



G20 Countries and Disaster Risk Reduction

For Prelims: [Disaster Risk Reduction](#), [G-20](#), [Early Warning System](#), [Extreme Weather Events](#), [Heatwaves](#).

For Mains: Strategies for Disaster Risk Reduction.

Why in News?

Recently, the First [G20](#) Disaster Risk Reduction Working Group (DRR WG) meeting under India's G20 Presidency took place, where India highlighted the importance of [Disaster Risk Reduction \(DRR\)](#).

What are the Highlights of the Meeting?

- The G20 Disaster Risk Resilience Working Group has called upon governments to build a **social protection system** with an effective and preferred instrument for disaster risk financing.
 - It emphasised the **need for new-age Social Protection Systems that invest in local risk resilience** to mitigate, prepare and recover from disasters.
- The five **priorities outlined:**
 - Global coverage of [Early Warning Systems](#)
 - Increased commitment towards making infrastructure systems disaster resilient
 - Stronger **national financial frameworks** for DRR
 - Strengthened national and global disaster response system
 - Increased application of ecosystems-based approaches to DRR
- The G20 DRR WG intended to include considerations for the [Sendai Framework's mid-term review](#), renew multilateral cooperation at all levels, and inform future global policies and initiatives related to DRR.

What is the Need for Creating a Collective G20 Framework for Disaster Risk Reduction?

- The G20 nations, with a population of 4.7 billion, have large exposure, **risk from asset concentration, and vulnerability to natural disasters**.
- In the current World Risk Index, four out of the top 10 vulnerable countries are G20 nations.
- The combined estimated annual average loss in the G20 countries alone is USD 218 billion, equivalent to **9% of the average annual investment in infrastructure** made by them.
- Disaster risk reduction measures can play an important role in preventing such losses.

What can be the key Strategies for Reducing Disaster Risk?

- **Better Economic and Urban Development:**
 - Reducing risk can be achieved mainly by reducing vulnerability and exposure to risk through measures such as **better economic and urban development choices** and practices, protection of the environment, reduction of poverty and inequality, etc.
 - For example, in India, effective implementation of flood risk management strategies can **help in reducing and managing [Extreme Weather Conditions](#)**.
- **Financing:**

- There is a need to re-imagine **financing disaster risk reduction**. The financing requirements flowing through government budgets are not independent of a country's fiscal position and hence may be limited.
- Innovative financing tools including creating **reserve funds, dedicated lines of credit and tapping resources globally** should be explored.
- **Infrastructure:**
 - Infrastructure, such as roads, rails, airports, and electricity lines created through public revenues **need to be resilient to disasters and may require** more funds incrementally.
 - There is a need to finance this additionality using **options that are reflective of the social benefits** of such disaster-resilient infrastructure.
- **Dealing with Extensive and Intensive Risk:**
 - Differential strategies to deal with extensive risk (risk of losses from frequent but moderate impacts) and intensive risk (from low frequency and high impact events), should be worked out.
 - A large portion of the losses accumulate from extensive events.
 - Cumulatively, dispersed events such as **Heatwaves**, lightning, local floods, and landslides cause enormous losses. Implementing targeted approaches to reducing losses from extensive risk events can have an impact in the short to medium-term horizon.
- **Multi-tiered, Multi-sectoral Effort:**
 - There is a need to view disaster risk reduction as a multi-tiered, multi-sectoral effort.
 - If efforts are integrated vertically from **local to sub-national to national to global**, and horizontally across sectors, the level of readiness to manage unknown risks will be enhanced.
 - The world is interlinked and interdependent, and the **G20 can help develop such strategies**.

What are the Initiatives for Disaster Risk Reduction?

- **Global:**
 - [Sendai Framework for Disaster Risk Reduction 2015-2030](#)
 - [The Climate Risk and Early Warning Systems \(CREWS\)](#)
 - [International Day for Disaster Risk Reduction - 13th October](#)
 - Green Climate Fund's Sectoral Guide on Climate Information & Early Warning Systems
- **India's Initiatives:**
 - [Coalition for Disaster Resilient Infrastructure Society \(CDRIS\)](#)
 - [National Disaster Management Plan \(NDMP\)](#)

Way Forward

- The G20 should foster **collaboration and coordination among its members** and other stakeholders on early warning systems, disaster-resilient infrastructure, financial frameworks and response systems for disaster risk reduction.
- They should **promote innovation and research on disaster risk reduction**, especially on the **use of technology, data and ecosystems-based approaches**.
- There is a need to align disaster risk reduction efforts with the [2030 Agenda for Sustainable Development](#), the [Paris Agreement on Climate Change](#) and the New Urban Agenda and ensure that no one is left behind.
- The **Working Group on Disaster Risk Reduction** is an opportunity for the G20 to take a lead in the implementation of the Sendai framework over the next seven years.

G20

Founded in 1999 after Asian financial crisis to discuss global economic and financial issues

No permanent secretariat

Members: 19 countries and the European Union (EU)

Permanent Guest: Spain

G20 Summit: Takes place annually

2023 Presidency: India (**Theme:** One Earth, One Family, One Future)

Sherpas: The agenda and work are coordinated by them as the representatives of the G20 countries

Troika: The Presidency is supported by the Troika (previous, current and incoming Presidency)



UPSC Civil Services Examination Previous Year Question (PYQ)

Prelims:

Q. In which one of the following groups are all the four countries members of G20? (2020)

- (a) Argentina, Mexico, South Africa and Turkey
- (b) Australia, Canada, Malaysia and New Zealand
- (c) Brazil, Iran, Saudi Arabia and Vietnam
- (d) Indonesia, Japan, Singapore and South Korea

Ans: (a)

Mains:

Q. Discuss the recent measures initiated in disaster management by the Government of India departing from the earlier reactive approach. (2020)

Q. Vulnerability is an essential element for defining disaster impacts and its threat to people. How and in what ways can vulnerability to disasters be characterized? Discuss different types of vulnerability with reference to disasters. (2019)

Q. Describe various measures taken in India for Disaster Risk Reduction (DRR) before and after signing 'Sendai Framework for DRR (2015-30)'. How is this framework different from 'Hyogo Framework for Action, 2005'? (2018)

Promulgation and Re-promulgation of Ordinances

For Prelims: [Ordinance](#), [Parliament](#), [Governor](#), [Banking Companies \(Acquisition and Transfer of Undertakings\) Ordinance, 1969](#), [Judicial review](#), R.C. Cooper v. Union of India (1970).

For Mains: Enactment of Ordinances in India, Repromulgation of Ordinance.

Why in News?

Recently, an [Ordinance](#) was promulgated by the Indian President, giving the [Lieutenant Governor of Delhi](#) power over services in the **National Capital Territory (NCT)**.

- The Ordinance established a "**National Capital Civil Service Authority**" consisting of the [Chief Minister](#) and two senior IAS officers, allowing them to decide matters through majority voting.
- Critics argue that this **move effectively creates a situation where the elected Chief Minister's views can potentially be overruled.**

What are Ordinances in Indian Polity?

- **About:**
 - **Article 123 of the Constitution** of India grants the President certain law-making **powers to promulgate ordinances when either of the two Houses of [Parliament](#) is not in session**, in urgent situations.
 - Hence, it is not possible for the ordinances to be issued by Parliament.
 - When an ordinance is promulgated but the **legislative session is yet to commence, the ordinance remains in effect as law**. It has the same force and effect as an Act of the legislature.
 - But it requires subsequent **ratification by Parliament within six weeks of its reassembly.**
 - An ordinance promulgated by the President has a maximum **validity of six months and six weeks from the date of its promulgation.**
 - The [Governor of a state](#) can also issue ordinances under **Article 213** of the Constitution of India, when the **state legislative assembly is not in session.**
 - If the two **Houses start their sessions on different dates, the later date is considered (Articles 123 and 213).**
- **Enactment:**
 - In the process of enacting an ordinance, the **decision to bring forth the ordinance lies with the government**, as the [President](#) acts on the advice of the **Council of Ministers.**
 - If the **President deems it necessary, s/he may return the Cabinet's recommendation for reconsideration.**
 - However, if it is sent back (with or without reconsideration), the President must promulgate it.
- **Withdrawal:**
 - The **President can withdraw an Ordinance**, and both Houses of Parliament can pass resolutions to disapprove it, potentially leading to its lapse. **Rejection of an ordinance would, however, imply the government has lost majority.**

- However, If an Ordinance enacts a **law that falls outside the purview of Parliament's competence, it is considered void.**

▪ **Repromulgation of Ordinance:**

- When an Ordinance lapses, the government can choose to re-promulgate it if necessary.
- In a 2017 case, the Supreme Court ruled that repeated **re-promulgations without legislative consideration would be unconstitutional and a violation of the legislature's role.**
 - The court **emphasised that the power to issue an Ordinance should be treated as an emergency measure** and not as a means to bypass the legislature.

Note: An ordinance like any other legislation **can be retrospective i.e., it may come into force from a back date.** It may also **modify or repeal any act of Parliament or another ordinance.**

Advantages	Disadvantages
They allow quick and effective action on urgent matters.	They bypass the democratic process of law-making and reduce parliamentary oversight.
They enable policy implementation without legislative hurdles.	They undermine the principle of separation of powers and encroach on the domain of the legislature.
They provide legal certainty and clarity in case of a judicial gap or ambiguity.	They create legal instability as they are temporary and subject to change or repeal.
They reflect the responsiveness and accountability of the executive branch.	They may be misused for political or personal gains or to avoid public scrutiny or debate.

What are the Other Past Judicial Pronouncements on Ordinances?

- **R.C. Cooper v. Union of India (1970):** This case challenged the [Banking Companies \(Acquisition and Transfer of Undertakings\) Ordinance, 1969](#), which nationalised 14 major banks in India.
 - The [Supreme Court](#) held that the **President's satisfaction regarding the necessity of an ordinance is not immune from judicial review and can be challenged.**
 - The Court also held that an **ordinance is subject to the same constitutional limitations as an Act of Parliament** and cannot violate any fundamental rights or other provisions of the Constitution.
- **A.K. Roy v. Union of India (1982):** This case challenged the **National Security Ordinance, 1980**, which provided for [preventive detention](#) of persons for up to one year without trial.
 - The Supreme Court **upheld the validity of the ordinance but laid down some safeguards for its operation**, such as **periodic review by an advisory board**, communication of grounds of detention to the detenu, and **opportunity for representation against detention.**
 - The Court also **observed that an ordinance should not be used as a substitute for parliamentary legislation** and should be resorted to only in cases of extreme urgency or unforeseen emergency.
- **D.C. Wadhwa v. State of Bihar (1987):** This case challenged a series of ordinances issued by the **Governor of Bihar between 1967 and 1981** on various subjects, some of which were promulgated several times without being placed before the state legislature.
 - The **Supreme Court struck down all the ordinances as unconstitutional and held that re-promulgation of ordinances is a fraud on the Constitution** and a subversion of the democratic legislative process.
 - The **Court also held that an ordinance lapses automatically if it is not approved**

by the legislature within six weeks of its reassembly and cannot be continued by repromulgation.

[Source: IE](#)

Foreign Direct Investment Inflows

For Prelims: [Foreign Direct Investment \(FDI\)](#), [Department for Promotion of Industry and Internal Trade \(DPIIT\)](#), [World Investment Report](#), [Intellectual property rights](#).

For Mains: Trends and Patterns of FDI Inflows in India, Challenges Related to FDI inflows in India

Why in News?

[Foreign Direct Investment \(FDI\) inflows](#) into India have experienced a notable downturn in the fiscal year ending March 2023.

- FDI inflows on a gross basis stood at **USD 71 billion in FY23**, reflecting a decline of 16% compared to the previous fiscal year, marking the first decrease in FDI inflows in the country in the past decade.

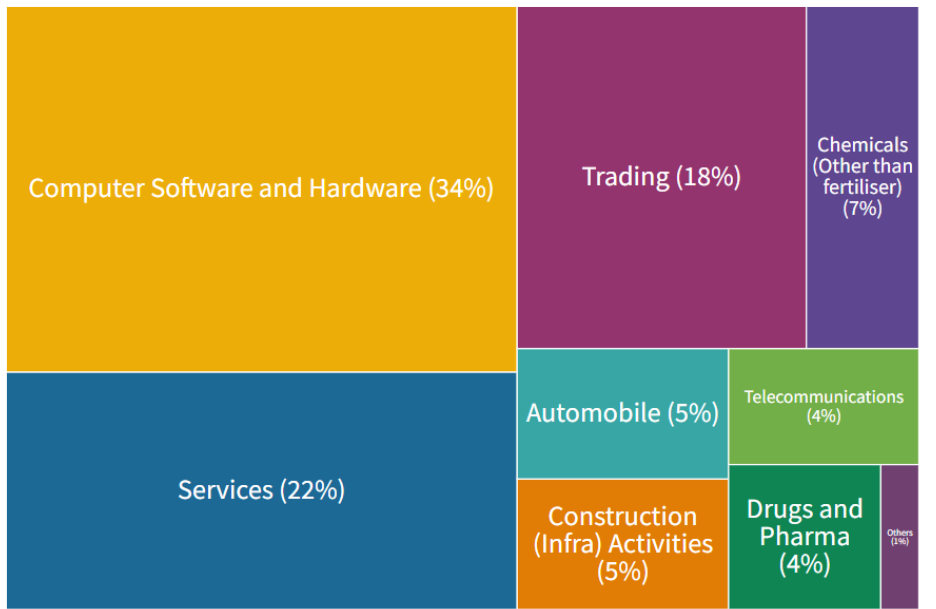
What is Foreign Direct Investment (FDI)?

- **Foreign direct investment (FDI)** is a type of cross-border investment in which an investor from one country establishes a lasting interest in an enterprise in another country.
- FDI can take various forms, such as **acquiring shares, establishing a subsidiary or a joint venture, or providing loans or technology transfers.**
 - FDI is considered to be a key driver of **economic growth**, as it can bring in **capital, technology, skills, market access and employment opportunities** to the host country.

What are the Trends and Patterns of FDI Inflows in India?

- **About:**
 - India has been one of the **most attractive destinations for FDI in recent years**, owing to its large and growing domestic market, favourable demographics, political stability, liberalised policy framework and improved ease of doing business.
 - According to the [Department for Promotion of Industry and Internal Trade \(DPIIT\)](#), India's cumulative FDI inflow stood at **USD 871.01 billion between April 2000-June 2022.**
 - According to the [World Investment Report 2022](#), India has ranked **7th among the top 20 host economies for 2021.**
 - India received the highest-ever FDI inflows of **USD 84.8 billion** including **USD 7.1 billion FDI equity inflows in the [services sector](#)** in FY22.

Sector-wise FDI Equity Inflows during April-September 2022



▪ Country-wise FDI Equity Inflow FY-2021-22:

- Singapore (27.01%), USA (17.94%), Mauritius (15.98%), Netherland (7.86%) and Switzerland (7.31%) emerge as top 5 countries for FDI equity inflows.

What are the Challenges Related to FDI inflows in India?

- **Taxation and Regulatory Compliance:** India's tax regime has undergone several reforms in recent years, but **complexities and uncertainties still exist**.
 - **Frequent changes in tax laws, multiple layers of taxation**, and disputes over tax assessments create challenges for foreign investors in terms of compliance and tax planning.
- **Competition from Other Emerging Markets:** India faces competition from other emerging markets, such as **China, Vietnam, and Indonesia**, in attracting FDI.
 - These countries offer **competitive advantages**, including lower costs of production, better infrastructure, and more investor-friendly policies.
- **Infrastructure Deficit:** Despite ongoing efforts to improve infrastructure, India still faces significant gaps in areas such as **transportation, logistics, power, and telecommunications**.
 - Insufficient infrastructure hampers the **ease of doing business** and raises operational costs for foreign investors.

What Measures can be Taken to Boost FDI Inflows in India?

- **Simplify and Streamline Regulatory Processes:** India can further **simplify and streamline its regulatory processes**, including licensing, permits, and approvals. Implementing a **single-window clearance system** or a digital platform for regulatory compliance can **reduce bureaucracy and enhance the ease of doing business**.
- **Improve Infrastructure Development:** Focus on improving infrastructure across sectors such as **transportation, logistics, power, and digital connectivity**.
 - Developing **world-class infrastructure facilities and industrial clusters** will attract foreign investors looking for efficient and well-connected business environments.
- **Enhance Investor Protection Mechanisms:** Strengthening investor protection mechanisms, including **robust intellectual property rights (IPR) enforcement, contract enforcement**, and dispute resolution mechanisms, will instil confidence in foreign investors.
 - This can be achieved through **judicial reforms**, specialised commercial courts, and alternative dispute resolution methods.
- **Promote Sector-Specific Investment Policies:** Formulate sector-specific investment policies and incentives to attract FDI in key sectors such as **manufacturing, renewable energy, healthcare, technology, and e-commerce**.

- **Tailoring policies to address the specific needs and requirements** of each sector can encourage foreign investors to invest in those areas.

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Q. With reference to Foreign Direct Investment in India, which one of the following is considered its major characteristic? (2020)

- (a) It is the investment through capital instruments essentially in a listed company.
- (b) It is a largely non-debt creating capital flow.
- (c) It is the investment which involves debt-servicing.
- (d) It is the investment made by foreign institutional investors in Government securities.

Ans: (b)

Q. Consider the following: (2021)

1. Foreign currency convertible bonds
2. Foreign institutional investment with certain conditions
3. Global depository receipts
4. Non-resident external deposits

Which of the above can be included in Foreign Direct Investments?

- (a) 1, 2 and 3
- (b) 3 only
- (c) 2 and 4
- (d) 1 and 4

Ans: (a)

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Ans: (a)

[Source: IE](#)

US Debt Ceiling Crisis

For Prelims: US Debt Ceiling Crisis, Constitution's 14th Amendment, Credit rating, [Forex](#).

For Mains: Fiscal deficit and its management by Indian Govt.

Why in News?

The United States Treasury Secretary has warned of the US defaulting on debt by June 1 if the House of Representatives and President's White House fail to reach an agreement to raise or suspend the debt ceiling.

What is the US Debt Ceiling?

▪ About:

- The debt ceiling is the **maximum amount of money that the U.S. government** is legally allowed to borrow to fund its expenses and obligations.
 - It was established in 1917 during [World War I](#).
- The purpose of the debt ceiling is to provide the government with flexibility in spending **without requiring frequent approval from Congress** for each expenditure.
- Under the U.S. Constitution, Congress has the **authority to control government spending**.
- As of now, the current debt limit is **set at USD 31.4 trillion**. This means that the government **cannot exceed borrowing beyond this amount without congressional approval**.

▪ Current Stand-off:

- The current stand-off involves the **Republicans (Members of Opposition party)**, who have a majority in the House of Representative and Democrat-run government.
- The Republicans are refusing to **raise the US debt ceiling unless the government** agrees to include **significant spending cuts and other priorities**, arguing that the nation's debt is **unsustainable**.
 - They want to attach conditions to programs like **cash aid, food stamps, and Medicaid to ensure that government spending** is limited.
- On the other hand, the President insists on **approving the debt ceiling with no conditions**, stating that defaulting on debt is non-negotiable.
- This has created a deadlock and a **potential risk of default if an agreement is not reached before** the deadline.

What happens if the Government Defaults?

▪ Government Default:

- The US government may not be able to meet its financial obligations, resulting in a default on its debt payments. This would be unprecedented and could have a catastrophic impact on the nation's economy.

▪ Economic Downturn:

- A default would lead to a loss of confidence in the US financial system, causing financial markets to become highly volatile. It could trigger a severe economic downturn, impacting businesses, investments, and employment.
- Analysts say the dollar would weaken, the stock markets would collapse, and millions might lose their jobs.

▪ Downgraded Credit Rating:

- A default could result in a downgrade of the US government's credit rating, making it more expensive for the government to borrow money in the future. This would further strain the country's finances and increase borrowing costs.

▪ Global Repercussions:

- The US economy is closely interconnected with the global economy. A default could have a ripple effect worldwide, causing disruptions in international financial markets and affecting economies around the globe.

Is there Any Back-up if Debt Ceiling Defaults?

- **Constitution's 14th Amendment:**
 - Under the **Constitution's 14th Amendment**, the President has the authority to raise the debt ceiling by their own without the support of Legislature.
 - The Constitution's 14th Amendment states that the **validity of the public debt "shall not be questioned."** This would involve asserting that **defaulting on the debt is unconstitutional** and taking action to prevent it.
- **Emergency Measures:**
 - The Treasury Department has certain emergency measures it can take to **continue paying the government's bills even after hitting** the debt ceiling.
 - These measures can provide temporary relief, but they are not a long-term solution.
 - They buy some time for the government to operate until a permanent solution is reached.
- **Bipartisan Agreement:**
 - It is possible that negotiations between the government and the opposition could continue until the last moment, and a **bipartisan agreement to raise the debt ceiling could be reached.** This would involve compromises and finding common ground on spending cuts or other fiscal measures.

Has anything Similar Happened Earlier?

- The similar situation occurred in 2011 when Barack Obama was President, but the House of Representatives was controlled by the members of opposition party.
- The crisis was resolved shortly before the deadline by reaching an agreement. In that case, the President agreed to implement **spending cuts totaling more than USD 900 billion** in order to resolve the crisis and raise the debt ceiling.

How Does India Manage Borrowing and Debt Obligation?

- India has a formal debt ceiling mechanism as per FRBM Act but does not have debt ceiling in terms of absolute amount like the US has. Therefore, Debt Ceiling in the US can be compared with **Fiscal Deficit** target in India.
 - In India this target is in term of % of **GDP (Gross Domestic Product)** not in and absolute amount like in USA.
- Indian government manages **borrowing and debt obligations** through various mechanisms and institutions such as,
 - **Fund raising through Securities and Bonds:** It issues government securities, such as treasury bills and government bonds, in the domestic market.
 - **Fiscal Responsibility and Budget Management (FRBM) Act:** It provides a legislative framework for **fiscal discipline and debt management** in India. It sets targets for fiscal deficits and debt-to-GDP ratios, aiming to ensure long-term fiscal sustainability. The government's borrowing decisions are guided by the principles outlined in the FRBM Act.
 - **Reserve Bank of India (RBI):** The RBI plays a significant role in managing the country's borrowing and debt. It acts as the **banker to the central government and facilitates the issuance**, auction, and trading of government securities. The RBI also manages the government's **cash flows, ensuring smooth settlement of debt transactions.**

How can the US debt ceiling Impact Global Economy?

- A failure to raise the debt ceiling and the subsequent risk of a US government default can lead to **increased volatility in global financial markets.**
- A debt ceiling crisis may undermine the creditworthiness of the US dollar and may erode confidence in it, leading to a depreciation in its value. This depreciation can **have ripple effects on other currencies and trade relationships.**

- A debt ceiling crisis can undermine confidence in the stability and reliability of the global financial system. Uncertainty and fear in the markets can result in reduced **business and consumer spending**, hampering economic growth not only in the US but also worldwide.

What will be the Impact on the Indian Economy?

- **Rupee Depreciation:**
 - The Indian rupee may depreciate against the dollar, **making imports more expensive and potentially increasing inflationary pressures** in the Indian economy.
- **Trade Disruptions:**
 - The United States is one of India's major trading partners, and any economic downturn resulting from a **debt ceiling crisis can reduce demand for Indian exports**.
 - Reduced exports to the US can negatively impact Indian industries dependent on American consumers, such as information technology, textiles, and pharmaceuticals.
- **Impact on Forex:**
 - India holds a significant amount of **foreign exchange reserves**, including US Treasuries. A default or downgrade of **US debt can result in losses on these investments**, potentially impacting India's foreign exchange reserves and overall financial stability.

[Source: IE](#)

District Judiciary

For Prelims: District judiciary, [Supreme Court](#)

For Mains: Significance of the district judiciary in India's judicial system, Importance of financial security and independence for judicial officers' impartiality.

Why in News?

The [Supreme Court of India](#) has emphasized the crucial role of the **district judiciary** in **upholding justice and declared its independence as an integral part of the [Constitution's basic structure](#)**.

- In a recent judgment, the court underscored the need for judicial **independence from the executive and legislature, including matters of finances**.
- The judgment, based on a petition filed by the All-India Judges Association, has led to significant directions and recommendations for the district judiciary's functioning and welfare.

What is the District Judiciary?

- **About:**
 - The district judiciary refers to the **judicial system at the district level in India**. It is the **first level of the judiciary** and is responsible for hearing and deciding on cases at the local level.
 - The district judiciary is composed of **district courts and other lower courts**, which are presided over by **district judges** and other judicial officers.
- **Constitutional Provisions**
 - Articles 233-237 of the Indian Constitution deal with the provisions related to subordinate courts.
 - **Article 233:**

- Deals with the **appointment of district judges**. Appointments of persons to be, and the posting and promotion of, district judges in any State shall be made by the **Governor of the State** in consultation with the High Court exercising jurisdiction in relation to such State.
- **Article 234:**
 - Deals with the **recruitment of persons other than district judges** to the judicial service.
- **Article 235:**
 - Deals with the **control over district courts and courts subordinate** thereto including the posting and promotion of, and the grant of leave to, persons belonging to the judicial service of a State and holding any post inferior to the post of district judge shall be vested in the High Court.
- **Article 236:**
 - Defines the term "**judicial service**".
- **Article 237:**
 - Empowers the Governor to apply the provisions of this Chapter to any class or classes of magistrates in a State.
- **Importance of district judiciary:**
 - The district judiciary performs an important role in upholding the **rule of law**. The district judiciary plays a vital role in achieving the preambular goal of justice by ensuring access to justice for **litigants**.
 - The district judiciary, **being the most accessible court for litigants**, serves as the **primary interface between the justice system and the people**.

What is the SC Judgement?

- **Independence of District Judiciary:**
 - The Supreme Court declares the independence of the district judiciary as a crucial part of the **Constitution's basic structure**.
 - Access to justice, a **preambular goal**, would remain illusory without impartial and independent judges at the grassroots level.
- **No Longer "Subordinate":**
 - The term "**subordinate judiciary**" **rejected as it misrepresents the constitutional position of a district judge**.
 - The constitution recognizes and protects district judges as vital components of the judicial system.
 - Greater respect should be accorded to the district judiciary and its contributions.
- **Recognition of District Judiciary's Importance:**
 - District judiciary plays a vital role in upholding the rule of law and delivering justice.
 - Handles approximately 1.13 million cases daily, making it the most accessible court for litigants.
 - Showed efficiency in functioning even during the pandemic, ensuring timely delivery of justice.
- **Financial Security and Economic Independence for Judicial Officers:**
 - Independence of judicial officers serving in the district judiciary is vital to the judicial system.
 - Financial security and economic independence of judicial officers are essential to maintain their impartiality.
 - **Judicial officers have been working without a pay revision for nearly 15 years.**
- **Recommendations and Directions:**
 - **Enhanced salary, pension, and other retiral benefits ordered for judicial officers.**
 - The pay of judicial officers should be **stand-alone and not compared to staff in the political executive or legislature**.
 - Incentives and promotion opportunities are needed to maintain the high level of functioning of the judiciary.

[Source: TH](#)

New Tax Rules for Online Gaming Platforms

Why in News?

The [Central Board of Direct Taxes \(CBDT\)](#) has recently introduced **new tax rules for online gaming platforms in India**. These rules aim to bring clarity and establish guidelines for [Tax Deducted at Source \(TDS\)](#) on winnings from online gaming.

What are the New Tax Rules for Online Gaming?

- **No TDS on Winnings up to Rs 100:**
 - Online gaming platforms **will not be required to deduct tax at the source for a player if the net winning does not exceed Rs 100.**
 - This threshold provides relief for **players with smaller winnings.**
- **Taxable Deposits:**
 - Bonus, referral bonus, and incentives provided by the online gaming company are **considered taxable deposits.**
 - These deposits will be subject to tax under **Rule 133 of the Income-tax Act.**
- **Calculation of Net Winnings:**
 - Calculation of net winnings in the online gaming industry will **consider each user account separately when a user has multiple accounts.**
 - The deposit, withdrawal, or balance in the user account refers to the **total amount across all user accounts associated with the individual.**
 - Transfers between user accounts under the same online intermediary, belonging to the same user, **will not be treated as withdrawals or deposits.**
 - However, if a withdrawal or deposit occurs between **one user's account and another user's account, such transfers will be considered as withdrawals.**
- **Valuation of Winnings:**
 - The valuation of winnings in kind will be based on the **fair market value**, except when the online gaming intermediary has purchased the winnings before providing them to the user.
 - If the online gaming intermediary manufactures items as winnings, the fair market value will be considered.
- **TDS Provision for Online Gaming:**
 - To regulate online gaming transactions, the **Finance Act 2023 introduced section 194BA in the Income-tax Act, 1961**, requiring online gaming platforms to deduct **income tax on net winnings in a user's account.**
 - TDS at a **rate of 30% will be applicable** on the net winnings from any online gaming platform.
 - Tax is required to be deducted at the time of withdrawal and at the end of the [financial year](#).
- **Impact:**
 - **Increased tax burden** on online gamers.
 - Impact on professional gamers and streamers, potentially higher taxes and more complex financial management.
 - Esports organizations may need to **adjust financial models and consider tax implications for revenue streams.**
 - Financial implications and potential **reduction in gaming income.**
 - Compliance challenges in understanding and adhering to new tax rules.
 - Possibility of players **migrating to jurisdictions with more favorable tax regulations.**

Tax Deduction at Source:

- A person (deductor) who is liable to make payment of specified nature to any other person (deductee) shall deduct tax at source and remit the same into the account of the Central Government.

What is CBDT?

- It is a **statutory authority** that functions under the [Central Board of Revenue Act, 1963](#).
 - It is a part of the **Department of Revenue in the Ministry of Finance**.
- It provides **inputs for policy and planning of direct taxes in India** and is also responsible for the administration of direct tax laws through the **Income Tax Department**.
- Direct Taxes include [income tax](#), **corporation tax etc.**

What are the Other Tax Regulations Related to Digital Assets?

- The Government of India has decided to regulate transactions of [Virtual Digital Assets](#) in the [Union Budget 2022](#).
 - Provisions have been proposed in the **Income-tax Act, 1961** to regulate investments in [cryptocurrencies](#), [NFTs](#), and other virtual digital assets.
- Income from **digital assets will be taxed at a rate of 30%**.
- **A 1% tax deductible at source** will be applicable on transactions involving virtual digital assets.
- **Gifts of virtual digital assets will also be subject to taxation.**
- No deductions and exemptions are allowed, and losses from the **transfer of such assets cannot be set off against any other income.**

UPSC Civil Services Examination Previous Year Question (PYQ)

Prelims:

Q. With reference to India's decision to levy an equalization tax of 6% on online advertisement services offered by non-resident entities, which of the following statements is/are correct? (2018)

1. It is introduced as a part of the Income Tax Act.
2. Non-resident entities that offer advertisement services in India can claim a tax credit in their home country under the "Double Taxation Avoidance Agreements".

Select the correct answer using the code given below:

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (d)

[Source: IE](#)

Why in News?

[Protesting wrestlers at Jantar Mantar, Delhi](#) have expressed their **willingness to undergo narco analysis tests**, with the **condition that it is monitored by the Supreme Court and broadcasted live for the entire country to witness**.

What is a Narco Test?

- **About:**
 - In a narco analysis test, **a drug called sodium pentothal is injected into the body of the accused, which transports them to a hypnotic or sedated state in which their imagination is neutralised.**
 - In this hypnotic state, the accused is understood as being **incapable of lying and is expected to divulge information that is true.**
 - In India, Narco analysis tests were notably used in the [2002 Gujarat riots case](#), and the [26/11 Mumbai terror attack case](#).
- **About Sodium Pentothal:**
 - **Sodium pentothal, or sodium thiopental, is a fast-acting, short-duration anaesthetic used in larger doses to sedate patients during surgery.**
 - It belongs to the **barbiturate class of drugs** that act on the central nervous system as **depressants.**
 - Because the drug is believed to weaken the **subject's resolve to lie, it is sometimes referred to as a "truth serum"** and is said to **have been used by intelligence operatives during World War II.**
- **Narco vs Polygraph Tests:**
 - Narco tests must not be confused with [polygraph tests](#), which, although having the **same truth-decoding motive, work differently.**
 - A polygraph test is carried out on the **assumption that physiological responses triggered when one is lying are different from what they otherwise would be.**
 - Rather than injecting drugs into the body, **polygraph tests attach instruments like cardio-cuffs or sensitive electrodes to the suspect and measure variables such as blood pressure, pulse rate, respiration, change in sweat gland activity, blood flow, etc., while the suspect is being questioned.**

What are the Legal Implications of Narco Tests?

- **Selvi vs State of Karnataka & Anr Case 2010:**
 - The SC **ruled on the legality and admissibility of narco tests** establishing that the involuntary administration of narco or lie detector tests **constitutes an intrusion into an individual's "mental privacy."**
 - The apex court held that narco tests violate the fundamental right against self-incrimination under [Article 20\(3\) of the Constitution](#), which states that no **person accused of any offence shall be compelled to be a witness against himself.**
- **D.K. Basu vs. State of West Bengal case, 1997:**
 - The SC ruled that **involuntary administration of the polygraph and narco test** will amount to cruel, inhuman, and degrading treatment in the context of [Article 21 or the Right to Life and Liberty](#).
- **Other Observations of the SC:**
 - Narco tests are **not reliable or conclusive as evidence, as they are based on assumptions and probabilities.**
 - Any information or material that is subsequently discovered with the help of voluntarily administered test results can be admitted, in accordance with **Section 27 of the Evidence Act, 1872.**
 - For example: **if an accused reveals the location of a physical piece of evidence** (something like a murder weapon) in the course of the narco test and the police later find that specific piece of evidence at that location, **the statement of the accused will not be treated as evidence, but the physical evidence will be valid.**

- There is **no guarantee that the person who undergoes such tests will reveal only the truth**. There are **chances of manipulation and fabrication of results by vested interests**.
- Narco tests can be conducted **only with the consent of the accused, and that too after informing them about their rights and consequences**.
- The court also emphasised that the **'Guidelines for the Administration of Polygraph Test on an Accused'**, published by the [National Human Rights Commission](#) in 2000, must be strictly followed.

[Souce: IE](#)

Rapid Fire Current Affairs

Iran Successfully Tests Long-Range Ballistic Missile

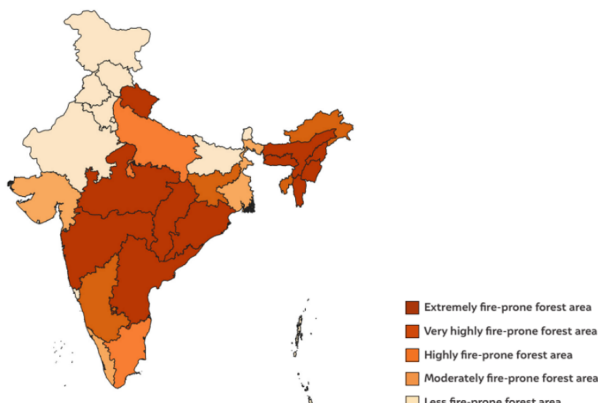
Iran showcased its latest version of the **Khorramshahr ballistic missile**, unveiling the **Khorramshahr-4 with a range of 2,000 kilometers (1,240 miles)** and a **1,500-kilogram (3,300-pound) warhead**. The Khorramshahr-4 derives its name from an **Iranian city** associated with intense warfare during the [Iran-Iraq War](#). The missile is also called **Kheibar**, after a Jewish fortress conquered by the Muslims in the 7th century. As Iran continues uranium enrichment, nearing weapons-grade levels, and given the missile's range, it raises concerns about the potential threat to **Israel**.

Ballistic missiles are **rocket-propelled strategic weapons that follow a parabolic trajectory** to deliver payloads to fixed targets. India has developed a [Ballistic Missile Defence \(BMD\) system since 1999](#), primarily to **enhance defense against potential nuclear attacks from Pakistan**. The BMD system aims to incorporate both **low-altitude and high-altitude interceptor missiles** and involves the collaboration of the [Defense Research and Development Organization \(DRDO\)](#) with public and private firms. Notable ballistic missiles in India's arsenal include [Agni](#), [K-4 \(SLBM\)](#), [Prithvi](#), and [Trishul](#).

Read more: [SHAURYA MISSILE](#), [Ballistic Missile](#)

High Forest Fire Occurrences in Indian Protected Areas

More than 62% of Indian states are prone to high-intensity forest fire events (2000-19)



An analysis reveals that **despite significant excess rainfall** in the last two months, over **50% of forest fire occurrences in India** were reported from **nine national parks and wildlife sanctuaries**. From May 17 to May 23, 2023, a total of 516 forest fires were reported, with [Guru Ghasidas National Park](#) recording **the highest number of incidents (129)**. These fires were observed in states such as **Madhya**

Pradesh, Chhattisgarh, and Jharkhand.

While the cause of these wildfires remains unknown, it is perplexing that these areas have experienced significant excess rainfall. The [Forest Survey of India](#) indicates that **approximately 4% of forest cover in the country is highly prone to fires, while another 6% is extremely prone.**

Forest fires can be defined as any **uncontrolled and non-prescribed combustion or burning of plants** in a natural setting such as a **forest, grassland, brushland, or tundra**. Forest fires can be caused by natural causes like [lightning](#) or **man-made causes like land clearing, agricultural activities, and industrial development**. Hotter and drier weather caused by climate change and poor land management create conditions favorable for **frequent, larger, and high-intensity forest fires**. **Forest fires** can have severe consequences on the environment and wildlife. Forest fires, though often deadly, are a natural phenomenon that can be beneficial for ecosystems by **clearing dead organic matter**.

Read more: [Forest Fires](#)

Neeraj Chopra: The Quest for the 90m Mark

Neeraj Chopra is India's **golden boy in javelin throw**, having won the [Olympic gold medal in 2020](#) and becoming the **world number one in 2023**. He happens to be the first Asian to win an Olympic Gold Medal in the men's javelin throw. However, there is one elusive target that he has not yet achieved: **the 90m mark**. This is considered a significant milestone in the sport, as **only 23 men have crossed it since 1986**.

Among them are **Jan Zelezny and Johannes Vetter**, who have done it multiple times. Johannes Vetter of Germany stands out, having achieved this feat **eight times**. Jan Zelezny's astounding world record of **98.48m, set 27 years ago**, remains unbroken.

Neeraj has come close to the mark, with a personal best of **89.94m**. He will face Vetter and two other 90m throwers at the **Fanny Blankers-Koen Games in Netherlands on June 3, 2023**.

Read more: [Target Olympic Podium Scheme](#)

German Economy Enters Recession

The **German economy** has suffered an unforeseen setback, plunging the country into a **formal recession**, according to newly released data. The **Federal Statistical Office's** report reveals a **0.3% decline in Germany's gross domestic product (GDP)** during the first quarter of 2023.

This follows a **0.5% contraction in the previous quarter of 2022**, marking two **consecutive quarters of decline and meeting the technical definition of a recession**.

A recession is defined as a time when economic activity experiences a downturn. It is important to note that brief declines are not classified as recessions. Instead, **a recession is identified by two consecutive quarters of decline in a country's real (inflation-adjusted) GDP**, which takes inflation into account.

Read more: [Recession](#)