

30 November, 2023

## Terms of Reference for the Sixteenth Finance Commission

**Context:** The Union Cabinet, chaired by Prime Minister Shri Narendra Modi, approved the Terms of Reference for the Sixteenth Finance Commission.

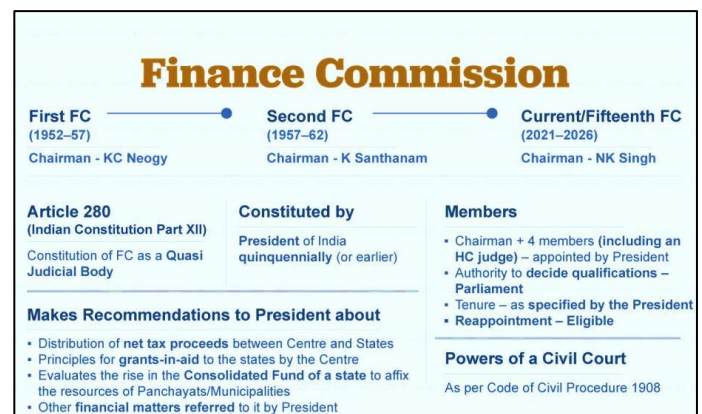
- Electoral The Terms of Reference will be notified in due course, and the recommendations of the 16th Finance Commission, upon government acceptance, will cover a period of five years starting from April 1, 2026.
- According to Article 280(1) of the Constitution, the Finance Commission is established to make recommendations on the distribution of net proceeds of taxes between the Union and States, allocation of shares among States, grants-in-aid, and measures to supplement Panchayat resources during the award period.
- The Fifteenth Finance Commission, constituted on November 27, 2017, provided recommendations for the six-year period starting April 1, 2020, and its suggestions are valid until the financial year 2025-26.
- **The Terms of Reference for the Sixteenth Finance Commission include:**
  - ✓ Distribution of net proceeds of taxes between the Union and States.
  - ✓ Allocation of shares among States.
  - ✓ Principles governing grants-in-aid of State revenues.
  - ✓ Measures to augment the Consolidated Fund of a State to support Panchayats and Municipalities.
  - ✓ Review of financing arrangements for Disaster Management initiatives.
  - ✓ The Commission is required to submit its report by October 31, 2025, covering a five-year period starting from April 1, 2026.

➤ **Background:**

- ✓ The Fifteenth Finance Commission, initially appointed for a five-year period, was amended to submit reports covering six years.
- ✓ The 16th Finance Commission is proposed to be constituted to assess finances for the period immediately preceding its recommendations.
- The Advance Cell of the 16th Finance Commission was formed in the Ministry of Finance on November 21, 2022, to oversee preliminary work before the formal constitution of the Commission.
- A Working Group, headed by the Finance Secretary, was established to assist in formulating the Terms of Reference, with input from State Governments and Union Territories through a consultative process.

➤ **Finance Commission:**

- ✓ The Finance Commission is a constitutional body established every five years by the President of India under Article 280 of the Indian Constitution.
- ✓ The First Finance Commission was established in 1951 under The Finance Commission (Miscellaneous Provisions) Act, 1951.
- ✓ Each Finance Commission operates under unique Terms of Reference, defining qualifications, appointment criteria, term, eligibility, and powers of the Commission.
- ✓ The Commission consists of a chairman and four other members as per the constitution.
- ✓ **Key recommendations of the Finance Commission include**
  - Sharing of central taxes with states.
  - Distribution of central grants to states.
  - Measures to enhance the financial condition of states, supporting the resources of panchayats and municipalities.
  - Any other matters referred to it.



### Face to Face Centres





**30 November, 2023**

- ✓ The Finance Commission plays a crucial role in defining the financial relations between the Centre and states.
- ✓ The Commission is empowered to address issues related to the sharing of central finances, grants, and measures to strengthen state finances.
- ✓ It is established every five years to ensure a regular and systematic review of financial relations between the Centre and states.
- ✓ Since its inception, the Finance Commission has undergone periodic renewal and adjustment to address the evolving financial landscape.
- ✓ The Finance Commission contributes to fiscal federalism by ensuring equitable distribution of resources among the Centre and states.

## Fast Track Special Courts

**Context:** Prime Minister Shri Narendra Modi chaired the Union Cabinet, approving the Fast Track Special Court (FTSCs) extension as a Centrally Sponsored Scheme to March 31, 2026.

### ➤ **Scheme Duration and Funding:**

- ✓ The Fast Track Special Courts (FTSCs) under a Centrally Sponsored Scheme (CSS) are extended from 02.10.2019 to 31.03.2026.
- ✓ The Central Share for the scheme is funded from the Nirbhaya Fund.

### ➤ **Government's Commitment to Safety:**

- ✓ Demonstrated through initiatives like 'Beti Bachao Beti Padhao' program.
- ✓ The urgency arises from incidents impacting the nation, particularly crimes against women and children.

### ➤ **Legislative Response:**

- ✓ Enactment of "The Criminal Law (Amendment) Act. 2018" to address the severity of offenses.
- ✓ Imposition of stringent punishments, including the death penalty for rape offenders.

### ➤ **Creation of FTSCs:**

- ✓ Establishment of dedicated Fast Track Special Courts (FTSCs) to expedite trials and provide swift relief to victims.
- ✓ Framework initiated under the Central Sponsored Scheme.

### ➤ **Scheme Implementation and Extension:**

- ✓ Implemented by the Department of Justice, Ministry of Law & Justice.
- ✓ Initially launched in August 2019 for one year, extended until 31.03.2023, and further extended until 31.03.2026.

### ➤ **Financial Outlay:** Financial outlay of Rs. 1952.23 crore allocated for the extended period.

### ➤ **Scheme Operation and Impact:**

- ✓ Operational in 30 States/Union Territories.
- ✓ Involves 761 FTSCs, including 414 exclusive POCSO Courts.
- ✓ Over 1,95,000 cases resolved, supporting State/UT Government efforts for timely justice.

### ➤ **Expected Outcomes:**

- ✓ Reflects the nation's commitment to ending sexual and gender-based violence.
- ✓ Substantially reduces pending cases, relieving the judicial system's burden.
- ✓ Ensures swift access to justice for victims through improved facilities and expedited trials.
- ✓ Aims to lessen the overall burden of cases to a manageable number.

## Rat-hole Mining

**Context:** The method of rat hole mining was used to rescue the trapped workers, after the large metal pieces hindered machine drilling.

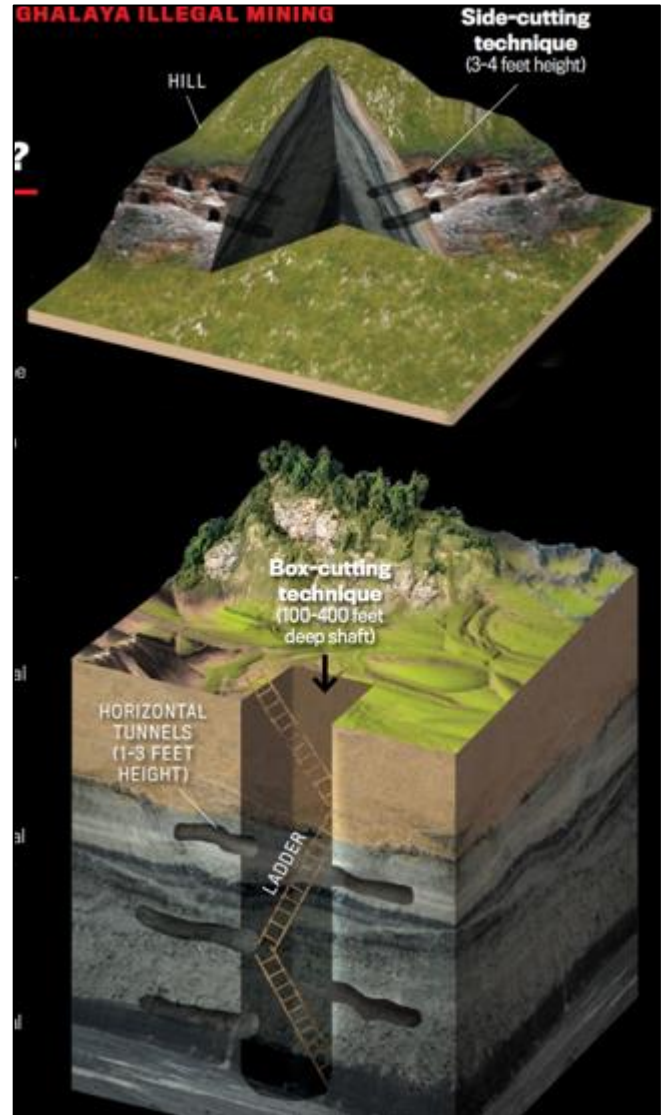
## Face to Face Centres





**30 November, 2023**

- **Definition of "Rat Hole":** The term "rat hole" pertains to the practice of digging narrow pits into the ground, allowing only one person to descend and extract coal.
- **Types of Rat Hole Mining:**
  - ✓ Rat hole mining involves the creation of small tunnels, typically with a depth of 3-4 feet.
  - ✓ It encompasses two primary methods: side-cutting and box-cutting.
- **Prevalence in Northeastern India, Especially Meghalaya:**
  - ✓ Rat hole mining is notably widespread in the northeastern states, with a particular concentration in Meghalaya.
  - ✓ The challenging terrain and specific characteristics of coal seams contribute to the prevalence of this mining practice.
- **Reasons for Non-commercial Mining in Northeast:**
  - ✓ Commercial mining is not widely practiced in the northeastern regions due to the unsuitability of the terrain for methods like open-cast mining.
  - ✓ The coal found in this region contains a substantial amount of sulfur, categorizing it as low-quality coal.
  - ✓ Being a tribal state with the application of the 6th Schedule, all land is privately owned, leading to private parties conducting mining activities with limited capacity for significant investment.
  - ✓ Locals view these mines as valuable resources providing employment without necessitating substantial investments.
- **Demerits of Rat Hole Mining:**
  - ✓ **Ecological Impact:**
    - The piling of coal along roadsides has resulted in severe air and water pollution.
    - Off-road movements in and around mining areas have led to damaged ecology.
    - A petition to the NGT highlighted the impact on the Kopili River, causing it to turn acidic.
  - ✓ **Risk to Lives:**
    - Mines are susceptible to flooding during the rainy season.
    - Sudden collapses due to unscientific digging have resulted in the loss of lives.
- **Current Status:**
  - ✓ The National Green Tribunal (NGT) imposed a ban on rat-hole mining in 2014, maintaining the ban in 2015.
  - ✓ The Meghalaya High Court appointed the **Justice (Retired) BP Katakey committee** to recommend measures for compliance with Supreme Court and NGT directions.
  - ✓ Despite the ban, illegal mining persists, with a significant volume of coal reaching markets unhindered according to the committee's observations.



## Face to Face Centres



30 November, 2023

## Governor's Assent to Bill

**Context:** The Supreme Court has granted permission to Kerala to modify its petition, allowing the inclusion of a request to establish guidelines for gubernatorial powers under Article 200.

### ➤ Recent Supreme Court orders

- ✓ If a Governor refuses to approve a Bill, they must adhere to Article 200.
- ✓ The Supreme Court has clarified that if a Governor chooses to withhold assent to a Bill, the Governor is obligated to return the bill to the legislature for reconsideration.
- ✓ Withholding assent without communicating the need for the Legislature to reassess the Bill is considered a violation of constitutional principles.
- ✓ The elected Legislature holds the final decision-making power on the Bill, and the Governor's message does not compel them to agree.
- ✓ Once the Legislature re-passes the returned Bill, whether with or without amendments, the Governor is obligated to grant consent.
- ✓ The ultimate authority to accept or reject a Bill resides with the elected Legislature, and the Governor's message does not bind the legislative body.

### ➤ Constitutional Provisions:

#### ✓ Article 200:

- Article 200 of the Indian Constitution outlines the procedure for a State Legislative Assembly-passed Bill to be presented to the Governor.
- The Governor has the authority to assent, withhold assent, or reserve the Bill for the President's consideration.
- The Governor can also return the Bill to the Legislative Assembly with a message requesting reconsideration.

#### ✓ Article 201:

- When a Bill is reserved for the President's consideration, the President can either assent or withhold assent.
- The President can direct the Governor to send the Bill back to the Legislature for reconsideration.

#### ✓ Governor's Options:

- The Governor's choices include giving assent, returning the Bill for reconsideration by the Legislative Assembly, or reserving it for the President.
- Reservation is mandatory if the Bill endangers the state high court's position or if it goes against constitutional provisions, Directive Principles of State Policy (DPSP), national interest, or deals with property acquisition under **Article 31A**.
- The Governor can withhold assent, although this is uncommon due to potential unpopularity.
- Experts question the Governor's ability to withhold assent solely based on the advice of the Council of Ministers.

#### ✓ Discretionary Powers Debate:

- While Article 200 seems to grant the Governor the power to withhold assent, there is debate over whether this can be done solely on the advice of the Council of Ministers.
- The Constitution specifies that the Governor can exercise executive powers only on the advice of the Council of Ministers under **Article 154**.

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## NEWS IN BETWEEN THE LINES

### Prevention of Money Laundering Act



Recently, the Supreme Court has clarified that a person can be charged under the Prevention of Money Laundering Act (PMLA) for criminal conspiracy only if the scheme was aimed at committing a crime explicitly listed in the Act's Schedule.

#### About the Prevention of Money Laundering Act:

- The Prevention of Money Laundering Act (PMLA) of **2002** was enacted to prevent money laundering in India.
- The act has three key goals: **preventing and managing** money laundering, **seizing assets** derived from laundered money and **addressing any related matters** concerning money laundering in India.
- It is designed to curtail the process of legitimizing **illegal funds** through financial transactions.
- It aims to obstruct the flow of money into **unlawful activities** and **economic crimes**.
- **Enforcement Directorate (ED)** is the body, operating under the Department of Revenue,
- Different agencies like local police, **CBI, customs departments** and **SEBI** investigate specific crimes as outlined in the relevant laws..

### Self-Help Groups (SHGs)



Recently, the Centre has announced plans to equip 15,000 forward-thinking women self-help groups (SHGs) with drones.

#### About Self-Help Groups (SHGs):

- Self-Help Groups (SHGs) are **community-based organizations** that pool resources, knowledge and skills to improve socioeconomic conditions.
- They are usually formed by groups of **10–20 people** in a locality.
- Self-help groups bring advantages like **lower transaction costs, empowerment of rural women, reduced reliance on informal borrowing, corporate backing**, no need for collateral and **fostering social support** among members.
- At first, National Bank for Agriculture and Rural Development (**NABARD**) and selected Nongovernmental Organization (**NGOs**) created a support system, like the SHGs-Bank program, to promote and develop agriculture.
- The concept of social mobilization through the organizing of SHGs was introduced in **1984** based on Prof. Yunus's Grameen Bank model.
- The Reserve Bank of India (**RBI**) recognized SHGs as an alternate credit flow model in **1990**..

### Asola Bhatti Wildlife Sanctuary



Recently, Delhi government's forest department is going to organise a "cyclothon and walkathon" inside the Asola Bhatti Wildlife Sanctuary in December.

#### About Asola Bhatti Wildlife Sanctuary:

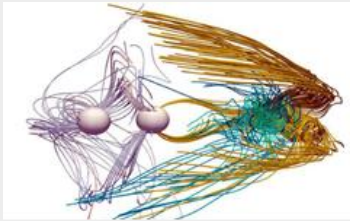
- The Asola Bhatti Wildlife Sanctuary is located on the **Southern Delhi Ridge of the Aravalli hill range**, on the Delhi-Haryana border.
- It was established in **1986** and covers 32.71 sq km.
- It is also a part of the **Sariska-Delhi Wildlife Corridor** linking Sariska Tiger Reserve in Rajasthan to Delhi Ridge.
- **Flora:** The sanctuary is dominated by **Prosopis juliflora** as the primary exotic species and **Diospyros montana** as the prevalent native species.
- **Fauna:** It hosts diverse wildlife including **Golden Jackals, Striped-Hyenas, Indian Crested-Porcupines, Civets, Jungle Cats, Snakes, Monitor Lizards** and **Mongoose**s.
- **Aravalli Hills:**
  - ✓ It is the **Ancient Mountain Range**, among the **world's oldest fold mountains**, stretches **from Delhi through southern Haryana and Rajasthan**, continuing into **Gujarat** in a southwest direction.
  - ✓ **Guru Shikhar**, towering at an elevation of 1,722 meters (5,650 ft) above sea level, holds the title of the highest peak in its vicinity.
  - ✓ The Aravalli hills serve as the origins of three significant rivers—**Banas, Sahibi** and **Luni**—wherein the latter eventually courses its way into the Rann of Kutch.

## Face to Face Centres





## The Laser Interferometer Space Antenna



### About The Laser Interferometer Space Antenna (LISA):

- The Laser Interferometer Space Antenna (LISA) is a proposed space probe that will detect and measure gravitational waves.
- It will be the first space-based observatory to study gravitational waves.
- LISA comprises three spacecraft that will form an equilateral triangle in space, with each side of the triangle a million miles long to tap parts of the spectrum that are inaccessible from the earth.
- Gravitational waves are tiny ripples in space-time. They are produced by the acceleration of cosmic objects with strong gravity fields, such as merging black holes.
- LISA was originally conceived as a joint mission between NASA and the European Space Agency (ESA). Both partners would pay half of the mission cost, which was estimated at \$2 billion.
- The ESA has advanced LISA to Phase B1, where the detailed mission design and final technology demonstrations will be completed. The next major milestone is Mission Adoption, which is currently planned for 2024.

## Place in News Vietnam

### Vietnam (Capital:Hanoi)

**Loaction:** Vietnam is located in Southeast Asia on the eastern edge of the Indochina peninsula.

**Boundaries:** Vietnam is bordered by China to the north, Laos and Cambodia to the west and the South China Sea along with the Gulf of Tonkin to the east.

#### Physical Features:

- The Red River Delta, home to Hanoi, is a fertile plain known for its agricultural prosperity.
- The Mekong River, an extensive waterway, shapes a sprawling delta upon reaching Vietnam.
- The Annamese Cordillera sprawls extensively from the northwest to the southeast, forming a substantial mountain range.



## POINTS TO PONDER

1. In which Indian state is rat hole mining predominantly practiced due to the thinness of coal seams? - **Meghalaya**
2. Which country introduced the draft resolution 'The Syrian Golan' in the UNGA? - **Egypt**
3. According to the Periodic Labour Force Survey (PLFS) conducted by the National Sample Survey Office (NSSO), what was the unemployment rate in urban areas for July–September 2023? - **6.6%**
4. Which country has developed the Fattah-2 hypersonic ballistic missile? - **Iran**
5. When did UNESCO acknowledge the Kalbeliya dance as intangible cultural heritage, and where does it prominently showcased during the Rajasthan International Folk Festival? - **2010, Jodhpur**

## Face to Face Centres

