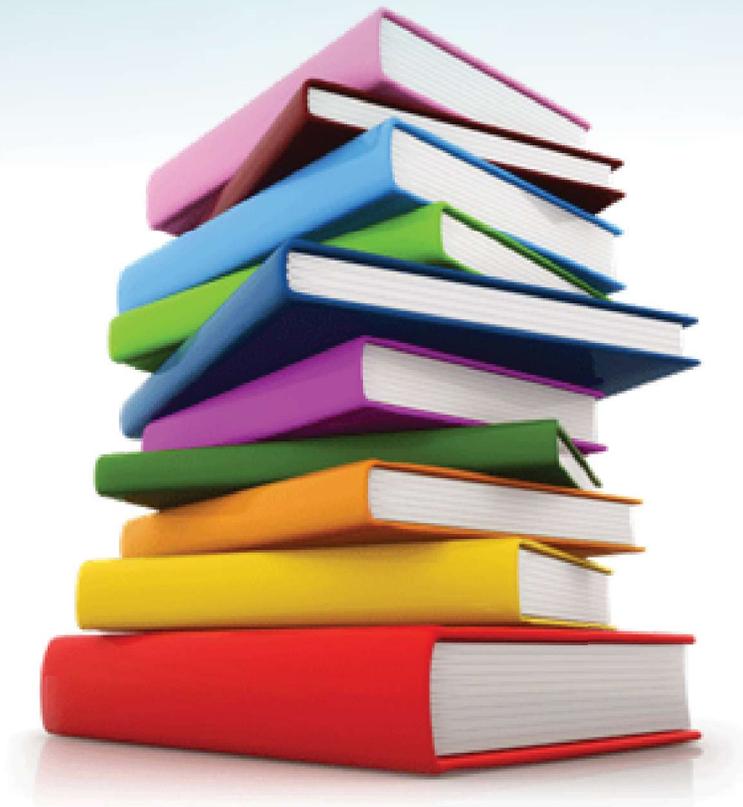




# **PLUTUS IAS**

## **Weekly CURRENT AFFAIRS**



**PLUTUS IAS WEEKLY CURRENT AFFAIRS 1-06-2022 to 5-06-2022**

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# CURRENT AFFAIRS

## MAY 2022

### Sedition

Sedition – Today Current Affairs

The Supreme Court has suspended the operation of the sedition provision, Section 124A of the Indian Penal Code while allowing the government to reconsider the British-era law.

Today Current Affairs

What is the sedition law?

Thomas Macaulay, who drafted the Indian Penal Code, had included the law on sedition, but it was not added in the code enacted in 1860.

In 1890, sedition was included as an offence under section 124A IPC through the Special Act XVII. The Hindu Analysis

Under it, whoever brings or attempts to bring hatred or contempt, or excites or attempts to excite disaffection towards the Government established by law in India shall be punished.

The provision was extensively used to curb political dissent during the Independence movement. The Hindu Analysis

Several pre-independence cases involving Section 124A of the IPC includes Bal Gangadhar Tilak, Annie Besant, Shaukat and Mohammad Ali, Maulana Azad and Mahatma Gandhi.

What are the legal challenges to IPC Section 124A? The Hindu Analysis

The Supreme Court in *Romesh Thapar v State of Madras* held that criticism of the government is not a justifying ground for restricting the freedom of expression and of the press, unless it undermines the security of or tends to overthrow the state.

The Punjab and Haryana High Court in *Tara Singh Gopi Chand v. The State* (1951), and the

Allahabad High Court in Ram Nandan v. State of Uttar Pradesh (1959) declared the provision unconstitutional.

However, the Supreme Court in Kedarnath Singh v State of Bihar(1962) upheld the constitutional validity of IPC Section 124A.

### **IT ALSO ATTEMPTED TO RESTRICT ITS SCOPE FOR MISUSE. THE HINDU ANALYSIS**

So, unless accompanied by an incitement or call for violence, criticism of the government cannot be labelled 'sedition'.

Seven principles in the Kedar Nath Singh ruling specify situations in which the charge of sedition cannot be applied.

The ruling in Balwant Singh v. State of Punjab (1995), reiterated that the real intent of the speech must be taken into account before labelling it seditious.

In Dr. Vinayak Binayak Sen v. State of Chhattisgarh (2011), the court held that a person can be convicted for sedition if she is not the author of the seditious speech but has merely circulated it. The Hindu Analysis

In 2016, in Arun Jaitley v State of Uttar Pradesh, the Allahabad High Court held that criticism of the judiciary or a court ruling would not amount to sedition.

In Vinod Dua v Union of India, the SC quashed FIRs with charges of sedition against the journalist for criticising Prime Minister's handling of the Covid-19 crisis and cautioned against unlawful application of the provision.

The reports of the Law Commission of India and even the Supreme Court have underlined the rampant misuse of the sedition law.

Countries such as the United Kingdom, Australia and Singapore have repealed their sedition law.

### **WHAT DO THE DATA ON SEDITION CASES REVEAL? THE HINDU ANALYSIS**

The National Crime Records Bureau (NCRB) has started compiling data on sedition since 2014 and 399 sedition cases have been filed across the country, including a high of 93 in 2019, and 73 in 2020. The Hindu Analysis

The conviction rate in cases filed under the sedition law has fluctuated between 3% and 33% over the years, and the pendency of such cases in court reached a high of 95% in 2020.

The chargesheeting rate of police too has been low.

As many as 23 cases were found to be false or a mistake of law and 58 were closed for lack of evidence. The Hindu Analysis

Pendency of cases with police rose from 72% in 2016 to 82% in 2020.

In 2019, when the highest number of sedition cases were registered in the country, Karnataka had the most at 22, followed by Assam, J&K, Uttar Pradesh and Nagaland.

### **WHAT DOES THE CURRENT MOVE OF THE SUPREME COURT SIGNIFY? THE HINDU ANALYSIS**

The Union government has said that it has decided to re-examine and reconsider the provision as part of the Prime Minister's efforts to scrap outdated laws and compliance burdens. The Hindu Analysis

This has given hope for the Court to expect that the government will refrain from registering any fresh case of sedition or any investigation.

The Court's move has given liberty to the people to approach the courts if any fresh case is registered for sedition.

Courts have pointed out that the police authorities are not heeding the limitation imposed by a 1962 Constitution Bench of the Supreme Court on what constitutes sedition. The Hindu Analysis

In practice, the police have been using the broad definition of sedition to book anyone who criticised the Government in strong language.

### **UNDERTRIALS BOOKED UNDER SECTION 124A CAN NOW USE THE ORDER TO SEEK BAIL.**

The court's interim order balances security interests and integrity of the state on one hand, and the civil liberties of citizens on the other.

Anshum Verma

## **IMF's SDR basket: An Analysis**

### **IMF's SDR BASKET – TODAY CURRENT AFFAIRS**

#### **CONTENT**

#### **WHAT ARE SPECIAL DRAWING RIGHTS (SDRs)?**

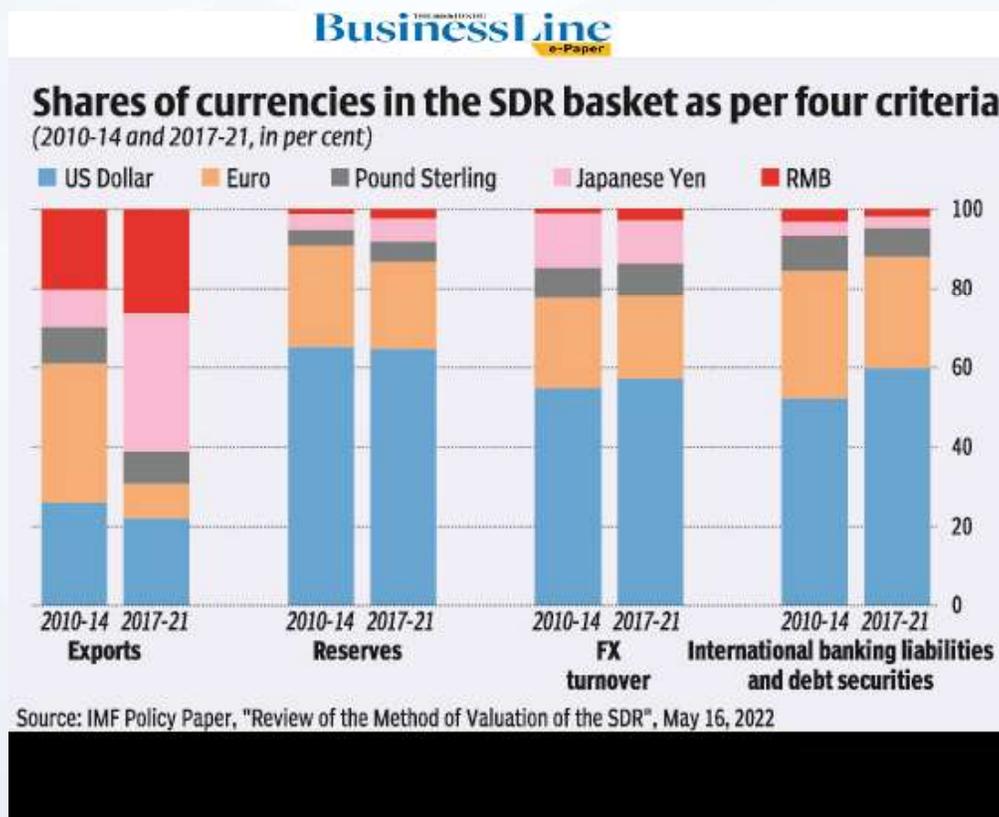
- SDR is an international reserve asset created by the IMF to “supplement the official reserves of its member countries”. SDRs augment international liquidity by supplementing the standard reserve currencies. SDR basket represents the relative importance of each of the currencies as a reserve asset. The composition of SDR has

been dynamic and undergone revision every five years.

## TODAY CURRENT AFFAIRS

### ALLOCATION OF SPECIAL DRAWING RIGHTS (SDRs)

- The weights of different currencies in the SDR basket are determined by a formula involving four factors for a currency. These are: (i) volume of exports in that currency; (ii) forex reserve holdings denominated in that currency; (iii) foreign exchange turnover of that currency; and (iv) sum of international banking liabilities and debt securities denominated in that currency. While 50 per cent weightage is given to the value of exports, each of the other three financial indicators gets a weightage of 1/6. The stronger a country's economy, the higher quota shares it has. The more quota shares that a country has, the more it pays into the IMF, which comes with greater voting power.



- After SDRs have been allocated to each country, they have a few options on how they can manage them. They can hold the allocated SDRs as part of their foreign exchange reserves, sell their reserves, or use their reserves. For example, a member country can exchange an SDR for a freely usable currency. The Hindu Analysis
- Members can also use SDRs for other reasons, such as the repayment of loans, payments

of obligations, pledges, the payment of interest on loans, or paying for increases in quota amounts

### Weights of the different currencies in SDR

(% of total)

Currency	2011 review	2016 review	2022 review
US Dollar	41.9	41.7	43.4
Euro	37.4	30.9	29.3
Japanese Yen	9.4	8.3	7.6
Pound Sterling	11.3	8.1	7.4
Chinese RMB	-	10.9	12.3
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: IMF website ([www.imf.org](http://www.imf.org))

- More recently, on May 14, the IMF announced that an updated basket with new currency weights that will come into effect on August 1. Based on data for the five-year period 2017-21, the updated basket assigns higher weights for the US dollar and the Chinese RMB, while that for the pound, the euro, and the yen have been reduced (Table). The RMB is now the third most important currency in the IMF's SDR basket — next to the US dollar and the euro. As the weights of currencies included in the basket should reflect their relative importance in the world's trading and financial system.

### SETTLING CLAIMS WITH SPECIAL DRAWING RIGHTS (SDRs) : THE HINDU ANALYSIS

- The SDR isn't regarded as a currency or a claim against the IMF assets. Instead, it is a prospective claim against the freely usable currencies that belong to the IMF member states. The Articles of Agreement of the IMF define a freely usable currency as one that is widely used in international transactions and is frequently traded in foreign exchange markets.
- The IMF member states that hold SDRs can exchange them for freely usable currencies by either agreeing among themselves to voluntary swaps or by the IMF instructing

countries with stronger economies or larger foreign currency reserves to buy SDRs from the less-endowed members.<sup>10</sup> IMF member countries can borrow SDRs from reserves at favorable interest rates, mostly to adjust their balance of payment to favorable positions.

### **INTEREST RATES ON SPECIAL DRAWING RIGHTS (SDRs) : THE HINDU ANALYSIS**

- The interest rate on SDRs, or the SDRi, provides the basis for calculating the interest rate that is charged to member countries when they borrow from the IMF and paid to members for their remunerated creditor positions in the IMF. It is also the interest paid to member countries on their own SDR holdings and charged on their SDR allocation.
- The SDRi is determined weekly based on a weighted average of representative interest rates on short-term government debt instruments in the money markets of the SDR basket currencies, with a floor of five basis points.

### **HOW MUCH IS A SPECIAL DRAWING RIGHT WORTH? THE HINDU ANALYSIS**

- The value or worth of an SDR is calculated daily and is based on the weights of the currencies that make up the SDR basket: U.S. dollar (43.4%), euro (29.3%), Chinese yuan (12.3%), Japanese yen (7.6%), and pound sterling (7.4%). The value of the SDR is arrived at by summing up in U.S. dollars the value of these currencies.

### **WHY IS AN SDR CALLED PAPER GOLD? THE HINDU ANALYSIS**

- An SDR is called paper gold because at the time of its creation it was viewed as an asset that could act as a reserve asset that would supplement gold reserves and other currencies, thus the name, paper gold.

**Pradeep Kumar**

# **Necessity of the Academic scholars in Judiciary and executive : An analysis**

## **NECESSITY OF THE ACADEMIC SCHOLARS IN JUDICIARY AND EXECUTIVE – TODAY CURRENT AFFAIRS**

### **CONTEXT :**

A law professor Arul George Scaria is appointed In a case involving the interpretation of the Copyright Act of 1957 by Justice Prathiba M. Singh of the Delhi High Court . In fact , the high court stated that an expert assistance is needed in this case

## **TODAY CURRENT AFFAIRS**

### **INTRODUCTION :**

Generally , it is seen that professors are only engaged in teaching and research work. In our Judicial system , the expert advice of the professors are highly needed . Not only in Judiciary, in administration, the expert advisory of the professors are also needed. In fact. Professors are experts in their own field and they have a great experience of their specific subjects , so their assistance should be taken for the well being of the society .

Recently this can be seen in the case of the appointment of the law professor Arul George Scaria for the case of interpretation of the Copyright Act of 1957 .This work of the Delhi high court is really commendable and in future our judiciary and the executive should also think to take such decisions in future. The core occupation of a law professor is to teach and push the frontiers of knowledge through research and scholarly engagements. But they have much more to offer provided the system gives them the right opportunities.

### **SOME EXAMPLE IN WHICH JUDICIARY TOOK HELP OF THE ACADEMICIANS (PROFESSORS) : THE HINDU ANALYSIS**

However such examples are very rare . A renowned academician Prof Shamnad Basheer who assisted the Supreme Court as an ‘academic intervenor’ in Novartis v. Union of India (2012).

He was great scholar and had a lot of research experience in the field of intellectual property law

**SIMILARLY APARNA CHANDRA AND MRINAL SATISH WERE ALSO APPOINTED AS AMICUS CURIAE BY DELHI HIGH COURTS. THE HINDU ANALYSIS**

The great academician Upendra Baxi and Lotika Sarkar also voluntarily intervened in matters of importance, and pressurized Judiciary to consider their advice

On several occasions the honorable supreme court has appointed law professors such as Mool Chand Sharma as Joint Registrar (Research) and Anup Surendra Nath and Daniel Mathew as Deputy Registrars (Research).

In the 1999 aerial incident case involving India and Pakistan, the honorable supreme court appointed V.S. Mani as part of a team that represented India before the International Court of Justice (ICJ)

Law commission has been taking the services of the expert professor for drafting some amendments in the present laws . The Hindu Analysis

There are several examples where the parliamentary committees have invited law professors to depose as expert witnesses in important matters. And also many time executive has also took the service of the law professors

**NEGLECTION OF THE ACADEMICIANS : THE HINDU ANALYSIS**

But there are several occasions in which expert advice was needed but no effort was made to take expert advice from any professor. The above examples are the result of individual effort. As an institution , Judiciary never raised any step to appoint the professors for the expert advice. The Hindu Analysis

Both the judiciary and the executive have largely ignored India's academic lawyers . The article 124(3)(c) of the Constitution of India states that a 'distinguished jurist' i.e. an illustrious law professor, can be appointed as a judge of the Supreme Court. But up to now , no professor was appointed as the judge of the supreme court. The reason behind this may be a strong lobby of the judges of the Supreme court and political intervention . If we compare our judicial system with America, in American supreme court several professors have been appointed as the judge of the court

For the international law institutions like the appellate body of WTO, ICJ etc., India prefers to send retired judges , some government lawyers or the administrative officers while other

democratic countries send experts / professors in those institutions . however we are having great scholars of the law whose works is internationally acclaimed. The Hindu Analysis

The most surprising thing is that , in the lateral entry process in higher posts of the bureaucracy, the government also ignored the professors . However the lateral entry system was brought to bring experts people in the administration

However , India's constitutional courts appointed experts as amicus curiae but here also, our courts are more dependent on the expertise of the Indian bar. Professors are here also neglected

### **TODAY CURRENT AFFAIRS**

### **CONCLUSION**

As per the above discussion, it can be concluded that the appointment of the professors as the judges of the higher court in India would bring diversity in our judicial process. These expert professors can tackle complex cases easily and after analyzing the laws , they can give some better laws to the country. They can interpret the constitution very well and the most important thing is that the trust or faith in the judiciary would be intact in the sight of the people. Recently it has also been observed that the credibility of the court has reduced in the eyes of the public after several decisions (Like Gyanvapi and the Mathura cases) . Therefore to strengthen our judicial system some experts of the law should also appointed so the diversified approach in the judiciary could also be evolved.

**Dr. Anshul Bajpai**

## **Need of the Compensation for false cases : A Clear Law must be there**

### **NEED OF THE COMPENSATION FOR FALSE CASES : A CLEAR LAW MUST BE THERE – TODAY CURRENT AFFAIRS**

#### **CONTEXT :**

- **Recently it has been observed that police filed many fake charges because of political compulsion , or for getting fame but finally police could not prove those cases in the court . In such a situation , innocent people have to suffer . They have to face social**

humiliation , economic issues . after being proved innocent who would return their days of the trial . Should there not be any law in this regard? In case of the Aryan Khan, the son of famous actor shah Rukh khan , finally he was declared innocent by the court but should he not be entitled to get sufficient compensation for those days when he and his family had to bear the huge social humiliation.

## **TODAY CURRENT AFFAIRS**

### **INTRODUCTION**

- There are many false cases reported in the media during the last 2 years where police could not prove the offense in front of the court . There are so many cases of heinous crime in which police failed to prove those cases in front of the court and after the trial of 10-15 years if the accused is declared innocent , who will return to the old days of the accused . How it will be compensated when the accused had to face huge social embarrassment / humiliation, his family had to face humiliation, he/she had to lose his job . how the spoiled career of accused would be returned. The Hindu Analysis
- The Law Commission in its report number 277, titled ‘Wrongful Prosecution (Miscarriage of Justice) explained about the false charges . There are two type of false charges , one in which the conviction could not be proved in the lack of sufficient evidence and in other cases, deliberately , the forged case is lodged because of extortion or political compulsion. The second type of the false case is dangerous for the legal system and in such cases compensation must be given

### **HOW MUCH COMPENSATION SHOULD BE THERE : THE HINDU ANALYSIS**

- However there is no parameter to calculate the compensation amount whether it should be based on the nature of a false case or it should be based on the career assassination or it should be based on the fame of the accused/victim .
- Another problem is that , in what form compensation should be given and who should bear the cost of the impanation – state or the police who filed false cases intentionally. The Hindu Analysis
- The financial compensation and the restoration the previous job and career would be alternative for of the compensation but how the days which had lost of a victim/ accused because of the false allegation / false cases would be compensated. This is the big question .Our judicial system must take initiative in this regard as soon as possible.

## **TODAY CURRENT AFFAIRS**

### **CONCLUSION**

- There are many cases in the news when an accused is proven innocent after a long

trial of several years but the alleged person lost his entire life and career during these days. To compensate such people is very difficult . therefore the government and our judiciary , first ensure the reduction in false cases. There must be a prosecution , who should investigate any cases after the filing of an FIR. The Hindu Analysis

- If the prosecution thinks there is sufficient evidence for the trial then they should go on, otherwise, the prosecution department should stop the police from filing such cases. In every police station , a prosecution officer must be appointed and after the recommendation of the prosecution officer the charges should be framed . and if during the trial if a deliberately false case is found, the investigating officer must be punished. The speed of the trial should be increased in such cases . this is not the responsibility of the judiciary only but this is the responsibility of the executive to take initiative in this regard.

Dr. Anshul Bajpai

## Co-op societies can now procure goods from public procurement portal GeM

### CO-OP SOCIETIES CAN NOW PROCURE GOODS FROM PUBLIC PROCUREMENT PORTAL GEM – TODAY CURRENT AFFAIRS

#### CONTEXT

The Union Cabinet expanded the scope of the public procurement portal Government e-Marketplace (GeM) to allow cooperative societies to register as buyers.

#### TODAY CURRENT AFFAIRS

#### POTENTIAL ADVANTAGES OF THE MOVE : THE HINDU ANALYSIS

The decision is expected to help cooperatives in getting competitive prices through an open and transparent process. An official statement said that more than 8,54,000 registered cooperatives and their 270 million members will be benefitted.

“Since the societies have more than 270 million members, procurement through GeM will not only economically benefit the common man, but it would also enhance the credibility of the cooperatives”.

GeM will provide a dedicated onboarding process for cooperatives

Provide the technical infrastructure to support additional users on existing portal

Provide assistance to cooperatives for onboarding and transaction journeys, via available

contact centres, in-field training and other support services

### **CURRENT PROVISION : THE HINDU ANALYSIS**

Presently, the registration of cooperatives as “buyers” was not covered within the existing mandate of GeM and was open for procurement by central and state government departments, public sector undertakings (PSUs) and autonomous and local bodies.

While it is still not available for use by private sector buyers, the government, as well as the private sector, can become suppliers.

### **WHAT IS GeM? THE HINDU ANALYSIS**

Government e-Marketplace (GeM) is a one stop portal to facilitate online procurement of common use Goods & Services required by various Government Departments / Organizations / PSUs. GeM aims to enhance transparency, efficiency and speed in public procurement. It provides the tools of e-bidding, reverse e-auction and demand aggregation to facilitate the government users achieve the best value for their money. The government had launched GeM five years ago as an end-to-end e-marketplace.

It is a government-to-business platform.

### **GeM ADVANTAGES FOR BUYERS : THE HINDU ANALYSIS**

Offers rich listing of products for individual categories of Goods/Services.

Makes available search, compare, select and buy facility.

Enables buying Goods and Services online, as and when required.

Provides transparency and ease of buying.

Ensures continuous vendor rating system.

Up-to-date user-friendly dashboard for buying, monitoring supplies and payments.

Provision of easy return policy.

### **GeM ADVANTAGES FOR SELLERS : THE HINDU ANALYSIS**

Direct access to all Government departments.

One-stop shop for marketing with minimal efforts.

One-stop shop for bids / reverse auction on products/services.

New Product Suggestion facility available to Sellers.

Dynamic pricing: Price can be changed based on market conditions.

Seller friendly dashboard for selling, and monitoring of supplies and payments.

Consistent and uniform purchase procedures.

### **WHAT ARE THE REQUIREMENTS TO UTILIZE THE GeM PORTAL? THE HINDU ANALYSIS**

For Using GeM portal first a Primary User needs to register on GeM portal. Requirement of Registration on GeM are as follows:

Aadhaar number of the user

Mobile number which is linked with Aadhaar

Email ID ending with gov.in/nic.in/gembuyer.in

Verifying authority details such as name, mobile number and email ID ending with gov.in/nic.in.

### **GOODS UP TO WHAT VALUE CAN BE PURCHASED ON GeM? THE HINDU ANALYSIS**

The GeM portal shall be utilized by the Government buyers for direct on-line purchases as under :

Up to Rs.25,000/- through any of the available suppliers on the GeM, meeting the requisite quality, specification and delivery period. The procuring authorities will certify the reasonability of rates.

Above Rs.25,001/- and up to Rs.5,00,000/- through the GeM Seller having lowest price amongst the available sellers, of at least three different manufacturers, on GeM, meeting the requisite quality, specification and delivery period. The tools for online bidding and online reverse auction available on GeM can be used by the Buyer if decided by the competent authority. The procuring authorities will certify the reasonability of rates. Above Rs.5,00,000/- through the supplier having lowest price meeting the requisite quality, specification and delivery period after mandatorily obtaining bids, using online bidding or reverse auction tool provided on GeM. The procuring authorities will certify the reasonability of rates.

### **HOW TO MAKE PURCHASE ON GeM? THE HINDU ANALYSIS**

Buyer to login to GeM portal. Select and cart the product as per the requirement through application of various filters. Buyers should apply filters carefully to define their requirement without adversely affecting competitiveness.

Create demand — Generate Sanction order — Generate contract. Once order is placed, Seller to deliver the Goods/ Services to consignee within stipulated delivery date and generate on-

line invoice on GeM portal. Consignee to login after receipt of Items. Generation of Provisional receipt Certificate (PRC) within 48 hrs of receipt of stores. Generation of Consignee Receipt and Acceptance Certificate (CRAC) within 10 days of receipt of stores.

Bill processing by buyer (within 2 days of generation of CRAC by consignee) — Bill to be forwarded to PFMS by DDO within 1 day of on-line receipt of bill from Buyer against e-signed Consignee's Receipt and Acceptance Certificate (CRAC) (In case of central government organizations paying through PFMS) — Payment to be made by PAO from PFMS within 2 days of receipt of bill from DDO (total time limit for payment is 10 days from date of generation of CRAC). Or Buyer to forward all documents for payment to Paying Authority and Payment to be released by Paying Authority / PAO within 10 days of generation of Consignee's Receipt (In case of users paying through SBI e-pay or Other mode of Payment.)

### **HOW TO SELL ON GeM? THE HINDU ANALYSIS**

To sell on GeM, Registration on the GeM portal is needed.

List the products under specific product categories.

Once an order is received, deliver the product to the Consignee duly entering its details on the portal.

Once an order is successfully delivered, Consignee shall inspect / test the product for its conformity with contract specifications and issue acceptance / rejection through on-line CRAC.

After CRAC, buyer will process the bill and forward to paying authority for time bound payments.

**Pradeep Kumar**

## **A need of Free Qualitative Higher Education in India**

### **A NEED OF FREE QUALITATIVE HIGHER EDUCATION IN INDIA – TODAY CURRENT AFFAIRS**

- Context : For the development of any country, health and education are the two important pillars . But in India , higher education could not be accessed up to the marginalized people even after 75 years of India's freedom . The Government , Alumni and corporate

sector can jointly work in the direction of qualitative higher education .

## **TODAY CURRENT AFFAIRS**

### **INTRODUCTION :**

- Now, India's talents are spreading everywhere in the world. World knows this fact, only those countries would lead the world who would have good research works. Therefore our country should also focus on qualitative higher education . simultaneously this qualitative education must be under the approach of the common people . There are many private universities and higher educational institutes but the tuition fees of these institutions are too much high so they deprive all marginalized and poor people from qualitative education . The government institutions are very less in number where the admission procedure is very tough and only rich students who can afford the high fees of coaching institutes for getting admission in these institutes , get admission in these institutes . However the fees of the government institutions are also raised (Like IIT, IIMs, and AIIMS )
- The private institutions are not open for the social services. These are the business models of the big industrialist. They earn from these educational institutes. However , In America , one of the medical institutions announced in the last days to bear all the tuition fees of the students . However , American people are capable of paying the fees. Such types of initiatives are required in our countries also
- In India the burden of tuition fees in professional courses is too high and it is very difficult to bear by the middle class and lower middle class family (If we leave the marginalized people ). Therefore , some private institutes reduce their quality of education to reduce the fees of the students . This is another issue . The government of India should look after in this regard. The Hindu Analysis
- However the government claims that the provision of the education loan is there after the government collateral guarantee but this is not the solution . After completion of the education , for half of the life students had to repay the loan .What we need is a university system that fosters an environment of learning in which world-quality education can be provided without taxing learners with the burden of tuition fees.

### **THE NORDIC MODEL : THE HINDU ANALYSIS**

- There are several Nordic countries who provide qualitative higher education with low fees or free of the tuition fees not only to the students of their own countries but also the overseas students .( The Nordic countries are a geographical and cultural region in Northern Europe and the North Atlantic. It includes the sovereign states of Denmark, Finland, Iceland, Norway and Sweden; the autonomous territories of the Faroe Islands and Greenland) In Denmark, however, tuition fees were introduced for international students from outside the European Union and the European Economic Area, in 2006.

Sweden followed suit in 2011. Only Finland, Norway, Iceland, and Germany do not charge international students tuition fees.. This is a very surprising thing and We are not able to provide qualitative higher education to our own students . Nowadays the Nordic model should be adopted by the government of India also.

- However , many of the citizens of these countries are pressuring their government not to waive off the tuition fees for the overseas students , but the government argued that these foreigner students are the sources of the forex also. This is the reason that these countries remained on top of the world happiness index (Finland at No.1, Denmark at No. 2, Iceland at No.4, Norway at No.8 and Germany at No.14, as per the World Happiness Index 2022).

## **TODAY CURRENT AFFAIRS**

### **CONCLUSION**

- Education is a sacred service of the nation . our industrialists should come forward in this regard. They should invest their money for the service of education . They should open their institutes of technical and professional courses without any tuition fees and the students after graduating from these institutes should be bound to work for these institutes (Such type of the contract should be made). In this way our capitalist class will come forward to invest in higher education also.
- Government of India and the state government should also invest maximum possible money in the qualitative educational institutes because this would be the investment which would give the return in future and the country would be strong because of such investment.

**Dr. Anshul Bajpai**

## **Windfall tax: An analysis**

### **WINDFALL TAX – TODAY CURRENT AFFAIRS**

#### **CONTEXT:**

- Crude oil price is rising. As the burden on people's pocket is increasing, experts are suggesting one-time 'windfall tax' on companies that have profited from the price rise.

## **TODAY CURRENT AFFAIRS**

### **WHAT IS A WINDFALL TAX?**

- A windfall tax is a tax levied by governments against certain industries when economic conditions allow those industries to experience above-average profits. Windfall taxes are primarily levied on companies in the targeted industry that have benefited the most from the economic windfall, most often commodity-based businesses.

### **HOW WINDFALL TAXES WORK? THE HINDU ANALYSIS**

- Keeping in view of all tax schemes proposed and implemented by the government, there lies a rift between those are for and against the tax schemes. The merit of a windfall tax is that the taxed funds can be used by the governments to maintain the state of the economy and fight several glaring social causes.
- On the other hand, those who oppose such taxes reduce the business interest to reap profits. They also are of the view that such profits should be reinvested by business entities to encourage scientific and business development, which in some way will empower the social status of the country and its regions.
- Windfall taxes are levied with the objective of tax companies to bring down the general price levels of goods and services so that it benefits the end consumer. The policy of the government may backfire as it may lower the investment by private sector companies as it may hit their after-tax profits (PAT) which in turn would affect their bottom line and jeopardize their survival in the market. The Hindu Analysis
- Windfall taxes also relates to individual and non-corporate entities who suddenly see a surge in their income levels by receiving a large corpus of wealth from gifts, inheritance, the game of chance, gambling or lottery winnings. In many a case, inheritance, gifts from friends or relatives are tax exempt
- in the hands of the recipient. However, central or regional taxes may be levied on the giver of such inheritance. Income from winnings from lottery and gambling is charged to tax either in the hands of the recipient or the giver of such income.

### **BENEFITS OF WINDFALL TAX : THE HINDU ANALYSIS**

- The most certain benefit of windfall taxes is that it boosts government revenues. It enables them to substantially provide public services and other benefits to the citizens of the country like building civil infrastructure, health facilities, sanitation, and also building the nation's military strength.
- The additional funds raised through this tax can service the debts by the countries to various global financial institutions and may bolster the national economy. However, it may also act as a disincentive to companies.
- If companies become aware that windfall gains will be taxed, they may not seek out

such profits with innovative business plans. A part of these receipts has to be parked in a personal contingency fund in bank fixed deposits.

- The beneficiary of windfall gains can repay interest-bearing consumer or car loans, in which case the asset depreciates to lower than the loan outstanding. The other part of windfall gains can be used to repay housing loans to bring down interest costs and EMI's. The Hindu Analysis
- The other viable option can be to invest the windfall proceeds in gold deposits. One part of the corpus can be given to a charitable organization of repute who is catering to the cause of education or health or child welfare. The donations made to charitable causes can be used to claim deductions from 50% to 100% from the income liable to tax.

### **DRAWBACKS OF WINDFALL TAX : THE HINDU ANALYSIS**

- The economic impact of windfall taxation should lead to its immediate rejection. Firstly, such an arbitrary taxation system would increase the risks of investing. As a result, investors will demand a higher return on their investments, or they may choose to stop investing altogether.
- These taxes may reduce the dividend payout to investors investing in oil-producing companies. These companies are not owned by cash-rich investors but by pension funds. The Hindu Analysis
- and insurance companies. Finally, it would reduce the funds available for investment in sources of fuel, thereby spiking the energy costs. Windfall tax may affect people it was created to help and reduce long term tax income.

### **TODAY CURRENT AFFAIRS**

#### **CONCLUSION:**

- Windfall taxes provide a good source of revenue to the government as it follows the principle that those who have earned a surplus through windfalls to be taxed and also discouraging businesses of the lottery, gambling, horse racing, etc. It affects the companies which earn huge profits in the business of oil and gas as they have lesser income in the form of dividends to be distributed to its investors.

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