

28 MARCH 2019

Mission Shakti



In news:

India conducted its first anti-satellite (ASAT) missile test successfully destroying a low earth orbit satellite in space by using a missile.

The satellite downed by the ASAT missile was Microsat-R, an imaging satellite which was launched into orbit on January 24, 2019 using a Polar Satellite Launch Vehicle (PSLV).

In brief:

The test was carried out from the APJ Abdul Kalam Island in Odisha and the interceptor was a three-stage missile with two solid rocket boosters. ASAT missile was a modified exo-atmospheric interceptor missile of the Ballistic Missile Defence (BMD).

The missile travelled a distance of almost 300 km from earth and hit the target within three minutes of its launch.

The test places India in a select group alongside the US, Russia and China.

as per India’s understanding, the test does not violate any international law or treaty obligation and is much less harmful than the Chinese ASAT test in 2007 that led to a large-scale scattering of debris in space that threatened other satellites.

Debris that is generated will decay and fall back to the earth within weeks.

Note

Anti-satellite weapon systems are missile-based systems to attack moving satellites. They have a long history and were a product of the Cold War hostilities between the United States and the Soviet Union.

India - U.S. pact to ease MNC’s compliance

In news:

An Inter-Governmental Agreement for exchange of Country-by-Country (CbC) reports of multinational companies regarding income allocation



and taxes paid to help check cross-border tax evasion was signed between India and US.

The agreement was signed by PC Mody, Chairman, Central Board of Direct Taxes (CBDT), and Kenneth I Juster, US Ambassador to India.

In brief:

It will enable the two countries to automatically exchange the reports filed by the ultimate parent entities of the multinational enterprises in the respective jurisdictions pertaining to the years commencing on or after January 1, 2016.

It will also exclude the need for Indian subsidiary companies of the American multinational enterprises to do local filing of the CbC Reports, thereby reducing the compliance burden.

This is a key step in making India compliant with the Base Erosion and Profit Shifting (BEPS)

About BEPS:

Base erosion and profit shifting refers to the activities of multinational corporations to shift their profits from high tax jurisdictions to lower tax jurisdiction, thereby eroding the tax base of the high tax jurisdictions and depriving them of tax revenue.

In order to combat this, many countries entered into agreements to share tax information with each other to enhance transparency and make such profit shifting that much harder.

BEPS Action Plan adopted by the Organisation for Economic Co-operation and Development (OECD) and G20 countries in 2013 recognised that the way forward to mitigate risk from base erosion and profit shifting was to enhance transparency.

Against this background, a template was released in 2014, which outlined how MNEs could report the required information for each tax jurisdiction in which they do business. These are called the country-by-country reports.

Electoral bonds will affect transparency, EC tells SC**Why In News:**

The Election Commission of India (ECI) has told the Supreme Court that electoral bonds, contrary to government claims, wreck transparency in political funding.

Coupled with the removal of cap on foreign funding, they invite foreign corporate powers to impact Indian politics.

In Brief:**Electoral bonds Scheme:**

- The electoral bonds scheme was announced in Union Budget 2017 with an aim for increasing transparency in political funding.
- It makes India first country in the world to have such unique bonds for electoral funding.
- These bonds are bearer instrument in nature of promissory note and interest-free banking instrument.

Note

- It aims at rooting out current system of largely anonymous cash donations made to political parties which lead to generation of black money in the economy.
- These electoral bonds can be bought for any value in multiples of Rs 1,000, Rs 10,000, Rs 1 lakh, Rs 10 lakh or Rs 1 crore after fulfilling all existing Know Your Customer (KYC) norms and making payments from bank account.
- It will not carry name of payee.
- The bond deposited by any eligible political party to its account shall be credited on the same day.
- No payment shall be made to any payee political party if bond is deposited after expiry of validity period.
- Eligible political parties can encash electoral bonds only through their bank accounts.
- Electoral Bonds may be purchased by only citizen of India.
- An individual can buy Electoral Bonds, either singly or jointly with other individuals.
- Electoral Bonds are valid for fifteen calendar days from the date of issue.
- Only registered political parties, that have secured not less than 1% of votes polled in last election of Lok Sabha or legislative assembly of state, will be eligible to receive electoral bonds.
- The cash donation has been capped at Rs. 2000 and beyond that donations are via electoral bonds.

Demerits of Electoral Bonds:

- **RBI's autonomy** The government had to amend RBI act in order to issue these bonds as bearer bonds have the characteristics of currency notes which are issued solely by the central bank. The amendment however will amount to fragmenting of the notes issuing power of the RBI particularly at a time when its autonomy is being questioned over its tacit acceptance of Demonetization.
- **No Transparency** The bonds are not registered in the name of a specific person as a result donations through electoral bonds continue to provide anonymity to donors.
- **Could be used as conduit for money laundering and hoarding black money** Since these bonds continue to provide anonymity to holders, they can be misused much like the Indira Vikas Patras floated as development bonds in 1987 that fell into disrepute owing to similar reasons.
- **These will also facilitate round tripping** that is rerouting of illicit funds that originate in India, back into the country through a tax haven. Here, it must be noted that India ranks at 19 in a list of 180 countries that figured in the Paradise paper leaks that listed out individuals and companies that moved finances to off-shore locations to evade taxes. Electoral bonds offer secrecy and will encourage such tax evasion.
- **Anti-democratic** Law Commission in its 255th report pointed out that secrecy and anonymity provide fertile grounds for lobbying and capture of governments by big donors. Electoral bonds therefore will be instruments that ensure government of the few.
- **Non-disclosure to Election Commission** While RoPA, 1951 specifies that donations received by political parties in sums greater than Rs 20,000 be disclosed to the tax authorities, the Finance Bill, 2017 explicitly provides an exemption from this clause to electoral bonds. This mars the very purpose of cleaning up electoral finance.
- **Not enough secrecy** Another concern raised by political parties against electoral bonds is that the incumbent government can easily find out donor details using KYC details shared with banks. This could make the instruments unpopular.

Election Commission of India:

- Election Commission of India is a permanent body entrusted for the conduct of free and fair elections.
- An independent Election Commission has been provided for in **Article 324** of the Constitution of India.
- Currently has three members including Chief Election Commissioner (CEC).

Note



- They all are appointed by the President for a term which is fixed by the President.
- **Tenure:** The service conditions and tenure of office of CEC and Election Commissioners are determined by Act of parliament titled The Chief Election Commissioner and Other Election Commissioners (Conditions of Service) Act, 1991. This act has fixed their term for 6 years or till age of 65 years, whichever is earlier.
- **Power/salary:** The CEC and election commissioners have equal power and receive equal salary, allowances and other perquisites, which are similar to judge of Supreme Court. In case of difference of opinion amongst the Chief Election Commissioner and Election Commissioner, the matter is decided by the Commission by **majority**.
- One of the most important functions of the election commission is to prepare an up-to-date list of all the persons who are entitled to vote at the elections.
- Election Commission is entrusted with :
 - Election of President;
 - Election of Vice-President;
 - Election of Lok Sabha as well as Rajya Sabha;
 - Elections to State Legislatures as well as Legislative Councils;
 - Reservation of Seats in Lok Sabha and State Legislatures;
 - Qualifications of the MPs and MLAs;
 - Determination of population for purposes of the election.

In 2018, Official Secrets Act invoked in 5 cases

Why In News:

The Ministry of Home Affairs (MHA) issued five prosecution sanction orders last year under the Official Secrets Act (OSA), 1923.

In Brief:

Official Secrets Act:

It is India's anti espionage (Spy" and "Secret agent") act enacted in 1923 during the British Rule.

- It states clearly that any action which involves helping an enemy state against India is illegal.
- It also states that one cannot approach, inspect, or even pass over a prohibited government site or area.
- According to this Act, helping the enemy state can be in the form of communicating a sketch, plan, model of an official secret, or of official codes or passwords, to the enemy.
- The disclosure of any information that is likely to affect the sovereignty and integrity of India, the security of the State, or friendly relations with foreign States, is punishable by this act.

Punishments under the Act range from three to fourteen years imprisonment. A person prosecuted under this Act can be charged with the crime even if the action was unintentional and not intended to endanger the security of the state. The Act only empowers persons in

Note



positions of authority to handle official secrets, and others who handle it in prohibited areas or outside them are liable for punishment.

Conflict with the RTI Act:

In Clause 6 of the Official Secrets Act, information from any governmental office is considered official information, hence it can be used to override Right to Information Act 2005 requests. This has drawn harsh criticism.

PRELIMS BITS

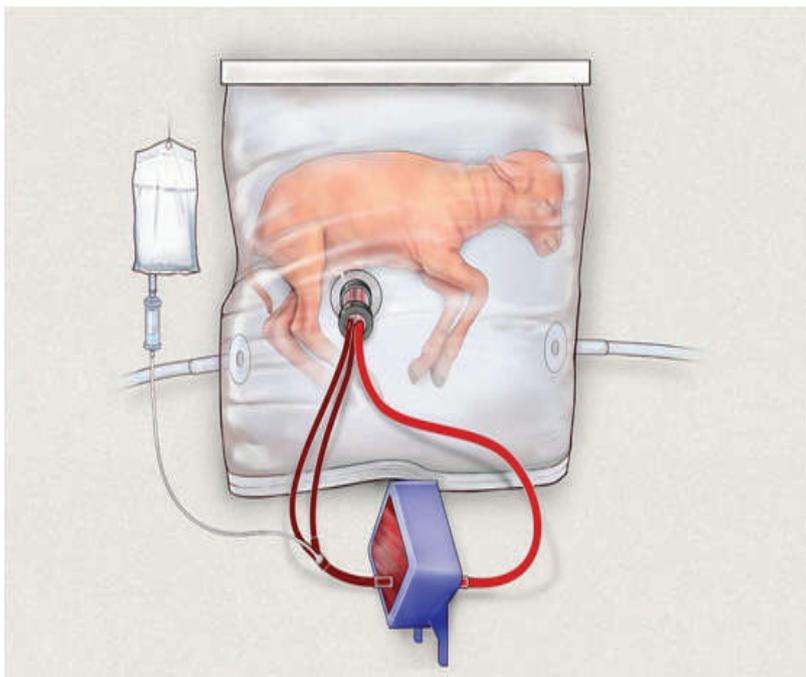
European Union bans single use plastics

- The European parliament has voted to ban single-use plastic cutlery, cotton buds, straws and stirrers as part of a sweeping law against plastic waste that despoils beaches and pollutes oceans.
- The vote by MEPs paves the way for a ban on single-use plastics to come into force by 2021 in all EU member states.
- EU member states will have to introduce measures to reduce the use of plastic food containers and plastic lids for hot drinks. By 2025, plastic bottles should be made of 25% recycled content, and by 2029 90% of them should be recycled.



Artificial womb to support premature lambs

- In a world-first, scientists from Tohoku University in Japan have demonstrated the ability of an ‘artificial womb’ to support extremely premature lambs.
- This development in future can save the human infants in the near future.



Note

