

Financial Action Task Force

❖ Context

- Pakistan is likely to be off the 'grey list' of the **Financial Action Task Force (FATF)**.
- The announcement for the same will take place at the **FATF plenary** which is scheduled this week, from June 14 to 17, 2022, in Berlin (Germany).



❖ About FATF

- The Financial Action Task Force (FATF) is an **inter-governmental decision-making body**.
- It was **established in 1989 during the G7 Summit** in Paris to develop policies against money laundering.
- It is a **"policy-making body"** which works to **generate the political will** to bring about national legislative and regulatory reforms in money laundering.
- It has also **started dealing with virtual currencies**.
- The **FATF Secretariat is located in Paris**.
- **Objective of FATF:**
 - **FATF sets standards and promotes effective implementation of:**
 - legal, regulatory and operational measures for **combating money laundering**.
 - The FATF works to identify national-level vulnerabilities with the aim of protecting the international financial system from misuse.
- **Members:**
 - 37 Countries.
- **India became an Observer at FATF in 2006.**
 - Since then, it has been working towards full-fledged membership.
 - On **June 25, 2010** India was taken in as the 34th country member of FATF.
- **FATF on Terror Financing**
 - FATF's role in combating terror financing **became prominent after the 9/11 terror attacks** in the US.

- In 2001 its mandate expanded to include terrorism financing.
- Financing of terrorism **involves providing money or financial support to terrorists**.
- As of 2019, **FATF has blacklisted North Korea and Iran** over terror financing.
- **Twelve countries are in the grey list**, namely: Bahamas, Botswana, Cambodia, Ethiopia, Ghana, Pakistan, Panama, Sri Lanka, Syria, Trinidad and Tobago, Tunisia and Yemen.
- **FATF 'Grey list' and 'Blacklist'**
 - **Black List:**
 - Countries known as Non-Cooperative Countries or Territories (NCCTs) are put in the blacklist.
 - These countries support terror funding and money laundering activities.
 - The FATF revises the blacklist regularly, adding or deleting entries.
 - **Grey List:**
 - Countries that are considered safe haven for supporting terror funding and money laundering are put in the FATF grey list.
 - This inclusion serves as a warning to the country that it may enter the blacklist.
- **Countries in the Grey List May Face**
 - Economic sanctions** from IMF, World Bank, ADB.
 - Problem in getting loans** from IMF, World Bank, ADB and other countries.
 - Reduction in international trade.**
 - International boycott.**

Anchor Investor

❖ Context

- Shares of a prominent PSU, which had recently launched its IPO, had fallen considerably as anchor investors sold the shares after the lock-in period ended.



❖ About Anchor Investor

- An anchor investor in an IPO is a **qualified institutional buyer (QIB)** like a foreign portfolio investor or mutual fund or insurance company.
- Anchor investors were introduced to the financial markets in **2009**. They are allowed up to **30% of the issues' portion available for Qualified Institutional Bidders (QIB)**.
- They **buy shares in a large number at prices fixed by the company** and get a confirmed allotment. This increases a retail investor's confidence in the demand for the shares.
- Each anchor investor has to invest a **minimum of ₹10 crores for the issue**.

- There can be a **minimum of 15** anchor investors if the **offer is less than ₹250 crores**. However, if the **offer size is more than ₹250 crores, the number of anchor investors can be increased to 25**.
- As initial investors, they make the IPO process more attractive for investors and instil confidence in them.
- Anchor investors also aid in price discovery of the IPO.
- **Lock in period**
 - These anchor investors **cannot sell their shares till 30 days** from the allotment date. This period of thirty days is called the lock-in period.
 - Since they have invested a considerable sum in the issue, any sale would make the price of the shares fall. This lock-in period prevents them from selling the shares and hurting the price of the shares.

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CM as State Universities Chancellor

❖ Context

- The West Bengal Assembly has passed the **West Bengal Universities (Amendment) Bill** to replace the Governor with the Chief Minister as the Chancellor of universities run by the state government. The bill has not received the assent of the Governor yet.

❖ Power of Governors as Chancellors

- Chancellors in most states have the power to **annul decisions** of the decision making bodies such as the Executive Council, and **to make appointments** to these bodies.
- **Preside over the convocation** of universities.
- The **appointment of vice-chancellors (VCs)** in state government-run universities.
- However, in some states, like **Telangana & Gujarat**, governors have no option but to appoint VCs from among the names approved by the state governments.

❖ Central Universities

- The **Central Universities Act 2009** lays down that the **President of India** shall be the **Visitor of a Central University**.
- The VCs are appointed by the visitor from **panels of names picked by search and selection committees** formed by the union government.
- But there is an **exception**. In the case of **Visva-Bharati University**, the PM plays the role of Chancellor. The WB government has cited this example while passing the bill.

❖ Constitutional & Legal Provisions

- Education comes under the **entry 25** of the **concurrent list**.
- However, **entry 66** of the union list gives the centre substantial authority over higher education.
- UGC plays the standard setting role even in case of appointments.
- According to the **UGC regulations, the visitor/chancellor, which is mostly the Governor in states, shall appoint the VC** out of the panel of names recommended by the search-cum-selection committee.
- Higher education institutions, particularly those which receive funds from the UGC, are mandated to follow its regulations.

❖ SC's observation

- The Supreme Court in March while setting aside the appointment of the VC of a Gujarat university by the state government, observed that "any appointment as a VC contrary to the provisions of the UGC regulations can be said to be in violation of the statutory provisions, warranting a writ of quo warranto."
- In case of any conflict between State & Central legislation, central legislation shall prevail under Article 254.

Enforcement Directorate (ED)

❖ Context

- Recently, a Congress leader was questioned by the Enforcement Directorate for the second consecutive day in the National Herald money-laundering case.



❖ Enforcement Directorate (ED)

- ED is a **law enforcement agency and economic intelligence agency** responsible for enforcing economic laws and fighting economic crime in India.

- **On 1st May 1956**, an 'Enforcement Unit' was formed, in the **Department of Economic Affairs**, for handling Exchange Control Laws violations under
- **Foreign Exchange Regulation Act, 1947.**
 - In the year 1957, this **Unit was renamed as 'Enforcement Directorate'**.
- **Functions:** It enforces the following two laws.
 - Foreign Exchange Management Act, 1999 (**FEMA**).
 - Prevention of Money Laundering Act, 2002 (**PMLA**).
- **Parent Ministry:** It is part of the **Department of Revenue, Ministry of Finance, Government Of India.**

- **The Directorate has 10 Zonal offices each of which is headed by a Deputy Director and 11 sub Zonal Offices each of which is headed by an Assistant Directors.**
- **Zonal offices Mumbai, Delhi, Chennai, Kolkata, Chandigarh, Lucknow, Cochin, Ahmedabad, Bangalore & Hyderabad.**
- **Sub Zonal offices Jaipur, Jalandhar, Srinagar, Varanasi, Guwahati, Calicut, Indore, Nagpur, Patna, Bhubaneswar & Madurai.**

- **Composition:**
 - It is headed by the **Director of Enforcement**, who is an **IRS officer** (Indian Revenue Service).
- **Headquarter:** New Delhi.



Prevention of Money Laundering Act, 2002
As per Sections 48 & 49 of the PMLA, the officers of the Directorate of Enforcement have been given powers to investigate cases of Money Laundering. The officers have also been authorised to initiate proceedings for attachment of property and to launch prosecution in the designated Special Court for the offence of money laundering.



Foreign Exchange Management Act, 1999
As per Section 37 of FEMA, the Director and Assistant Director of ED have the power to conduct investigation for any contravention that may occur under FEMA. The power given to the ED is the same as that of an Income Tax Officer under the ITA in terms of Section 131.

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News in Between the Lines

Lake SAWA



❖ **Context**

➤ This year, for the first time in its centuries-long history, **Sawa Lake dried up completely.**

❖ **Key Highlights**

- Sawa lake is located near the city of **Samawa, south of the capital Baghdad (Iraq).**
- With **no inlet or outlet**, the lake is a closed water body in an area of **sabkha (salt flat).**
- It is generally **fed by groundwater** that originates from the higher western desert areas, though it can also be fed by local wadis temporarily.
- **Formed over limestone rock**, the chemistry of Sawa lake is unique.
- The **site is home to several globally vulnerable species**, namely the eastern imperial eagle, houbara bustard and marbled duck.
- **Reasons for Drying Up the Lake:**
 - **Anthropogenic activities and climate change** turned the lake into a barren wasteland with piles of salt.
 - Climate Change and **rising temperatures** resulted in the drying up of this five-square-kilometer (two-square-mile) lake.
 - Further, **scanty rainfall and drought** added to the situation.

Neeli Jheel

The area near Neeli Jheel will be developed for eco-tourism. Project has got Delhi environment minister's nod. It is expected to be ready by October.

6,874 acres Total area of Asola Bhatti Wildlife Sanctuary

5.16 hectare Area of Neeli Jheel

40 hectares Area near Neeli Jheel to be developed

Proposed facilities near Neeli Jheel: Stepped seating | Amphitheatre | Selfie point | E-vehicles for guided tour | Parking | Plantation with signage | Exhibits of 3D animals

Some animals sighted in the camera trap study: Leopards, palm civets, black-naped hare, grey mongoose, rudy mongoose, striped hyena, porcupine, hog deer, black buck, spotted deer, wild boar and langur

Species found in Asola Bhatti Wildlife Sanctuary:

Birds	252
Butterfly	86
Reptiles	28
Mammals	23

❖ **Context**

➤ The **government of Delhi** has given permission to **develop the area near Neeli Jheel in Asola Bhatti Wildlife Sanctuary** as an ecotourism hub.

❖ **Key Highlights**

- Neeli Jheel is **spreaded over 40 hectares.**
- The area bordering the lake will get a **natural stepped seating facility, amphitheater, selfie point, toilets, 3D animal exhibits and parking.**
- **Bamboo and other eco-friendly products** would be used for beautification of the place.
- **e-Vehicles** would be used to ferry a limited number of people inside the sanctuary.

❖ **Asola-Bhatti Wildlife Sanctuary**

- It **covers a 32.71 sqkm area** on the Southern Delhi Ridge of Aravalli hill range on **Delhi-Haryana border.**
- Historical places around the sanctuary are **Surajkund** and **Anangpur Dam** (both in Haryana), **Tughlaqabad Fort** and **Adilabad ruins** (both in Delhi), **Chhatarpur Temple** (in Delhi).
- **Flora:**
 - Plant species include **dhak or flame of forest, dhok, giloi, inderjao, Indian elm, kadamba, Jaand** etc.
- **Fauna:**
 - Some animals spotted here include **leopards, jackals, palm civets, black-naped hare, gray mongoose, ruddy mongoose, striped hyena, porcupine, hog deer, and black buck, spotted deer, wild boar and langur.**

New Map of Earth's Tectonic Plates

❖ **Context**

➤ Researchers from the **University of Adelaide, Australia**, have carried out a new study that includes an updated map of the earth's tectonic plates.

❖ **Key Highlights**

- The new model for tectonic plates better explains the **spatial distribution of 90 % of earthquakes and 80 % of volcanoes** from the past two million years whereas existing models only capture 65 % of earthquakes.
- The study delved into the past construction of continents like the first supercontinent, **Vaalbara.**

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- Vaalbara fragmented to form other supercontinents over the years, the last being **Pangea**, which existed some 335-65 million years ago.
- Pangea again gave way to the seven modern continents which make the earth's land surface today.
- The last time the tectonic plate model was updated was back in **2003**.

❖ **Important Additions**

- The new study added several new **microplates** to the existing tectonic plate model like the **Macquarie microplate** which sits south of Tasmania and the **Capricorn microplate** that separates the Indian and Australian plates.
- However, the **biggest update** to the existing plate model has been in **western North America**.
- The **newly delineated boundary** is much wider, approximately 1,500 km, than the previously drawn narrow zone.

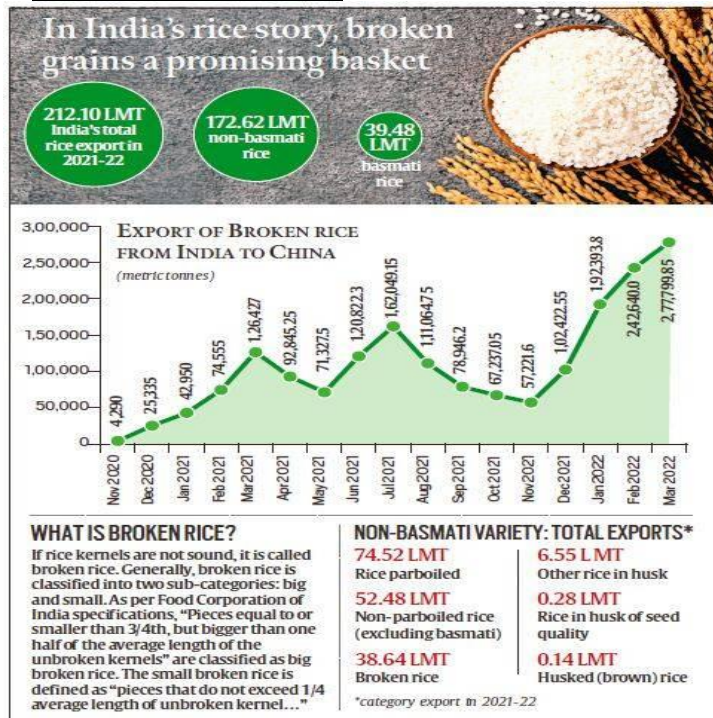
Top Importer Of Indian Broken Rice



❖ **Context**

- **China is now the top buyer of Indian broken rice**, which was earlier exported mostly to African countries.

❖ **Key Highlights**



- In **2021-22**, India's total rice exports - both basmati and non-basmati - was **212.10 LMT**, which is 19.30 per cent higher than 177.79 LMT exported in 2020-21.
- In the same period, **rice export to China jumped by 392.20 per cent**: from 3.31 LMT to 16.34 LMT (7.7 % of India's total rice export).
- **Nearly 97 per cent, or 15.76 LMT, was broken rice**, which has seen a spike in demand from that country.
- **Non-basmati rice accounts for the lion's share** in the basket of Indian rice exports.

Jaffna to TN & Puducherry



❖ **Context**

- The Sri Lankan cabinet green lighted two long pending connectivity proposals that have been part of India's wishlist for long.

❖ **Key Highlights**

- The **flights from Jaffna to Tiruchirappalli** in Tamil Nadu, and a **ferry service from Kankesanthurai in Jaffna to Karaikal in Puducherry**, have been approved by the cabinet.



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