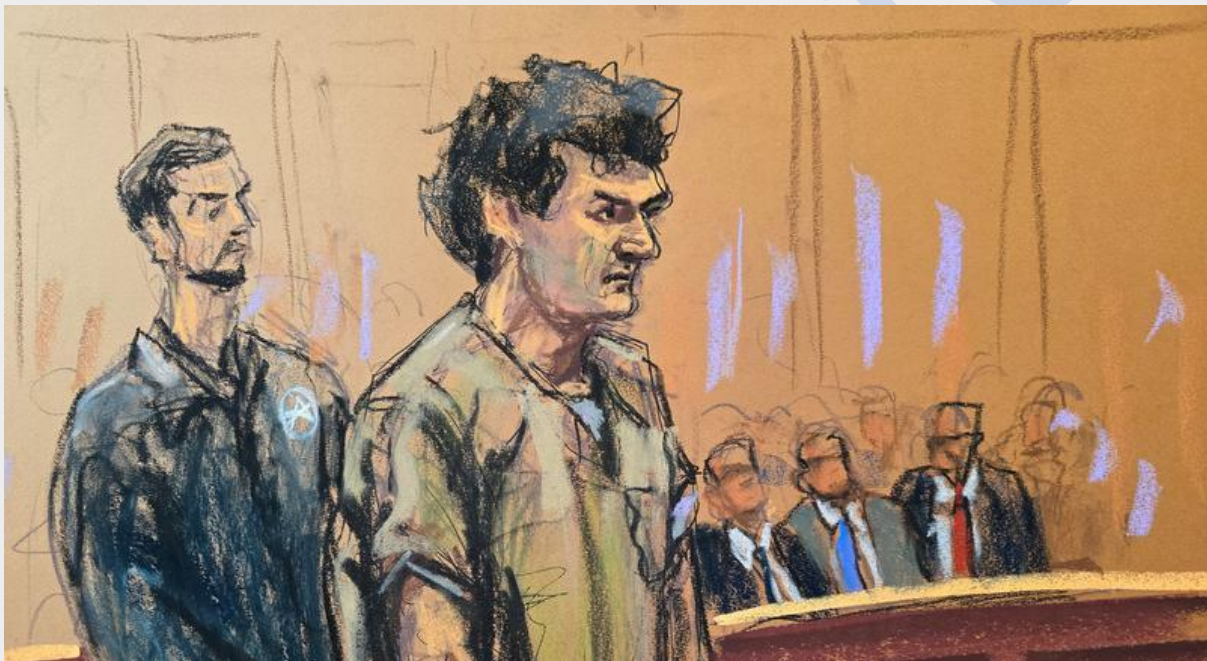


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1. Former FTX CEO Sam Bankman-Fried has been sentenced to 25 years in prison for orchestrating one of the largest financial frauds in history, involving at least \$8 billion of customer funds

Why in News?

Sam Bankman-Fried, the former CEO of the collapsed cryptocurrency exchange FTX, was sentenced to 25 years in prison on March 28, having been found guilty of multiple counts of fraud in 2023 after the spectacular crash of his crypto exchange and business.



What are the full terms of the sentence?

When he was sentenced to 25 years in prison and three years of supervised release, Bankman-Fried accepted that FTX customers had suffered and that such an acknowledgment was "missing" from what he had spoken about during the trial. He also expressed regret about the way he treated his former colleagues.

Bankman-Fried, a former billionaire, will also have to give up around \$11 billion as part of the sentence.

During the legal proceedings, it was established that customers lost at least \$8 billion, though this figure may vary due to the volatile nature of cryptocurrencies' prices.

The judge authorised the government to use the funds recovered through the forfeiture process to compensate victims. Bankman-Fried's lawyer is planning to appeal.

What were the charges against Sam Bankman-Fried?

FTX collapsed in late 2022 as customers panicked about the health of the exchange and tried to rapidly pull billions of dollars, triggering a liquidity crisis. It was later established that Bankman-Fried misused customer funds to prop up Alameda Research, a cryptocurrency trading firm. Bankman-Fried was arrested in the Bahamas a month later and was brought back to the U.S. to face trial.

How will the sentencing affect the crypto market?

Bankman-Fried's high-profile arrest, his disgraced return to the U.S., and the dramatic court proceedings where his own former colleagues and even a romantic partner testified against him, made headlines worldwide.

His chaotic testimony and uncooperative behaviour stunned even the judge and did not help to turn public opinion in his favour.

The cryptocurrency market itself seemed largely unaffected by the news of the sentencing, as top coins Bitcoin (BTC) and Ether (ETH) did not dramatically spike or fall in the past few days. While FTX's token is still trading, it is worth less than \$2, when compared to its all-time-high of \$85.02.

Bitcoin this year marked a new all-time-high in price and crossed the \$70,000 threshold, injecting the sector with optimism after around two years of depressed prices and a reputational crisis.

The 25-year-long prison sentence serves as a reminder to crypto entrepreneurs everywhere that U.S. regulators can strike quickly when it comes to the fintech sector.

The greatest loss, however, is usually borne by risk-taking investors.

Relevance: GS Prelims & Mains Paper III; Economics

Source: The Hindu

2. Katchatheevu and Wadge Bank: the story of two India-Sri Lanka agreements from a half century ago

Why in News?

Weeks before voting for the Lok Sabha election in Tamil Nadu, the BJP has reignited the decades-old Katchatheevu issue, accusing the Indira Gandhi government of "callously giving away", as the Prime Minister said in a post on social media, the island to Sri Lanka.

Did India indeed "cede" Katchatheevu island to Sri Lanka in 1974? What happened two years later, in 1976, when India signed a second agreement with Sri Lanka?

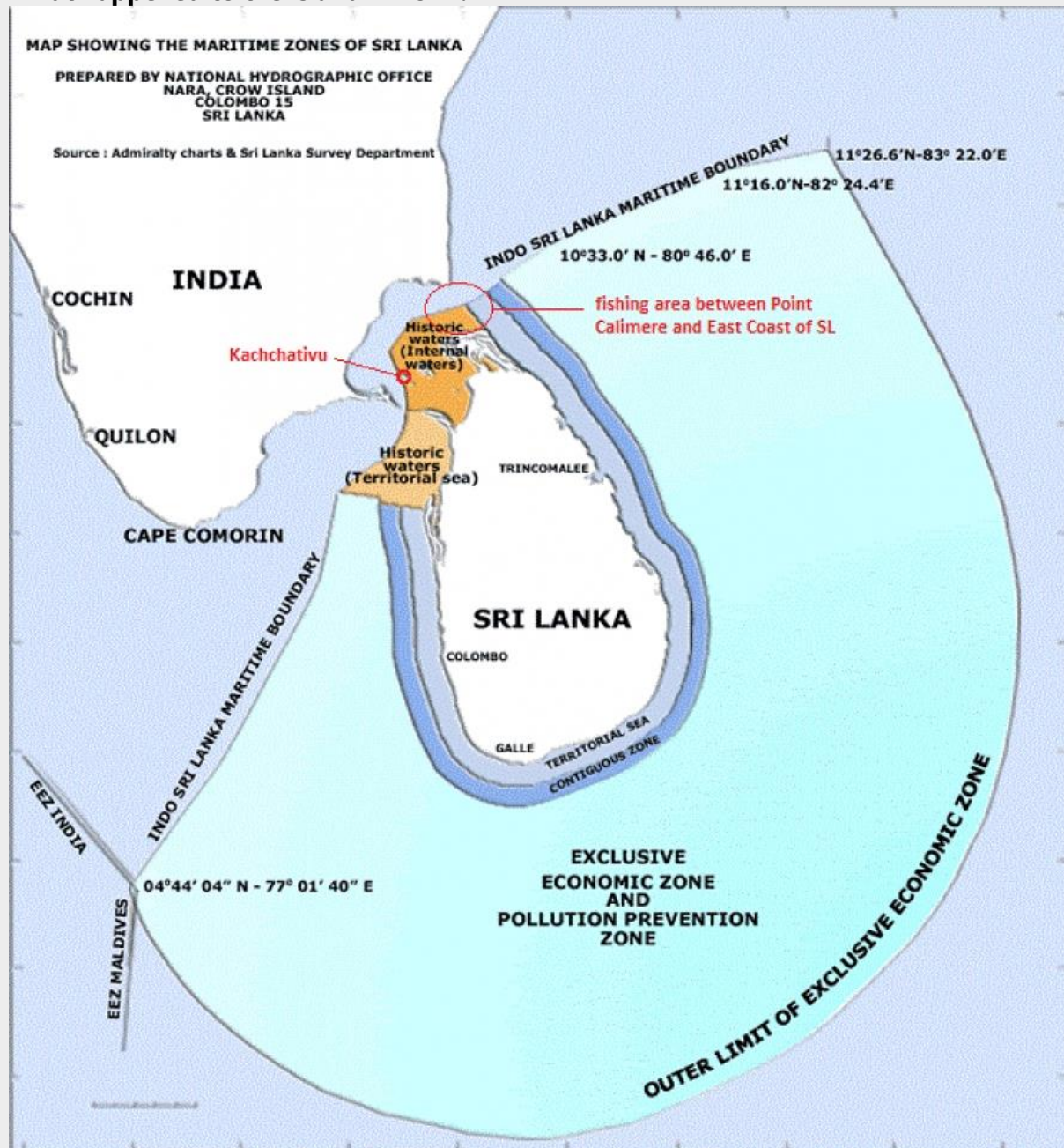
But first, what is Katchatheevu island?

Katchatheevu is a 285-acre patch in the sea within the maritime boundary line of Sri Lanka, located 33 km off the Indian coast to the northeast of Rameswaram in Tamil Nadu, and southwest of Sri Lanka's Delft Island. The tiny, barren island which, according to some official

reports, was created following a 14th-century volcanic eruption, is 1.6 km in length and just 300 metres wide at its widest point.

The island was under the control of the kingdom of the Ramanad Raja, a zamindari from 1795 to 1803 in Ramanathapuram in the Madras Presidency during British rule. The 120-year-old St Anthony's Church on the island attracts devotees from India and Sri Lanka for an annual festival.

What happened to the Island in 1974?



India and Sri Lanka had been claiming Katchatheevu since at least 1921, after a survey placed the island within Sri Lanka's boundaries. This was contested by a British Indian delegation that cited the Ramanad kingdom's ownership of the island. The dispute could not be settled, and continued in the years after Independence.

In 1974, when Indira was Prime Minister, the two governments signed — on June 26 in Colombo and June 28 in New Delhi — an agreement by which the island went to Sri Lanka, but Indian fishermen were given “access to Katchatheevu for rest, for drying of nets and for the annual St Anthony’s festival”.

Indian fishermen and pilgrims will enjoy access to visit Katchatheevu as hitherto, and will not be required by Sri Lanka to obtain travel documents or visas for these purposes, the agreement said. The agreement did not specify the fishing rights of Indian fishermen.

Reaction of State government

According to information obtained by Tamil Nadu BJP chief K Annamalai under The RTI Act, 2005, the DMK government in Tamil Nadu led by M Karunanidhi at the time silently acquiesced to the Centre’s decision to sign the agreement. The RTI reply quoted from the minutes of a meeting between then External Affairs Minister Kewal Singh and Karunanidhi at Fort St. George in Chennai a month before the transfer of the island. According to Annamalai, Karunanidhi was “party to this decision”, and had only asked if it was possible to “postpone the decision by two years”.

Tamil Nadu Assembly records, however, show that Chief Minister Karunanidhi had attempted to move a resolution in the House in 1974 against the Katchatheevu agreement, but the opposition AIADMK had refused to go along.

And what happened in 1976?

In June 1975, Indira Gandhi imposed the Emergency, and Karunanidhi’s government was dismissed in January 1976. Thereafter, several letters were exchanged between the foreign secretaries of India and Sri Lanka, and a set of executive orders were issued on the Katchatheevu issue.

The negotiations and the orders essentially settled the maritime boundary between India and Sri Lanka by giving sovereign rights over a maritime patch called ‘Wadge Bank’ near Kanyakumari to India. The Wadge Bank lies to the south of Kanyakumari, and has been identified by the Fishery Survey of India as a 4,000-sq-mile area bound by 76°.30’ E to 78°.00 E longitude and 7°.00 N to 8° 20’ N latitude. It is one of the world’s richest fishing grounds, and in a much more strategic part of the sea than the island of Katchatheevu. This area near Kanyakumari has been significant for fishermen from Tamil Nadu and Kerala for more than four decades.

An agreement reached between the two countries in March 1976 said “the Wadge Bank...lies within the exclusive economic zone of India, and India shall have sovereign rights over the area and its resources” and “the fishing vessels of Sri Lanka and persons on board these vessels shall not engage in fishing in the Wadge Bank”.

However, “at the request of the Government of Sri Lanka and as a gesture of goodwill”, India agreed that Sri Lankan boats licensed by India could fish in the Wadge Bank for three years “from the date of establishment by India of its exclusive economic zone”. But no more than six Sri Lankan fishing vessels were allowed, and their catch in the Wadge Bank could not exceed 2,000 tonnes in any year.

The agreement also said that if India “decided to explore the Wadge Bank for petroleum and other mineral resources” during the three-year period, the Sri Lankan boats “shall terminate fishing activity... in these zones with effect from the date of commencement of exploration”.

What happened after the 1974 and 1976 agreements?

The focus in the 1970s was on settling competing claims over territorial boundaries, which led to agreements that gave Katchatheevu to Sri Lanka and the resource-rich Wadge Bank to India.



In the 1990s, the Palk Strait to the east of the Wadge Bank saw a proliferation of efficient bottom-trawl fishing trawlers on the Indian side. The Sri Lankan military was battling the Liberation Tigers of Tamil Eelam (LTTE) at the time, and its navy had no major presence in the sea region. Indian fishing boats would routinely enter Sri Lankan waters for fishing during this time.

In 1991, when J Jayalithaa was in her first term as Chief Minister, the Tamil Nadu Assembly sought the retrieval of Katchatheevu and restoration of traditional fishing rights for Indian Tamil fishermen. But the demand could not be followed up with Sri Lanka due to the civil war in that country.

The situation changed after the war ended in 2009. Even as Indian fishermen continued to enter Sri Lankan waters due to the depletion of marine resources on the Indian side, the Sri Lankan navy began to carry out arrests, and destroyed hundreds of fishing boats for violating the maritime boundary. This provoked a renewed wave of demands from political parties in Tamil Nadu, including the DMK and AIADMK, to retrieve Katchatheevu.

And how did the matter reach the Supreme Court?

In 2008, Jayalithaa filed a petition in the Supreme Court claiming Katchatheevu belonged to India, and could not be ceded to another country without a Constitutional amendment. She argued that the 1974 agreement affected the traditional fishing rights and livelihood options of Indian fishermen.

After becoming Chief Minister in 2011, Jayalalithaa moved a resolution in the state Assembly raising the same demand. In 2012, amid increasing incidents of arrests of Indian fishermen in Sri Lankan waters, she again moved the Supreme Court to expedite her petition.

In August 2014, then Attorney General Mukul Rohatgi told the Supreme Court that the matter was closed, and it would require "war" to get the island back. "Katchatheevu went to Sri Lanka by an agreement in 1974. It was ceded and now acts as a boundary. How can it be taken back today? If you want Katchatheevu back, you will have to go to war to get it back," he said. The petition remains pending in the Supreme Court.

Relevance: GS Prelims & Mains Paper II; Bilateral Relations

Source: Indian Express

3. What is Kallakkadal, which has flooded houses in Kerala's coastal areas?

Why in News?

Hundreds of houses have been flooded in several coastal areas of Kerala due to high sea waves, also known as swell waves. The worst affected regions include Alappuzha, Kollam, and Thiruvananthapuram districts. Authorities have opened relief camps for the affected local communities.

Such flooding events are called swell surge or Kallakkadal in Malayalam.

What is Kallakkadal?

Kallakkadal is essentially coastal flooding during the pre-monsoon (April-May) season by swell waves on the southwest coast of India.

The term Kallakkadal, used by local fishermen, is a combination of two Malayalam words, including Kallan and Kadal. Kallan means thief and Kadal means sea. In spoken language, these words were combined and pronounced as Kallakkadal, meaning ocean that arrives as a thief. In 2012, the term was formally approved by the United Nations Educational, Scientific and Cultural Organization (UNESCO).

What causes Kallakkadal?

Kallakkadal is caused by waves that are formed by an ocean swell, hence the name swell surge. Ocean swells occur not due to the local winds, but rather due to distant storms like hurricanes, or even long periods of fierce gale winds. During such storms, huge energy transfer takes place from the air into the water, leading to the formation of very high waves. Such waves can travel thousands of kilometres from the storm centre until they strike shore.

Usually, Kallakkadal is a consequence of the strong winds in the southern part of the Indian Ocean, where an ocean swell is generated, and the waves then travel north to reach the coast in two or three days.

Kallakkadal occurs without precursors or any kind of local wind activity and as a result, it has been very difficult for the coastal population to get an advance warning. However, early warning systems like the Swell Surge Forecast System — launched by the Indian National

Centre for Ocean Information Services (INCOIS) in 2020 — gives forewarning seven days in advance.

Why is Kallakkadal different from tsunami?

Kallakkadal came under the spotlight after the 2004 tsunami that killed more than 10,000 people. However, Kallakkadal is often mistaken to be a tsunami, which is a series of enormous waves created by an underwater disturbance usually associated with earthquakes occurring below or near the ocean.



What is the forecast?

The swell surge is likely to continue impacting Kerala and other western coast regions of the country for the next two days before they gradually weaken.

INCOIS has stated high waves will also move to the Tamil Nadu coast. It has alerted people in coastal areas vulnerable to sea erosion to take precautionary steps and ensure the safety of fishing vessels.

Relevance: GS Prelims & Mains Paper I; Geography

Source: The Indian express