

21 FEBRUARY 2019

1. Anil Ambani, RCom guilty of contempt of court, rules SC

In News:

The Supreme Court found Reliance Communications Ltd. (RCom) and two other group firms guilty of contempt of court, observing that the defendants had adopted a “**cavalier attitude**” despite the court’s best efforts to “lend a helping hand” to pay off dues worth Rs. 550 crore to Swedish telecommunications equipment major Ericsson.

Explained:

SC in its 41-page judgment, dismissed the defendants’ “**unconditional apology**” for disobeying the court’s orders. Supreme Court observed that “conditional” undertakings given by the three chairpersons on August 9, 2018, to the Supreme Court to pay the Rs. 550 crore amounted to “misdemeanour”. They gave these undertakings despite the court, in an order dated August 3, having given them leeway of a 120-day-period to pay back Ericsson.

Contempt of Court

Contempt of court refers to any actions which defy a court’s authority, cast disrespect on a court, or impede the ability of the court to perform its function.

It is divided as:

1. Civil Contempt

Under Section 2(b) of the Contempt of Courts Act of 1971, civil contempt has been defined as wilful disobedience to any judgment, decree, direction, order, writ or other process of a court or wilful breach of an undertaking given to a court.

2. Criminal Contempt

Under Section 2(c) of the Contempt of Courts Act of 1971, criminal contempt has been defined as the publication (whether by words, spoken or written, or by signs, or by visible representation, or otherwise) of any matter or the doing of any other act whatsoever which:

- (i) Scandalises or tends to scandalise, or lowers or tends to lower the authority of, any court, or
- (ii) Prejudices, or interferes or tends to interfere with the due course of any judicial proceeding,
- (iii) Interferes or tends to interfere with, or obstructs or tends to obstruct, the administration of justice in any other manner.

Role of National Company Law Appellate Tribunal

The National Company Law Tribunal (NCLT) is a quasi-judicial body in India that adjudicates issues relating to companies in India.

Powers of the National Company Law Tribunal

The NCLT has been given wide powers under the Companies Act, 2013 to adjudicate:

Note



- Cases initiated before the Company Law Board under the previous act (Companies Act, 1956).
- All proceedings pending before any District court or High Court under the Old Act.
- Cases pending before the Board for Industrial and Financial Reconstruction (BIFR), including those pending under the Sick Industrial Companies (Special Provisions) Act, 1985.
- Appeals or any other proceedings pending before the Appellate Authority for Industrial and Financial Reconstruction (AAIFR).
- Fresh proceedings pertaining to claims of oppression and mismanagement of a company, winding up of companies and all other powers prescribed under the Companies Act.
- In addition, the recently enacted Insolvency and Bankruptcy Code, 2016 (Bankruptcy Code), also provides wide powers to the NCLT to adjudicate upon the ‘insolvency resolution process’ and liquidation of corporate debtors.



Benefits of NCLT and NCLAT

The formation of the NCLT and the NCLAT is a significant step towards attaining fast and efficient resolution of disputes relating to affairs of the Indian corporates.

It is expected that once all relevant provisions under the Companies Act and the Bankruptcy Code are made effective, these tribunals would provide holistic solutions to issues being faced by companies, including those of winding up, oppression/mismanagement and insolvency.

Being the sole forum dealing with company related disputes, these tribunals would also eliminate any scope for overlapping or conflicting rulings and minimise delays in resolution of disputes, thus, proving to be a boon for litigants.

Note

All appeals against any order of the NCLT may be filed by the aggrieved parties with the National Company Law Appellate Tribunal (NCLAT). However, any appeal against the orders of the CLB before the constitution of the NCLT would continue to lie before the relevant High Court and not the NCLAT.

Note

2. Aseel cock rearing can be economically viable

In News:

Eggs that fetch between Rs. 1,000 to Rs. 2,500 each and cocks that cost as much as Rs. 1.5 lakh may sound like a flight of fancy but these aren't ordinary hens and roosters that breeders are rearing.

Explained:



- A chicken breed once reared for its fighting abilities and now sought for its looks.
- While a well-bred 40-day-old chick fetches Rs. 20,000, the cost goes up as the chicks get older.
- The fascination for Aseels among bird enthusiasts has pushed up the price of roosters since 2015.
- Aseel lovers now hold beauty contests at periodic intervals.

- For centuries, the ferocious Aseels were reared for their fighting abilities during gladiator events and to inspire soldiers from retreating during a war.
- A well-bred majestic cock would be of average 26-inches height and 6.5-kg weight with a warrior gait.
- It can also give chicks any number of combinations of primary and secondary colours desired by by mating the right pairs.

Role of National Company Law Appellate Tribunal

The National Company Law Tribunal (NCLT) is a quasi-judicial body in India that adjudicates issues relating to companies in India.

Powers of the National Company Law Tribunal

The NCLT has been given wide powers under the Companies Act, 2013 to adjudicate:

- Cases initiated before the Company Law Board under the previous act (Companies Act, 1956).
- All proceedings pending before any District court or High Court under the Old Act.
- Cases pending before the Board for Industrial and Financial Reconstruction (BIFR), including those pending under the Sick Industrial Companies (Special Provisions) Act, 1985.
- Appeals or any other proceedings pending before the Appellate Authority for Industrial and Financial Reconstruction (AAIFR).
- Fresh proceedings pertaining to claims of oppression and mismanagement of a company, winding up of companies and all other powers prescribed under the Companies Act.
- In addition, the recently enacted Insolvency and Bankruptcy Code, 2016 (Bankruptcy Code), also provides wide powers to the NCLT to adjudicate upon the 'insolvency resolution process' and liquidation of corporate debtors.

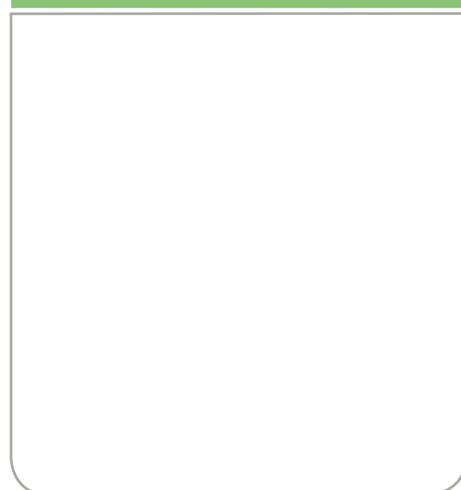
Benefits of NCLT and NCLAT

The formation of the NCLT and the NCLAT is a significant step towards attaining fast and efficient resolution of disputes relating to affairs of the Indian corporates.

It is expected that once all relevant provisions under the Companies Act and the Bankruptcy Code are made effective, these tribunals would provide holistic solutions to issues being faced by companies, including those of winding up, oppression/mismanagement and insolvency.

Being the sole forum dealing with company related disputes, these tribunals would also eliminate any scope for overlapping or conflicting rulings and minimise delays in resolution of disputes, thus, proving to be a boon for litigants.

Note



Note

All appeals against any order of the NCLT may be filed by the aggrieved parties with the National Company Law Appellate Tribunal (NCLAT). However, any appeal against the orders of the CLB before the constitution of the NCLT would continue to lie before the relevant High Court and not the NCLAT.

3. Where are the green crackers: SC

In News:

The Supreme Court has banned the polluting firecrackers four months ago which has affected the livelihood of four lakh workers and resulted in the closure of 974 firecracker units in Sivakasi, Tamil Nadu, alone.

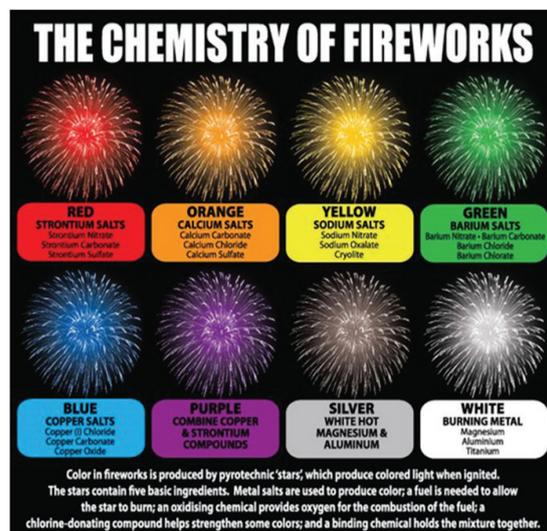
The apex court also recommended for green crackers but it found it to be a non starter yet.

Explained:

Normal Firecracker	Green Cracker
Fire crackers have carbon and Sulphur and they produce a range of gases, including a number of chemicals that act as colouring agent, reducing agent, oxidizer, stabilizer and binder.	A low-polluting firecracker within the permitted decibel and emission norms is a green cracker
The colors have antimony sulphide for the glitter effect, aluminum for white, barium nitrate for green, lithium for red, copper for blue and strontium for purple.	Green crackers are so named because they do not contain harmful chemicals that would cause air pollution. Components in firecrackers are replaced with others that are less dangerous and less harmful to the atmosphere. Broadly, it avoids the use of ash or filler materials and use charcoal as per specifications by Petroleum and Explosives Safety Organisation (PESO).
The impact of crackers on children is far greater than it is on adults because their ability to metabolize and detoxify environmental agents is different.	Green crackers are expected to bring a 30-35% reduction in particulate matter and a significant decline in hazardous nitrous oxide and sulphur dioxide as these would release water vapour and air which would suppress dust as well as dilute the gases emitted.

Measurement of Air Pollution in India:

- Air pollution is measured by many parameters, like CO and PM2.5,
- India has come up with an Air Quality Index (AQI) to give an aggregate sense of the quality of air.
- The formulation of the index was a continuation of the initiatives under Swachh Bharat Mission envisioned by the present Prime Minister of India



Note



- There are six AQI categories, namely Good, Satisfactory, Moderately polluted, Poor, Very Poor, and Severe.
- The proposed AQI will consider eight pollutants (PM10, PM2.5, NO2, SO2, CO, O3, NH3, and Pb) for which short-term (up to 24-hourly averaging period) National Ambient Air Quality Standards are prescribed.

4. Centre clears Rs. 48,239 cr. recapitalisation package for PSBs

In News:

The government has approved the disbursement of a recapitalisation package of 48,239 crore for 12 public sector banks which includes four non-PCA banks PNB, Union Bank, Andhra Bank, and Syndicate Bank.

Explained:

Recapitalization:

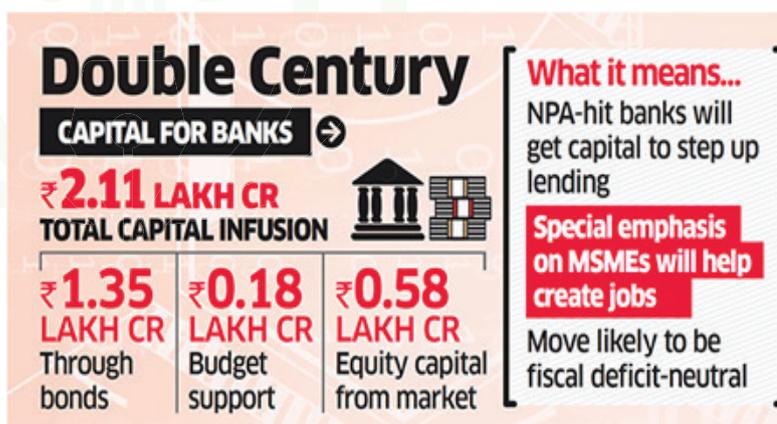
- Bank recapitalisation, as the name suggests, filling banks with new capital to improve their balance sheet.

Need for Recapitalization:

- Indian PSBs are saddled with high, non-performing assets (NPAs) and facing prospect of having to take haircuts on loans stuck in insolvency proceedings.
- NPAs of banks had more than doubled to Rs. 7.33 lakh crore in June 2018 from Rs. 2.75 lakh crore in March 2015.
- Due to this, PSBs were unable to give fresh loans.

Methods of Recapitalization:

- Budget Allocation
- Issuing of Bonds
- Rising capital from the market



5.NPA recovery to touch Rs. 1.8 lakh crore in FY19

In News:

So far, banks have recovered Rs. 1 lakh crore under the Insolvency and Bankruptcy Code (IBC).

Explained:

NPA as per RBI

- Non-Performing assets in respect to banks are defined as the loans on which interest or principle is not being paid for 90 days.

Note



However, in terms of Agriculture / Farm Loans; the NPA is defined as under:

- For short duration crop if the loan (instalment / interest) is not paid for 2 crop seasons it would be termed as a NPA.
- For Long Duration Crops, the above would be 1 Crop season from the due date.

Reasons behind NPA

Banks caused a bubble, failed to do due diligence and lent more than what was warranted to developers – lent higher amount than the cost of project assessed by NHAI

In the wake of 2008 economic crisis, government resorted to fiscal stimulus which led to easy supply of money. This caused increased lending without doing due diligence. It resulted in over leveraged firms. As economy slowed down after 2012 and demand slumped, companies were not able to utilise the extra capacity they had created earlier. They could not sell -> profit decreased -> led to NPA.

The problem which was largely hidden earlier as Banks used to do window dressing of their account statement has now come to the forefront after Rajan exhorted the banks to clean up their asset books by March 2017.

Impact of NPAs on Banks:

1. Banks have to keep aside cash to provide cover for these loans. This reduces their capacity to give more loans and thus hampers their growth.
2. Basel norms requires stringent Capital Adequacy Ratio which increases burden on banks.
3. For economy, it is disadvantageous as banks become more circumspect in giving loans which affect the credit offtake in economy. India is still an economy which is largely dependent on banks to raise capital as the bond market is not that well developed. This leads to declining Gross Capital Formation affecting economic growth.
4. Rising of NPAs will lead to a crisis of confidence in the market. The price of loans, i.e. the interest rates will shoot up. Shooting of interest rates will directly impact the investors who wish to take loans for setting up infrastructural, industrial projects etc.
5. It will also impact the retail consumers like us, who will have to shell out a higher interest rate for a loan.
6. This will hurt the overall demand in the Indian economy which will lead to lower growth rates and of course higher inflation because of the higher cost of capital.
7. The trend may continue in a vicious circle and deepen the crisis.

6. Meet the sea squirt that sucks plastic particles from the ocean

In News:

A rubbery sea creature with an irritating habit of clinging to ships and invading beaches could help measure plastic pollution as it can filter tiny particles from the ocean and store them in its soft tissue.

Note



Explained:

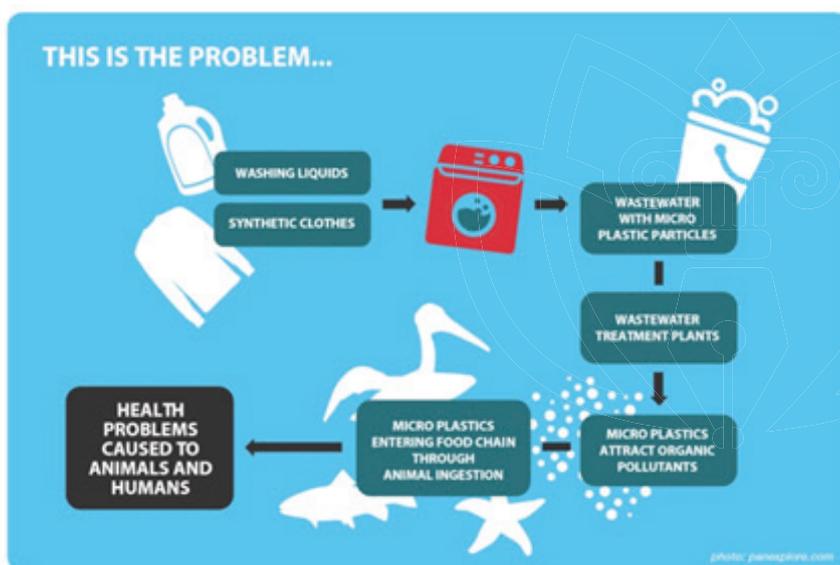
Ascidians - round, palm-sized animals also known as sea squirts — can thrive in dirty industrial areas and pristine waters alike, allowing them to detect and analyse waste and its impact in various regions.

One truck every minute

- A staggering amount of plastic flows into the ocean each year.
- The United Nations says it is as if a garbage truck full of plastic was dumped into the water every minute, a rate some estimates show could lead to oceans carrying more plastic than fish in 30 years.
- But the long-term impact of the waste, particularly tiny pieces called microplastic, is still not fully understood.



- Ascidians can really give us a picture of what the whole reef, the whole ecosystem felt during its life.
- As a bonus, sea squirts are related in evolutionary terms to human beings.



What are microplastics?

Microplastics are tiny particles which are present in many sources, including carry bags and pet bottles. These tiny particles easily pass through water filtration systems and end up in the water bodies, posing a potential threat to aquatic life.

How does plastic get into water?

These microscopic fibres originate in everyday activities such as abrasion of clothes,

upholstery, and carpets. About 60 per cent of all our clothes are made from polyester, a form of plastic derived from fossil fuel. Another kind of plastic, styrene butadine is released from vehicular tyres, which lands into sewers and water bodies.

Harmful Effects:

- Microplastics can migrate through the intestinal wall and travel to lymph nodes and other bodily organs.
- Microplastics have also been shown to absorb toxic chemicals linked to cancer and other illnesses, and then release them when consumed by fish and mammals

Note

