural Research Institute, Port Blair, on March 18. It had been sent to ZSI Gopalpur for identification.

Anil Mohapatra, a scientist at Gopalpur ZSI, and his



*Gymnothorax andamanensis* and *Gymnothorax smithi*.

colleague Swarup Ranjan, after a detailed study, identified the specimens as a complete new species.

The discovery was reported in scientific journals.

Till now, 10 species of short brown unpatterned moray eels have been discovered in the world, out of which two were found in Indian waters. With this new discovery, the number has increased to three.

Similarly, a new white-

spotted moray eel, now named *Gymnothorax smithi* has also been identified by Gopalpur's ZSI scientists. Its first specimen was found in the Arabian Sea in 2011.

## **Biodiversity hotspot**

Recently, a few more specimens were collected from the southeastern Arabian Sea, off the Kerala coast. These specimens had also reached the Gopalpur ZSI for identification.

Marine eels are mostly found in shallow waters but some of them live offshore in sandy or clayey bottoms ranging up to 500 metres. According Dr. Mohapatra, till now, 49 species of moray eel from 10 genera had been reported from Indian waters, and their species numbers have increased to 50 with the new addition.

An estuarine museum is coming up on the campus of the ZSI at Gopalpur.

This first-of-its-kind museum in Odisha is expected to be ready by the end of 2021.

To be built at a cost of over ₹11 crore, it will showcase the coastal and marine animal diversity of the country, with a special focus on Odisha and the Chilika lake.