

Fears over FRDI Bill misplaced: govt.

In yet another clarification about the Financial Resolution and Deposit Insurance (FRDI) Bill, the government has said depositors will be given preferential treatment in the event of liquidation of a bank, and the controversial bail-in clause will be used only with the prior consent of depositors.

- The clarification also said the bail-in clause would not be applied to public sector banks, and it would be a tool of last resort — when a merger or acquisition is not viable — in the case of private sector banks.
- The government reiterated its implicit guarantee for the solvency of public sector banks.
- The uninsured depositors, that is, beyond Rs1 lakh, of a banking company are treated on a par with unsecured creditors under the present law and paid after preferential dues, including government dues, in the event of its liquidation.
- Whereas As per the provisions of the FRDI Bill, the claims of uninsured depositors in the case of liquidation of a bank will be higher than those of the unsecured creditors and government dues.

Under current laws, deposits with banks are insured up to Rs1 lakh. Under the FRDI law, the Resolution Corporation is empowered to increase this deposit insurance amount.

- The government said bail-in is only one of many resolution tools in the FRDI Bill, with others including mergers and acquisition of the ailing financial institution, and is to be used either singly or in combination with other tools.
- The FRDI Bill includes formal safeguards for the use of the bail-in clause and the protection of depositors' interests that current legislations do not.
- Cancellation of the liability of the depositor beyond insured amount will be possible only with the prior consent of the depositor.

The bail-in instrument, as designed by the Resolution Corporation, will be subject to Government scrutiny and the oversight of Parliament.

- Bail-in power can be used in a judicious and reasonable manner only by the Resolution Corporation and it will have to ensure that all creditors, including uninsured depositors, get at least such value which they would have received in the event of liquidation of a bank.
- In other words, under the new law, uninsured depositors will recover at least as much of their deposits as they would have if the bank had been liquidated under current laws.

In case of injudicious and unreasonable exercise of bail-in power by the Resolution Corporation, for example, where the depositors of a bank get less value than in liquidation, such affected

depositors will have the right to get compensation from the Resolution Corporation on an order of the National Company Law Tribunal.

Electoral bonds for political donations notified

Union Finance Minister Arun Jaitley outlined the basic contours of the electoral bonds scheme announced during the 2017 Budget.

- Electoral bonds would be a bearer instrument in the nature of a promissory note and an interest-free banking instrument.
- A citizen of India or a body incorporated in India will be eligible to purchase the bond.
- Electoral bonds can be purchased for any value in multiples of Rs 1,000, Rs 10,000, Rs 10 lakh, and Rs 1 crore from any of the specified branches of the State Bank of India.
- The purchaser will be allowed to buy electoral bonds only on due fulfilment of all the extant KYC norms and by making payment from a bank account.
- It will not carry the name of the payee.
- It will have a life of 15 days during which they can be used to make donations to registered political parties that have secured not less than 1% of the votes polled in the last election to the Lok Sabha or Assembly.
- The bonds shall be available for purchase for a period of 10 days each in the months of January, April, July and October, with an additional 30 days to be specified by the Central government in the year of a general election.
- The bond shall be encashed by an eligible political party only through a designated bank account with the authorised bank.

Marital rape: HC seeks report on impact of ban

The Delhi High Court asked if there was any study on the impact of criminalising marital rape in countries such as Nepal, United Kingdom or the United States.

- The query came during a hearing on a plea by NGO RIT Foundation, All India Democratic Women's Association (AIDWA) and a marital rape victim challenging an exception to Section 375 of IPC which defines rape.

Responding to submissions that 52 countries in the world have criminalised marital rape, the court remarked that the exception in the law granting immunity to a husband was "very wide" giving him absolute freedom to do whatever he wants in a marital bond.

- “What about sexual autonomy or bodily integrity? Neither courts nor legislature has gone into it so far,” the court remarked.

TRAI interconnect rule has a Rs 1 lakh a day penalty proviso

The Telecom Regulatory Authority of India (TRAI) has issued new interconnectivity regulations mandating service providers to enter into an interconnection agreement “on non-discriminatory basis” within 30 days of receiving a request from another operator.

- The ‘Telecom Interconnection Regulations 2018’, which will come into effect from February 1, 2018, also provide for a daily penalty of up to Rs 1 lakh per service area for operators violating the new norms.

The new regulations cover important aspects of interconnection such as interconnection agreement, provisioning of initial interconnection and augmentation of points of interconnections, disconnection of ports, and financial disincentive on interconnection issues. The regulations will apply to all service providers offering telecom services in India.

Telangana news

Migrant children run State’s illegal labour force

Children from eight States in South, Central and East India form 30% of the illegal labour force in Telangana. Most non-native child labourers are between eight and to 14 years of age.

- Children rescued during SMILE, an operation initiated by Centre and executed by Women and Child Welfare Department (WCWD) and Department of Home Affairs, come from Odisha, Bihar, Rajasthan, Maharashtra, Jharkhand, Chattisgarh and Madhya Pradesh.
- Starting 2015, SMILE — a three week rescue operation — has been rescuing on an average 2,000 children each year .
- The operation which is conducted in the first quarter of each year is expected to commence on January 15 this year.
- The Home Department conducts a second round of rescue operations titled Muskan in June each year.

Officials assigned to oversee SMILE said children of Odisha, Bihar and West Bengal form a chunk of rescued non-Telangana child labourers.

- A majority of such children work in brick kilns or beg for a living.

- When adult migrant labourers move to Telangana for work they bring children who also get employed in nearby work places.

Rescued children, who are placed in child care homes run by government and State approved private parties, often go back to the labour market as they yearn to be with their relatives.

- While the State government runs just two rescue homes, private institutions approved under the title, Place of Safety, cater to 300 to 500 migrant children.
- The State homes can accommodate 100 boys and 60 girl children.

Hyderabad earns ODF tag

Hyderabad has been declared open defecation free (ODF) by the Swachh Bharat Mission, after a quality control team visited the city and inspected the status of sanitation in various localities.

- Earlier, the GHMC corporators had voluntarily certified their respective divisions as ODF, the undertakings of whom led to the civic body staking its claim for Hyderabad as an ODF city.

Aiming to secure its rank in the Swachh Survekshan-2018, the GHMC has built additional toilets, introduced the concept of 'she-toilets' (exclusively for women), and convinced owners of petrol pumps, hotels and restaurants to allow their toilets for public use.

ECBC comes into force

GHMC is the first corporation in the country to enforce ECBC, promulgated by the Union Ministry of Power in 2007.

Developers of commercial space over 1,000 square metres in plot area or 2,000 square metres of built-up area will have to henceforth obtain mandatory clearance from a GHMC-empanelled energy auditor certifying compliance with energy conservation rules.

- The building plan will be checked for its energy efficiency in terms of lighting, ventilation, landscape orientation, and other aspects determined at the design stage of the building.
- After the construction is complete and the building furnished, it will again have to undergo scrutiny with regard to ECBC compliance in terms of energy efficiency of the building material and electrical equipment used such as elevators, AC units, and pump-sets.
- Occupancy certificate will be issued only after the second round of certification.

Now, the civic body is following a prescriptive method of enforcement, by spelling out compliance norms. In future, an advanced method will be introduced, whereby simulated models will be brought forth for different ratings, and the building will be assessed based on which model it fits into.

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