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Air India Disinvestment Story, entering the concluding stage (GS 3, Economics, The Indian Express, The Hindu)

Context: Air India (AI) the National carrier, owned by Air India Ltd, a government-owned company was facing huge losses for a long. These losses were being absorbed by the government and for that funds were given to AI out of the government budget. This was ultimately seen as a burden on the exchequer. To move out of this problem government decided to sell 100% share of AI to the private sector, which is generally referred as Disinvestment or Privatization.

Story with important time line

- Air India was started by JRD Tata before Independence in 1932 as Tata Airlines, a division of Tata Sons Ltd. (now Tata Group).
- The airline launched its first domestic flight from Bombay to Trivandrum with a six-seater Miles Merlin. During the Second World War, the airline helped the Royal Air Force with troop movements, shipping of supplies, rescue of refugees and maintenance of aircraft.
- Air India also operates flights to domestic and Asian destinations through its subsidiaries Alliance Air and Air India Express.
- Air India's mascot is the Maharajah (Emperor) and the logo consists of a flying swan with the wheel of Konark inside it.
- Nationalisation – The Government of India in 1953 passed the Air Corporations Act and purchased a majority stake in the carrier from Tata Sons though its founder J. R. D. Tata would continue as Chairman till 1977. The company was renamed as Air India International Limited and the domestic services were transferred to Indian Airlines as a part of a restructuring.
- In 2000, Air India introduced services to Shanghai, China. The Ministry of Civil Aviation charged Michael Mascarenhas, the then-managing director, with corruption. According to the ministry reports, the airline lost approximately ₹570 million (US\$8.0 million) because of extra commissions that Mascarenhas sanctioned and he was later suspended from the airline.
- Until 2007, Air India mainly operated on international long-haul routes while Indian Airlines operated on domestic and international short-haul routes.
- In 2007, Air India and Indian Airlines were merged under Air India Ltd. Air India has been in losses ever since its merger with domestic operator Indian Airlines in 2007.
- The combined losses for Air India and Indian Airlines in 2006–07 were ₹7.7 billion (US\$110 million) and after the merger, it went up to ₹72 billion (US\$1.0 billion) by March 2009.
- In July 2009, the State Bank of India was appointed to prepare a road map for the recovery of the airline.
- By March 2011, Air India had accumulated a debt of ₹426 billion (US\$6.0 billion) and an operating loss of ₹220 billion (US\$3.1 billion), and was seeking ₹429 billion (US\$6.0 billion) from the government.

- The government pumped ₹32 billion (US\$450 million) into Air India in March 2012
- In 2012, a study commissioned by the Corporate Affairs Ministry recommended that Air India should be partly privatized.
- In May 2012, the airline was fined \$80,000 by the US Transportation Department for failing to post customer service and tarmac delay contingency plans on its website and adequately inform passengers about its optional fees.
- In 2013, the then-Civil Aviation Minister Ajit Singh stated privatisation was the key to the airline's survival. However, the opposition led by the BJP and the CPI(M) slammed the government.
- Air India Limited split its engineering and cargo businesses into two separate subsidiaries, Air India Engineering Services Limited (AIESL) and Air India Transport Services Limited (AITSL) in 2013.
- For FY 2014–15, its revenue, operating loss, and net loss were ₹198 billion (US\$2.8 billion), ₹2.171 billion (US\$30 million), and ₹5.41 billion (US\$76 million).
- On 28 June 2017, the Government approved the privatization of Air India.
- Having failed on previous occasions to sell the airline, the Government decided in late 2019 to sell 100% shares of both Air India and its budget carrier Air India Express as well as 50% shares of AISATS. But, soon after the government opened invited bids, the Covid19 crisis had hit and the process had got delayed.

NEWS:

- Air India's disinvestment process has moved into the final stages, with Tata Sons and SpiceJet promoter having submitted their final bids to acquire 100% stake in the national airline.
- As per the EoI floated by DIPAM in January 2020, Air India's total debt was Rs 60,074 crore as of March 31, 2019. The debt that is not

absorbed by the investor would be transferred to Air India Assets Holding Ltd, a special purpose vehicle.

What is ahead:-

- Industry sources believe that if the Tata Group manages to bring Air India under its umbrella again, it could consolidate its airline operations.
- The airline's divestment is expected to give the successful bidder control of 4,400 domestic and 1,800 international landing and parking slots at domestic airports, and 900 slots at airports overseas.
- The funds of the central government which were being given to AI to manage the losses and deferred the debt, could be now better utilized in achieving other social objectives.
- It is to see whether AI after coming in private hands will earn the profit and provide economical services of a good standard at the same time, hopefully, it will.

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Swarn Singh

**Three is company : AUKUS (GS
Paper-3, International Relation)**

Introduction– AUKUS is a trilateral [security pact](#) between [Australia](#), the [United Kingdom](#), and the [United States](#), that aims to ensure that there will be enduring freedom and openness in the Indo-Pacific region, particularly to “address both the current strategic environment in the region and how it may evolve”, according to President Joe Biden.

what does the agreement cover?

The US will supply [highly enriched uranium](#) to Australia to power the submarines; Australia has agreed not to produce highly enriched uranium itself. This means that Australia would become only the seventh country to have nuclear submarines, after the five permanent members of the [UN Security Council](#): the US, China, [Russia](#), the United Kingdom and [France](#), and [India](#). Nuclear submarines have greater speed and missile range, can stay underwater for longer, and are harder to detect and can carry heavier loads.

The agreement has been characterized as a successor to the existing [ANZUS](#) pact between Australia, [New Zealand](#) and the United States; with New Zealand “sidelined” due to its [ban on nuclear energy](#). The agreement covers key areas such as artificial intelligence, [cyber warfare](#), underwater systems, and long range strike capabilities.

Two dimensions are significant: first, that it complements several pre-existing similar arrangements for the region, including the Five Eyes intelligence cooperation initiative, ASEAN and the Quad, the last including India; and second, that it proposes to transfer technology to build a fleet of nuclear-powered submarines for Australia within 18 months. Australia has ratified the nuclear NPT and has vowed to abide by its tenets, notwithstanding the highly sensitive technology transfer implied in the latest proposal. Mr. Biden went to lengths to assure the world that AUKUS was “not talking about nuclear-armed submarines. These are conventionally armed submarines that are powered by nuclear reactors. This technology is proven.” Australia will become only the second nation, after the U.K., that the U.S. has ever shared its nuclear submarine technology with.

Issues with New-Zealand and France –

The announcement of the partnership led to a minor kerfuffle with New Zealand, whose Prime Minister Jacinda Ardern said that under her country's 1984 nuclear-free zone policy, Australia's nuclear-powered submarines would not be allowed into the former's territorial waters. It also appeared to upset the political leadership in France, with whom Australia had struck a deal — now cancelled — for \$90 billion worth of conventional submarines.

The broader strategic question that the creation of AUKUS begs relates to the unstated challenge that the group poses to the regional hegemonic ambitions of China, particularly regarding how far the U.S., the U.K. and Australia, along with other regional powers, will go, to preserve a free and open Indo-Pacific, including the South China Sea.

Is It to deal with China's expansion in the Indo-Pacific?

Will the operationalisation of this security partnership lead to closer coordination among the nations concerned in terms of joint military presence, war games and more in the region, signalling a new, "latticed" posture to Beijing?

After all, undersea capabilities including the ability to patrol may be vital to deterring Chinese military coercion in the region. Although no explicit mention was made of China in any of the AUKUS announcements, it is clear, as one official later said to media, that the transfer of nuclear propulsion technology to an ally in this context was intended to "send a message of reassurance to countries in Asia".

To conclude-

Whether or not the purpose of AUKUS is to contain China's aggressive territorial ambitions, the imperatives of the Indo-Pacific would be better served by broadening strategic cooperation initiatives of this sort to include other powers that are deeply invested in the region, including India, Japan, and South Korea etc. and make it successful.

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Kalamandalam Gopi : A legend of Kathkali dance (paper 1- art and culture)

Kalamandalam Gopi, a legend of Kathkali dance appeared on the stage of the Sreebhadra auditorium in Thrissur after 18 months. The legendary Kathakali artiste, went on to give a performance similar to a cholliyattam (enactment of excerpts without make-up and costume), and followed it up by staging select scenes from the play Kirmeeravadham, composed by Kottayathu Thampuran.

Aptly titled 'Bhavaprabhavam' (splendour of expressions) Gopi presented emotionally charged scenes from various Kathakali plays beginning with 'Ajithahare', the famous padam of Kuchela addressing Krishna from Kuchelavrutham (Story of Kuchela). Although the Sastras do not list bhakti (devotion) as a rasa, it does enjoy a certain space in Kathakali plays. Gopi's expressive face conveyed in full measure the import of the lines describing Krishna as one worshipped by Brahma and other Devas and as the charioteer of Arjuna.

Gopi's minimal movements and immaculate expressions made the last two pieces from Nalacharitam Day III unforgettable. These were 'Vijane bata

mahati' depicting Bahuka's agony over separation from his consort, Damayanti, who he had abandoned in the forest, and 'Marimaankanni', dealing with his nerve-racking reaction to the news of his wife getting married again. However, in the absence of aharya (facial make-up, costume, ornaments and headgear), Gopi felt a conspicuous void in his performance.

What is kathkali

Kathakali, classical dance of India mainly from Kerala . It is a stylised art form, the four aspects of abhinaya – angika, aharya, vachika, satvika and the nritta, nritya and natya aspects are combined perfectly. The dancer expresses himself through codified hasta mudras and facial expressions, closely following the verses (padams) that are sung. Kathakali derives its textual sanction from Balarama Bharatam and Hastalakshana Deepika.

Kathakali is a visual art where aharya, costume and make-up are suited to the characters, as per the tenets laid down in the Natya Shastra. The characters are grouped under certain clearly defined types like the pacha, kathi, thadi, kari or minukku.

Kathakali dance is chiefly interpretative. The characters in a Kathakali performance are broadly divided into satvika, rajasika and tamasika types. Satvika characters are noble, heroic, generous and refined. In pacha, green colour dominates and kirita (headgear) is worn by all. Krishna and Rama wear special crowns decorated with peacock feathers. The noble characters like Indra, Arjun and the Devas are some of the pacha characters.

The kathi type depicts anti-heroes. Though they are of the rajasika category, they are sometimes great warriors and scholars such as Ravana, Kamsa and Sisupala to name a few.

The characters of the thadi (beard) category are the chuvanna thadi, (red beard), vellathadi (white beard) and the karutha thadi (black beard). Vellathadi or the white bearded character is generally that of Hanuman, the dancer also wears the costume of a monkey. Kari are characters whose make-up has a black base, they wear black costumes depicting a hunter or forest dweller. The make-up of Kathakali can be classified into the teppu, chuttikuthu and uduthukettu. The teppud done by the actor himself. Each character has a distinct teppu. The second stage is done by experts who specialise in make-up. The wearing of huge billowing skirts is called uduthukettu.

A simple stage is used. A large oil-fed lamp is placed in front of the stage and two people hold a curtain called Tirasseela on the stage, the main dancers stand behind it before the performance.

A Kathakali performance begins with the kelikottu, calling the audience to attention followed by the todayam. It is a devotional number performed where one or two characters invoke the blessings of the gods. Kelikottu is the formal announcement of the performance done in the evening when drums and cymbals are played for a while in the courtyard. A pure nritta piece known as the purappadu comes as a sequel to this. Then the musicians and drummers hold the stage entertaining the audience with an exhibition of their skills in melappada. Tiranokku is the debut on the stage of all characters other than the pacha or minukku. Thereafter, the play or the particular scene of the chosen play begins.

Kathakali music follows the traditional sopana sangeet of Kerala. It is said to be the ritual singing of the Ashtapadis on the flight of steps leading to the sanctum sanctorum. Now, Kathakali music also uses Carnatic ragas-the raga and tala conforming to the bhava, rasa and dance patterns (nritta and natya). The orchestra, which is also used in other traditional performing arts of Kerala, normally comprises the Chenda, Maddalam, Chengila, Ilathalam, Idakka and Shankhu.

Ilakkanam is that part of the performance when the characters get an opportunity to demonstrate their excellence in abhinaya. For the most part of the performance the dancers engage themselves in chodiattam which

means acting in strict conformity to the words in the padams sung by the accompanying musicians.

Thanks to the service done by the poet Vallathol, this classical dance form received a new impetus and today many innovations are also being made to suit the needs of a changing society.

**Source- The Hindu (paper 1- art and culture) and website of CCRT
(<http://crtindia.gov.in/kathakali.php>)**

By

Dr Anshul Bajpai

Swarn Singh

NPA mess and the creation of Bad Bank.....(GS 3, Economics, The hindu, The Indian Express)

Context: Commercial banks especially the Public Sector Banks (PSBs) are facing the huge problem of NPA. Due to this Balance sheets of these banks are not looking promising and they are finding difficulties in furthering their banking business. The government for long trying to solve this problem and recapitalized these banks a few times earlier, still the problem of NPA has not gone off. This time the Government is creating a Bad Bank in the name National Asset Reconstruction Company Limited (NARCL). Let's understand whether this is the real and ultimate solution.....

News: "The Cabinet on Wednesday cleared a ₹30,600-crore guarantee program for securities to be issued by the newly incorporated 'bad bank' for taking over and resolving non-performing assets (NPAs) amounting to ₹2 lakh crore. A 15% cash payment would be made to the banks based on some valuation and the rest will be given as security receipts."

Let's understand this, first, the NPA itself – The Non Performing Assets is abbreviated as NPA. When the banks give money to borrowers as loans, the banks write these loans as assets in their balance sheets (The balance sheet shows the assets and liabilities of any company or bank). These loans will be said as performing if the borrower is repaying the loan amount back to the bank including interests as per the agreement. Now say if the borrower is unable to repay the loan amount or the interest, which will be generally in the

form of EMI, then the loan (which is an asset of the bank) will be said as non-performing. And now Banks will not write these loans as assets in their balance sheet but as Non-Performing Assets (NPAs). As per RBI rules, loans should be written as NPAs if the borrower is unable to pay the principal amount or interest for 90 days after borrowing or kept 90 days gap in between. It means from the 91st day onward banks have to write loans as NPAs. Now if there is 90 days gap in repayment, there will be fear whether those loans will be returned back. The fear will increase with the increasing gap and accordingly these loans will be renamed as Substandard Assets (90 days + 1 year), Doubtful Assets (90days + 1 year + 1 year), Loss assets (Non collectible) etc. All these could be said as NPAs as all are having at least 90 days gap in repayment.

Now if the banks are having huge NPAs in their balance sheet, it will be difficult for them to do banking business. Investors will not invest further in banks, Creditors will not lend further to banks and the most important depositors will also defer their deposit in such banks as all these stakeholders are in a fear that banks will lend their invested, lent or deposited money irresponsibly to anyone. And ultimately it will be a loss of the said stakeholders. It means once the bank is unable to get the money from the market to lend, its business is gone. Because the bank's ultimate business is nothing but to get money from someone and lend it to someone.

As of 31st March 2020, The Gross NPA of Public Sector Banks (PSBs) is 6.7 Lakh Cr. and the Net NPA is 2.3 Lakh Cr. as per RBI

The Government has set up a Bad Bank (also said as Asset Reconstruction Company) in the name of National Asset Reconstruction Company Limited

(NARCL) and decided to give it ₹30,600-crore, which is coming as nearly 15% of Net NPA of PSBs. The NARCL will use this money to buy NPA from PSBs. Supposedly any Public Sector Bank has ₹100 as its Net NPA. The NARCL will give ₹15 (cash) to the Bank and for the rest ₹85 value, Security Receipts will be given. Now, look into the Bank's balance sheet after this transaction. Bank will write cash worth ₹15 and Security Receipts worth ₹85 in its balance sheet which was earlier written as NPA worth ₹100. Now it will be the responsibility of NARCL to collect that ₹85 from the defaulted borrower of the bank and give it to bank against the Security Receipt it had issued earlier. At the same time this Security Receipt will be guaranteed by the government. It means if the NARCL will be unable to get the money (₹85 in this example) from the defaulted borrower (either by getting money directly or by Resolving means selling the business as a whole of the defaulted borrower or by Liquidation means selling the collateral/mortgaged assets separately of the defaulted borrower, many times it is a company), the government will give the money (₹85 in this example) from its pocket/budget.

This is how the government cleared a ₹30,600-crore guarantee programme for securities to be issued by the newly incorporated 'bad bank' for taking over and resolving non-performing assets (NPAs) amounting to ₹2 lakh crore.

Under the proposed mechanism, the NARCL will acquire assets by making an offer to the lead bank. Private sector asset reconstruction (ARCs) firms may also be allowed to outbid the NARCL. Separately, public and private lenders will combine forces to set up an India Debt Resolution Company (IDRC) that will manage these assets and try to raise their value for final resolution.

Public sector banks will have a 51% ownership in the NARCL, while their shareholding along with that of public sector financial institutions will be capped at 49% for the IDRC, with private lenders bringing in the rest of the equity capital.

Challenges Ahead: Now it all depends on NARCL whether it could resolve these NPAs in a time-bound manner, otherwise critics will say that the problem of the government is not ultimately solved rather moved from one hand to another that is from PSBs to NARCL. But the PSBs will be able to get the trust of the market once again for sure.

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World Ozone Day (GS-3 Conservation, Environmental Pollution)

Context: The International Day for Preservation of Ozone Layer (or World Ozone Day) is observed every year on September 16 for the preservation of the Ozone Layer.

Theme: Montreal Protocol – Keeping us, our food, and vaccines cool.

History:-

In 1994, the UN General Assembly proclaimed **16 September** the International Day for the Preservation of the Ozone Layer, commemorating the date of the signing, in 1987, of the Montreal Protocol on Substances that Deplete the Ozone Layer.

About Ozone

The United Nations defines ozone layer as “a fragile shield of gas that protects the Earth from the harmful portion of the rays of the sun, thus helping preserve life on the planet.

It is a form of oxygen with the chemical formula O_3 . The oxygen required to sustain life on earth is in O_2 form. Most of the ozone resides high up in the atmosphere, between 10 and 40km above Earth's surface. This region is called the stratosphere which is the second layer after the troposphere, and it contains about 90% of all the ozone in the atmosphere.

Classification of Ozone

Ozone can be classified into Good Ozone And Bad Ozone

Good Ozone– Ozone occurs naturally in the Earth's upper atmosphere (Stratosphere) where it forms a protective layer that shields us from the sun's harmful ultraviolet rays. This “good” ozone is gradually being destroyed by

anthropogenic activities referred to as Ozone-Depleting Substances (ODS), which includes chlorofluorocarbons (CFCs), hydrochlorofluorocarbons (HCFCs), halons, methyl bromide, carbon tetrachloride, and methyl chloroform.

Bad Ozone— In the Earth's lower layers of atmosphere near ground level, ozone is formed when pollutants emitted by cars, power plants, industrial boilers, refineries, chemical plants, and other sources react chemically in the presence of sunlight and transform as a harmful air pollutant.

Montreal Protocol

It was designed to reduce the production and consumption of ozone depleting substances(ODS) in order to reduce their abundance in the atmosphere, and thereby protect the earth's fragile ozone Layer.

- The original Montreal Protocol was agreed on 16 September 1987 and entered into force on 1 January 1989.
- The Protocol includes one of a kind adjustment provision that enables the Parties to the Protocol to respond quickly to new scientific information and agree to accelerate the reductions required on chemicals already covered by the Protocol. These adjustments are then automatically applicable to all countries that ratified the Protocol.
- In 2016 as a continuation of the global effort the Parties to the Montreal Protocol reached agreement at their 28th Meeting of the Parties in Kigali, Rwanda to phase-down hydrofluorocarbons (HFCs).
- The Indian Government has sanctioned the ratification of the Kigali Amendment to the Montreal Protocol.
- Moreover, the Ministry of Environment, Forest, and Climate Change devised the India Cooling Action Plan (ICAP) in 2019, aimed at

providing an integrated vision towards reducing refrigerant transition, enhancing energy efficiency, and curbing cooling demands. The ICAP aligns with the theme of the day in 2021.

Conclusion

World Ozone Day plays a major role in highlighting the steps to protect the ozone layer. Moreover, it spreads awareness about the importance of the ozone layer and steps that should be taken to preserve it.

By:- Anshum Verma

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Plutus IAS