

Current Affairs:07.07.2021

RBI's Financial Stability Report

Recently, RBI released its latest Financial Stability Report (or FSR). Published twice each year, the FSR is one of the most crucial documents on the Indian economy as it presents an assessment of the health of the financial system.

What is the utility of Financial Stability Report?

- The data in FSR helps assess the state of the domestic economy, especially in a fast-changing global economy.
- The FSR also allows the RBI to assess the **macro-financial risks** in the economy.
 - **Ripple Effect of Crisis:** RBI tries to understand how a shock in one part of the financial system — say the banks — is affecting another part of the system — say the companies that finance housing loans.
 - **Health of Banking System:** As part of the FSR, the RBI also conducts “stress tests” to figure out what might happen to the health of the banking system if the broader economy worsens.
 - **External Risks:** Similarly, it also tries to assess how factors outside India — say the crude oil prices or the interest rates prevailing in other countries — might affect the domestic economy.

Key Concerns highlighted in the recently released FSR Report

1. Non-Performing Assets (NPA) of Banks

- The actual level of bad loans as of March 2021 is just 7.5% but RBI had cautioned that GNPA ratio of Scheduled Commercial Banks may increase between 9.80% to 11.22% by March 2022
- In other words, while relief provided by the RBI in the past year — cheap credit, moratoriums and facilities to restructure existing loans — has contained NPA problem and things could get worse once relief measures starts to be withdrawn.

Credit Growth Rate

- At less than 6%, the overall rate of credit growth (blue line) is quite dismal.
- What is particularly worrisome is the negligible growth rate in wholesale credit (grey line). Wholesale credit refers to loans worth Rs 5 crore or more.
- Looking at the blue line, it is obvious how the sharp fall in credit growth happened much before the Covid pandemic hit India.
 - This points to a considerable weakness in demand even before the pandemic and, in turn, suggests that recovery in credit growth may take longer than usual.

3.

Sectors with the bleakest prospects in the first half of this year are given in the below table

Conclusion-Not everyone or every sector will recover at the same pace. most experts expect a K-shaped recovery from the second Covid wave.

Bengal passes resolution to set up Council:

The West Bengal Assembly has passed a resolution to set up a **Legislative Council** with a two-thirds majority.

What are the Legislative Councils, and why are they important?

India has a **bicameral system** i.e., two Houses of Parliament. At the state level, the equivalent of the Lok Sabha is the Vidhan Sabha or Legislative Assembly; that of the Rajya Sabha is the Vidhan Parishad or Legislative Council.

How is a legislative council created?

Under **Article 169 of the constitution**, Parliament may by law create or abolish the second chamber in a state if the Legislative Assembly of that state passes a resolution to that effect by a special majority.

Strength of the house:

As per **article 171 clause (1) of the Indian Constitution**, the total number of members in the legislative council of a state **shall not exceed one third of the total number of the members in the legislative Assembly** of that state and the **total number of members in the legislative council of a state shall in no case be less than 40.**

How are members of the Council elected?

1. 1/3rd of members are elected by members of the Assembly.
2. 1/3rd by electorates consisting of members of municipalities, district boards and other local authorities in the state.
3. 1/12th by an electorate consisting of teachers.
4. 1/12th by registered graduates.
5. The remaining members are nominated by the Governor from among those who have distinguished themselves in literature, science, art, the cooperative movement, and social service.

Recusal of judges:

The Calcutta high court has imposed a penalty of ₹5 lakh on West Bengal chief minister Mamata Banerjee for seeking **recusal of Justice Kaushik Chanda** from her Nandigram election petition over the judge's alleged links with the Bharatiya Janata Party (BJP).

The court said the amount paid in penalties by the West Bengal CM will be used for the families of lawyers affected by Covid-19. The judge, however, decided to step away from the case on his own personal discretion and released the case from his bench.

What is Judicial Disqualification or Recusal?

Judicial disqualification, referred to as recusal, is the act of abstaining from participation in an official action such as a legal proceeding due to a **conflict of interest** of the presiding court official or administrative officer.

Grounds for Recusal:

1. The judge is biased in favour of one party, or against another, or that a reasonable objective observer would think he might be.
2. Interest in the subject matter, or relationship with someone who is interested in it.
3. Background or experience, such as the judge's prior work as a lawyer.
4. Personal knowledge about the parties or the facts of the case.
5. Ex parte communications with lawyers or non-lawyers.
6. Rulings, comments or conduct.

Are there any laws in this regard?

There are no definite rules on recusals by Judges. However, In taking oath of office, judges, both of the Supreme Court and of the high courts, promise to perform their duties, to deliver justice, "without fear or favour, affection or ill-will".

What has the Supreme Court said on this?

1. In **Ranjit Thakur v Union of India (1987)**, the SC held that the test of the likelihood of bias is the reasonableness of the apprehension in the mind of the party. The judge needs to look at the mind of the party before him, and decide that he is biased or not.

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2. Justice J. Chelameswar in his opinion in **Supreme Court Advocates-on-Record Association v. Union of India (2015)** held that “Where a judge has a pecuniary interest, no further inquiry as to whether there was a ‘real danger’ or ‘reasonable suspicion’ of bias is required to be undertaken”.

Fresh plea filed in HC on same-sex marriage:

The Delhi High Court has issued notice to the Union government on a fresh petition seeking legal recognition to all same-sex, queer or non-heterosexual marriages under **the Foreign Marriage Act and the Special Marriage Act**.

What’s the issue? A plea has been filed by a married same-sex couple, where one of them is an **Overseas Citizen of India (OCI)** card holder and his partner a U.S. citizen. The spouse is applying for OCI status but fears that his application for OCI status as well as the request for apostilization of the marriage certification – a requirement in the application process – will not be accepted.

What are the demands now?

1. **The Citizenship Act, 1955**, does not distinguish between heterosexual, same-sex or queer spouses. Therefore a person married to an Overseas Citizen of India, whose marriage is registered and subsisting for two years, should be declared eligible to apply as a spouse for an OCI card.
2. The petition has also prayed for a direction in the nature of prohibition to the Consulate General of India, New York, restraining it from declaring a spouse of an OCI applying for an OCI card to be ineligible for the same merely, on the ground that they are in a same-sex marriage or queer (non-heterosexual) marriage.
3. On the subject of **the Foreign Marriage Act**, the plea asks for a direction in the that to the extent the Foreign Marriage Act, 1969 excludes same-sex marriages or queer marriages, it be declared to be in violation of **Articles 14, and 21** of the Constitution of India.
4. A similar prayer is made in respect of **the Special Marriage Act, 1954**, stating that “to the extent that the Act excludes same-sex marriages or queer marriages, it violates Articles 14, 15, 19 and 21 of the Constitution of India”.

Current scenario in India:

1. The acceptance of the institution of marriage between two individuals of the same gender is **neither recognized nor accepted in any uncodified personal laws or any codified statutory laws**".
2. The centre had also said that contrary to the popular view that homosexuality was legalized by the Supreme Court in the case of **Navtej Singh Johar v. Union of India**, the court had **"only made a limited declaration to decriminalize a particular human behavior, which was a penal offence under S.377 IPC."**
3. Observations in **'Puttaswamy Judgment'(Privacy Case)** and **'Navtej Johar' case(which struck down Sec 377 IPC)** do not confer a fundamental right to seek recognition of same-sex marriages.

What is the Special Marriage Act of 1954?

The SMA is a law which **allows solemnization of marriages without going through any religious customs or rituals.**

- People from different castes or religions or states get married under SMA in which marriage is solemnized by way of registration.
- The prime purpose of the Act was to address Inter-religious marriages and to establish marriage as a secular institution bereft of all religious formalities, which required registration alone.

The SMA prescribes an elaborate procedure to get the marriage registered. It includes:

1. One of the parties to the marriage has to give a notice of the intended marriage to the marriage officer of the district where at least one of the parties to the marriage has resided for at least 30 days immediately prior to the date on which such notice is given.
2. Such notice is then entered in the marriage notice book and the marriage officer publishes a notice of marriage at some conspicuous place in his office.
3. The notice of marriage published by the marriage officer includes details of the parties like names, date of birth, age, occupation, parents' names and details, address, pin code, identity information, phone number etc.
4. Anybody can then raise objections to the marriage on various grounds provided under the Act. If no objection is raised within the 30 day period, then marriage can be solemnized. If objections are raised, then

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the marriage officer has to inquire into the objections after which he will decide whether or not to solemnize the marriage.

The white flag campaign in Malaysia



In Malaysia, some residents of low-income families have started waving white flags as part of the so-called “White Flag Campaign”, or the #benderaputi (white flag) movement. They are doing this to convey distress about the financial crunch they have had to deal with amid the lockdowns due to Covid-19. As part of the movement that was initiated last week, families that are facing hunger or need any other

kind of assistance are encouraged to wave a white flag or put a piece of white cloth outside their homes to signal that they need help. The idea is that by spotting the white flag, neighbours and good samaritans can reach them.

Grand Ethiopian Renaissance Dam:



LOCATION: Benishangul-Gumuz region, Ethiopia. Formerly known as **the Millennium Dam**, it is under construction in the Benishangul-Gumuz region of Ethiopia, on the Blue Nile River, which is located about 40km east of Sudan. After completion, **it'll be Africa's largest hydroelectric project.**

What is Revenge Tourism?

‘Revenge Tourism’ is hitting Indians. The term ‘revenge travel’ is a riff on the 1980s Chinese concept of ‘revenge spending’, when the country saw an explosion in consumer spending after it emerged from restrictions. Now, it is used to describe the angsty, bottled-up demand for travel after several months of lockdown. Revenge travel or revenge tourism, stems from a feeling of wanting to break free from the monotonous life of lockdowns. It is **a product of another phenomenon called ‘lockdown-fatigue’.**