IMPORTANT INTERNATIONAL AFFAIRS

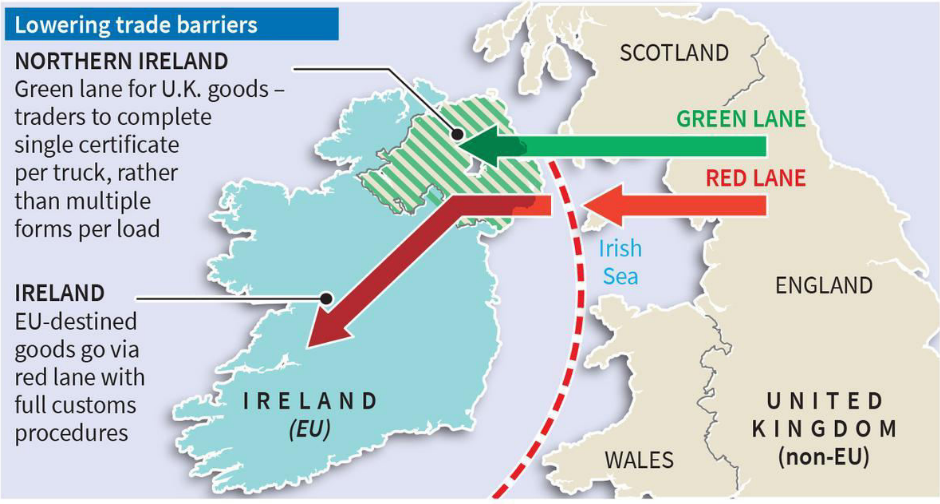
❖ **Understanding the Windsor framework**

➢ **CONTEXT: The United Kingdom and the European Union struck a deal recently regarding post-Brexit trade rules for Northern Ireland, with a view to remove the border between Britain and Northern Ireland running through the Irish Sea.**

- The fact that the Republic of Ireland remained with the EU after Brexit led to complications on the trade front. However, the Protocol, which allowed EU customs rules to apply across Northern Ireland, led to tensions in the province. The Windsor framework is the latest attempt at a remedy to the political complexities that have impacted trade and sentiments in the area.

➢ **What is the backdrop?**

- Ever since the Anglo-Irish Treaty of 1921 established the Irish Free State, the island's counties comprising Northern Ireland, remained a part of the U.K. The political split on the island was exacerbated by growing tensions, especially from the 1960s onwards, with spiralling violence between Unionists, who were set on Northern Ireland remaining within the U.K., and the Republicans, who favoured unification with the Republic of Ireland.
- Over the following three decades of attacks that came to be known as "The Troubles", more than 3,500 people died and many hundreds of thousands were injured. This dark saga on the island ended only after the Good Friday Agreement was hammered out in 1998 between Prime Ministers Tony Blair and Bertie Ahern of the U.K. and the Republic of Ireland respectively.



- A key takeaway from the Agreement was that, respecting the wishes of the majority of the people of Northern Ireland, the province would remain a part of the U.K. The people of the province would continue to be governed by blended political institutions, based on power-sharing between the Republic of Ireland and Northern Ireland.

➢ **Why were there trade tensions?**

- These carefully constructed arrangements faced an imminent challenge with the prospect of Brexit, and that led, in 2019, to the Northern Ireland Protocol, which allowed EU customs rules to apply in Northern Ireland. This was to avoid a hard customs border between Northern Ireland and the Republic of Ireland.
- Specifically, under the Protocol, Northern Ireland would formally be outside the EU single market, yet EU rules on the free movement of goods and customs union would continue to apply.
- While the Protocol promoted peace and harmony on the island, it de facto cut Northern Ireland off from the UK in terms of trade by imposing, in effect, a hard customs border in the Irish Sea. This aggravated Northern Ireland unionists who argued that it was unfair that goods could not flow freely between the province and the rest of the UK.

➢ **How does the Windsor framework attempt to resolve trade issues?**

- The Windsor framework seeks to address the aforementioned disruptions to trade between Northern Ireland and the rest of the U.K. caused by the Northern Ireland Protocol. It does so by permitting free trade between Great Britain and Northern Ireland through the use of green and red lanes for goods flowing into Northern Ireland.
  - ✓ Green lane goods will have fewer checks and controls, including no customs checks or rules of origin.
  - ✓ Red lane goods under the framework will be subject to full checks and controls to preserve the EU's single market.
- In a bid to ease the impact on farmers, agri-food goods such as meat and dairy will have reduced checks and controls, and food retailers, including supermarkets, wholesalers, and caterers, will be able to move agri-food via the green lane.
- The prohibition on certain chilled meats from Great Britain being sold in Northern Ireland will be removed. The U.K. and EU leaders are hoping that this would lead to greater availability of British goods in Northern Ireland markets, including both foods and medicines.

➢ **Will the framework resolve all outstanding trade issues in the area?**

- While the Windsor arrangement is aimed at protecting Northern Ireland's position within the U.K., and restoring its people's sovereignty, it is by no means an established working arrangement yet.
- For one, British Prime Minister Rishi Sunak might be anticipating political blowback from hard-line Tory Brexiteers, who might be incensed at the continuing applicability of some EU customs rules in Northern Ireland.

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- ✓ Objections to the new arrangement might also be centred on the 'Stormont brake', an emergency measure that permits Northern Ireland's devolved government to quickly halt new EU laws from being imposed on the province — a measure that London retains the right to veto.
- Second, the U.K. and the EU will have to pass new legislation to implement some parts of the framework, especially the proposed regulations in areas such as regulation of trade in medicines, and checks on animals and plants. Ultimately, which EU rules will be accepted in Northern Ireland and which will not, depends on the balance of power between the Unionists and Republicans in the province.
- The Windsor framework certainly scores points as a pragmatic compromise with the EU.

ECONOMIC AND SOCIAL DEVELOPEMENT

❖ **Combining social welfare and capital markets through SSE**

➢ **CONTEXT: Recently, the National Stock Exchange of India received the final approval from the markets regulator Securities and Exchange Board of India (SEBI) to set up a Social Stock Exchange (SSE).**

- Finance Minister Nirmala Sitharaman, presenting the Union Budget back in 2019, had proposed to initiate steps for creating a stock exchange under the market regulator's ambit.
- She had argued that it was time "to take our capital markets closer to the masses and meet various social welfare objectives to inclusive growth and financial inclusion." The proposal was cleared in September 2021.

➢ **What is a Social Stock Exchange (SSE)?**

- The SSE would function as a separate segment within the existing stock exchange and help social enterprises raise funds from the public through its mechanism. It would serve as a medium for enterprises to seek finance for their social initiatives , acquire visibility and provide increased transparency about fund mobilisation and utilisation.
- Retail investors can only invest in securities offered by for-profit social enterprises (SEs) under the Main Board. In all other cases, only institutional investors and non-institutional investors can invest in securities issued by SEs.

➢ **What about eligibility?**

- Any non-profit organisation (NPO) or for-profit social enterprise (FPSEs) that establishes the primacy of social intent would be recognised as a social enterprise (SE), which will make it eligible to be registered or listed on the SSE.
- The seventeen plausible criteria as listed under Regulations 292E of SEBI's ICDR (Issue of Capital and Disclosure Requirements) Regulations, 2018 entail that enterprises must be serving to eradicate either hunger, poverty, malnutrition and inequality; promoting education, employability, equality, empowerment of women and LGBTQIA+ communities; working towards environmental sustainability; protection of national heritage and art or bridging the digital divide, among other things.
- At least 67% of their activities must be directed towards attaining the stated objective. This is to be established by enumerating that, in the immediately preceding three-year period, either 67% of its average revenue came from the eligible activities, expenditure (in the same proportion) was incurred towards attaining the objective or the target population constitute 67% of the overall beneficiary base.
- Corporate foundations, political or religious organisations or activities, professional or trade associations, infrastructure and housing companies (except affordable housing) would not be identified as an SE.
- NPOs would be deemed ineligible should it be dependent on corporates for more than 50% of its funding.

➢ **How do NPOs raise money?**

- NPOs can raise money either through issuance of Zero Coupon Zero Principal (ZCZP) Instruments from private placement or public issue, or donations from mutual funds. SEBI had earlier recognised that NPOs by their very nature have primacy of social impact and are non-revenue generating. Thus, there was a need to provide NPOs a direct access to securities market for raising funds. ZCZP bonds differ from conventional bonds in the sense that it entails zero coupon and no principal payment at maturity. The latter provisions a fixed interest (or repayment) on the funds raised through varied contractual agreement, whereas ZCZP would not provision any such return instead promising a social return.
- It is mandatory that the NPO is registered with the SSE for facilitating the issuance. The instrument must have a specific tenure and can only be issued for a specific project or activity that is to be completed within a specified duration as mentioned in the fund-raising document (to be submitted to the SSE). It must also demonstrate the requisite expertise through their performance in similar projects in the past, thus, acquiring investor confidence and tackle concerns about potential default.
- The minimum issue size is presently prescribed as Rs 1 crore and minimum application size for subscription at Rs 2 lakhs for ZCZP issuance.
- The NPO may choose to register on the SSE and not raise funds through it but via other means. However, they would have to make necessary disclosures about the same.

➢ **What about on completion of projects?**

- Another structured finance product available for NPOs is the Development Impact Bonds. Upon the completion of a project and having delivered on pre-agreed social metrices at pre-agreed costs/rates, a grant is made to the NPO. The donor who makes the grant upon achieving the social metrics would be referred to as 'Outcome Funders'.
- Since the payment above is on post facto basis, the NPOs would have to also raise money to finance their operations. This is done by a 'Risk Funder' who alongside enabling the financing of operations on a pre-payment basis, also bears the associated risk with non-delivery of social metrics. S/he typically earns a small return if the metrics are delivered.

➢ **How do FPOs raise money?**

- For-Profit Enterprises (FPEs) need not register with social stock exchanges before it raises funds through SSE. However, it must comply with all provisions of the ICDR Regulations when raising through the SSE. It can raise money through issue of equity shares (on main board, SME platform or innovators growth platform of the stock exchange) or issuing equity shares to an Alternative Investment Fund including Social Impact Fund or issue of debt instruments.

- **What disclosures need to be made?**
- SEBI's regulations state that a social enterprise should submit an annual impact report in a prescribed format. The report must be audited by a social audit firm and has to be submitted within 90 days from the end of the financial year.
- Listed NPOs, on a quarterly basis, are specifically required to furnish details about the money they have raised category-wise, how they have been utilised and the unutilised balance amount. The latter needs to be furbished until the proceeds are fully utilised or the purpose has been achieved.

PRELIMS

1. Whip

- **CONTEXT: Members of a House are bound by the 'whip', and if any section of MLAs within a political party that is part of a ruling coalition says it does not want to go with the alliance, the MLAs will attract disqualification, the Supreme Court observed orally**
- **What is a 'whip' in the House?**
- In parliamentary parlance, a whip may refer to both a written order to members of a party in the House to abide by a certain direction, and to a designated official of the party who is authorised to issue such a direction. The term is derived from the old British practice of "whipping in" lawmakers to follow the party line.
- A whip may require that party members be present in the House for an important vote, or that they vote only in a particular way. In India, all parties can issue whips to their members. Parties appoint a senior member from among their House contingents to issue whips — this member is called a chief whip, and he/ she is assisted by additional whips.
- **How serious are whips issued by parties?**
- Whips can be of varying degrees of seriousness. The importance of a whip can be inferred from the number of times an order is underlined.
- A one-line whip, underlined once, is usually issued to inform party members of a vote, and allows them to abstain in case they decide not to follow the party line.
- A two-line whip directs them to be present during the vote.
- A three-line whip is the strongest, employed on important occasions such as the second reading of a Bill or a no-confidence motion, and places an obligation on members to toe the party line.
- **What can happen if a whip is defied?**
- The penalty for defying a whip varies from country to country. In the United Kingdom, an MP can lose membership of the party for defying the whip, but can keep her/ his House seat as an Independent.
- In the US, as per a note published by PRS Legislative Research, "the party whip's role is to gauge how many legislators are in support of a Bill and how many are opposed to it — and to the extent possible, persuade them to vote according to the party line on the issue".
- In India, rebelling against a three-line whip can put a lawmaker's membership of the House at risk. The anti-defection law allows the Speaker/ Chairperson to disqualify such a member; the only exception is when more than a third of legislators vote against a directive, effectively splitting the party.
- ✓ CJI Chandrachud said "Once a government is formed, it is not open to any group of MLAs to say that we don't want to go with this alliance. It is not open to any one segment of a political party to say we don't want to go with this alliance. That will ipso facto attract the disqualification provisions. You are bound by the whip. You are bound to vote with your party so long as you are in the legislature, unless there is a merger,".

2. FCRA

- **CONTEXT: The Centre recently suspended the Foreign Contribution Regulation Act (FCRA) licence of the Centre for Policy Research (CPR). This came five months after the Income Tax department conducted 'surveys' on the premises of the CPR, Oxfam India, and the Independent and Public Spirited Media Foundation (IPSMF), which funds a range of digital media entities.**
- The licence was suspended following prima facie inputs regarding the violation of funding norms.
- CPR, is "recognised as a not-for-profit society by the Government of India, and contributions to the Centre are tax exempt.
- CPR receives grants from the Indian Council for Social Science Research (ICSSR), and is a Department of Science and Technology (DST) recognised institution. CPR receives grants from a variety of domestic and international sources, including foundations, corporate philanthropy, governments, and multilateral agencies."
- **What is the FCRA?**
- The FCRA was enacted during the Emergency in 1976 amid apprehensions that foreign powers were interfering in India's affairs by pumping money into the country through independent organisations. These concerns were expressed in Parliament as early as in 1969.
- The law sought to regulate foreign donations to individuals and associations so that they functioned "in a manner consistent with the values of a sovereign democratic republic".
- An amended FCRA was enacted under the UPA government in 2010 to "consolidate the law" on utilisation of foreign funds, and "to prohibit" their use for "any activities detrimental to national interest".
- The law was amended again by the current government in 2020, giving the government tighter control and scrutiny over the receipt and utilisation of foreign funds by NGOs.
- The FCRA requires every person or NGO seeking to receive foreign donations to be
  (i) registered under the Act

(ii) to open a bank account for the receipt of the foreign funds in State Bank of India, Delhi
(iii) to utilise those funds only for the purpose for which they have been received and as stipulated in the Act.

- They are also required to file annual returns, and they must not transfer the funds to another NGO.
- The Act prohibits the receipt of foreign funds by candidates for elections, journalists or newspaper and media broadcast companies, judges and government servants, members of legislature and political parties or their office-bearers, and organisations of a political nature.
- In July 2022, the MHA effected changes to FCRA rules through two gazette notifications and increased the number of compoundable offences under the Act from 7 to 12.
- The other key changes were exemption from intimation to the government for contributions less than Rs 10 lakh (the earlier limit was Rs 1 lakh) received from relatives abroad, and increase in time limit for intimation of opening of bank accounts.
- Under the new rules, political parties, legislature members, election candidates, judges, government servants, journalists and media houses among others (all barred from receiving foreign contribution) will no longer be prosecuted if they receive foreign contribution from relatives abroad and fail to intimate the government within 90 days. However, the recipient will be required to pay 5% of the foreign contribution received.

➢ **How is FCRA registration granted?**

- NGOs that want to receive foreign funds must apply online in a prescribed format with the required documentation. FCRA registrations are granted to individuals or associations that have definite cultural, economic, educational, religious, and social programmes.
- Following the application by the NGO, the MHA makes inquiries through the Intelligence Bureau into the antecedents of the applicant, and accordingly processes the application.
- Under the FCRA, the applicant should not be fictitious or benami; and should not have been prosecuted or convicted for indulging in activities aimed at conversion through inducement or force, either directly or indirectly, from one religious faith to another.
- The applicant should also not have been prosecuted for or convicted of creating communal tension or disharmony; should not have been found guilty of diversion or misutilisation of funds; and should not be engaged or likely to be engaged in the propagation of sedition.
- The MHA is required to approve or reject the application within 90 days. In case of failure to process the application in the given time, the MHA is expected to inform the NGO of the reasons for the same.

➢ **For how long is approval granted?**

- Once granted, FCRA registration is valid for five years. NGOs are expected to apply for renewal within six months of the date of expiry of registration. In case of failure to apply for renewal, the registration is deemed to have expired, and the NGO is no longer entitled to receive foreign funds or utilise its existing funds without permission from the ministry.
- According to the MHA, NGOs failing to apply before the due date can petition the ministry with cogent reasons within four months of the expiry of registration, following which their applications can be reconsidered.
- Many NGOs do not apply for renewal for a variety of reasons, which include either completion of the project for which the FCRA registration had been taken or the NGO itself folding up.

➢ **On what basis is approval cancelled?**

- The government reserves the right to cancel the FCRA registration of any NGO if it finds it to be in violation of the Act.
- Registration can be cancelled if an inquiry finds a false statement in the application; if the NGO is found to have violated any of the terms and conditions of the certificate or renewal; if it has not been engaged in any reasonable activity in its chosen field for the benefit of society for two consecutive years; or if it has become defunct.
- It can also be cancelled if "in the opinion of the Central Government, it is necessary in the public interest to cancel the certificate,".
- Registrations are also cancelled when an audit finds irregularities in the finances of an NGO in terms of misutilisation of foreign funds.
- According to FCRA, no order of cancellation of certificate can be made unless the person or NGO concerned has been given a reasonable opportunity of being heard. Once the registration of an NGO is cancelled, it is not eligible for re-registration for three years.
- The ministry also has powers to suspend an NGO's registration for 180 days pending inquiry, and can freeze its funds.
- All orders of the government can be challenged in the High Court.

ANSWER WRITTING

Q. "Fossil fuel industry is failing to tackle methane emissions despite its pledges to uncover and fix leaking infrastructure" What are the mechanisms already in place for curbing methane emissions? Suggest some measures that the fossil fuel industry can adopt to curb methane emissions.

Methane is a powerful greenhouse gas emitted by human activities from sources such as leakage from natural gas systems, the raising of livestock, as well as by natural sources such as wetlands. Methane is responsible for 30 per cent of the warming since preindustrial times, second only to carbon dioxide. A report by the United Nations Environment Programme (UNEP) observed that over a 20-year period, methane is 80 times more potent at warming than carbon dioxide.

Mechanisms already in place for tackling methane emissions:

- Global efforts:

  - Global methane pledge: It was launched at COP26 in 2021 to catalyse action to reduce methane emissions. Led by the United States and the European Union, the Pledge now has 111 country participants who together are responsible for 45% of global human-caused methane emissions.
  - Methane Alert and Response System (MARS): UNEP's International Methane Emissions Observatory launched MARS at COP 27 to accelerate the implementation of the Global Methane Pledge by transparently scaling up global efforts to detect and act on major methane emissions sources.
  - Kyoto protocol: It aims to reduce the onset of global warming by reducing greenhouse gas concentrations in the atmosphere. It covers emissions of the six main greenhouse gases and methane is one of them.
  - Methane SAT: It is a planned American-New Zealand space mission to be an Earth observation satellite that will monitor and study global methane emissions.
- India's efforts:
  - National Livestock Mission: Since 2014 it includes feeding livestock with balanced rations which can help reduce methane emissions from livestock.
  - National Biogas and Organic Manure Programme: The scheme provide incentives to farmers for cattle waste recovery, used in the production of bio-energy.
  - Harit Dhara: developed by the Indian Council of Agricultural Research (ICAR) institute it is an anti-methanogenic feed supplement.

Certain additional measures that can be taken by the fossil fuel industry to curb methane emissions are:

- Leakage control: In the oil and gas sector, emissions can be reduced by over 75 per cent by implementing well-known measures such as leak detection and upgrading leaky equipment. The focus should be on reducing leakage from long-distance gas transmission and distribution pipelines.
- Using monitoring devices: It is now possible to observe significant emission events from a handheld device, as well as from aircraft or satellites. These can become useful for companies seeking to understand and track their emissions.
- Government policies for curbing emissions: Introduction of performance standards, financial incentives or emission taxes can also create incentives for companies to embrace abatement measures.
- Using already existing technologies: The technologies and measures to prevent methane emissions from oil and gas operations include repair campaigns, installing emissions control devices, and replacing components and devices that emit methane in their normal operations. According to International Energy Agency (IEA) over 40% of methane emissions from oil and gas could be avoided at no net cost by using existing technologies.
- Adopting zero non-emergency flaring and venting: Given that global emissions continue to rise, and the technology to avoid flaring and venting from oil and gas production already exists, it should be an immediate policy priority.

In recent years, scientists have repeatedly sounded the alarm regarding the increasing amount of methane in the atmosphere. Given the short-term potency of methane, cost-effective interventions to reduce methane emissions should be an immediate priority for the sectors with the largest emissions.

MCQs

1. With reference to Windsor Framework between UK and European Union (EU) consider the following
   1. It is completely a trade agreement between UK and EU.
   2. The red lane system will be for goods that will stay in Northern Ireland and the green lane system will be for goods that will go to the EU.

   Which of the above statement/s is/are correct?
   a) 1 only
   b) 2 only
   c) Both 1 and 2
   d) Neither 1 nor 2
2. The term often mentioned in news in context of Windsor Framework between UK and European Union (EU) 'Stormont Brake'.
   1. It allows Northern Ireland lawmakers and London to veto any EU regulation.
   2. The veto is applicable if the law maker believes that the regulation affects the region adversely.

   Which of the above statement/s is/are correct?
   a) 1 only
   b) 2 only
   c) Both 1 and 2
   d) Neither 1 nor 2
3. Which of the following UK constituent/s does not share border with any European Union member country?
   1. England
   2. Scotland
   3. Wales
   4. Northern Ireland

   Choose the correct answer using the codes below
   a) 1,2 and 4 only
   b) 1,3 and 4 only
   c) 1,2 and 3 only
   d) 2 and 4 only
4. Consider the following statements with reference to Social Stock Exchange (SSE) often mentioned in news recently
   1. The term Social Stock Exchange (SSE) for the first time conceptualised by the then Indian Finance Minister in h/her budget document 2019.

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2. An SSE allows the listing of non-profit or non-government organisations on stock exchanges, providing them with an alternative fund-raising structure.
3. Poor African countries like Ethiopia, Nigeria, Kenya have SSE.

Which of above statement/s is/are correct?
a) 1 and 2 only
b) 2 only
c) 2 and 3 only
d) 3 only

5. In context of Indian polity, consider the following statement/s With reference to office of whip, which was in news recently
1. The office of whip is not mentioned in the constitution, but is mentioned in the Parliamentary statute.
2. He is appointed by the speaker in Lok sabha and by the Chairman in the Rajya sabha.
3. He regulates and monitors the behaviour of the party members in the Parliament.

Which of the above statements is/are incorrect?
a) 1 only
b) 3 only
c) 1 and 2
d) 1 and 3

6. With reference to Foreign Contribution (Regulation) Act (FCRA), consider the following statements:
1. Foreign funding of persons in India is regulated under FCRA act and is implemented by the Ministry of Finance.
2. Under the Act, organisations taking foriegn contribution are required to register themselves every five years.

Which of the statements given above is/are correct?
a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

7. Recently children death in Kolkata spark fear of adenovirus outbreak, with reference to this consider the following statements:
1. Adenoviruses have single-stranded DNA genomes whereas retroviruses have double-stranded DNA genomes.
2. Common cold is sometime caused by an adenovirus whereas AIDS is caused by a retrovirus.

Which of the statements given above is/are correct?
a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2

8. With reference to Press Council of India (PCI) consider the following
1. It is a statutory body.
2. The chairman of the body is elected by it's internal members.
3. It aims to preserve the freedom of the press and maintain and improve the standards of newspapers and news agencies in India.

Which of the above statement/s is/are correct?
a) 1 and 2 only
b) 2 and 3 only
c) 1 and 3 only
d) 3 only

9. Which of the following laws are enforces by Enforcement Directorate (ED):
1. Foreign Exchange Management Act,1999 (FEMA)
2. Prevention of Money Laundering Act, 2002 (PMLA)
3. Foreign Contribution (Regulation) Act 2010 (FCRA)

Choose the correct answer using the codes given below
a) 1 and 3 only
b) 3 only
c) 2 only
d) 1 and 2 only

10. With reference to GST Compensation cess consider the following
1. GST Compensation Cess or GST Cess was introduced by the government to compensate for the possible revenue losses suffered by such manufacturing states.
2. Compensation cess is levied on products considered to be 'sin' or luxury as decided by GST council time to time.

Which of the above statement/s is/are correct?
a) 1 only
b) 2 only
c) Both 1 and 2
d) Neither 1 nor 2