

'Sharing is Caring'

If you have friends preparing for Civil Services, tell them that they can also receive Updates from PrepMate IAS by sending 'Name' and 'State' through WhatsApp on 75979-00000

1. Why has CBI arrested Kejriwal, and how is its case different from the ED's?

Why in News?

Ahead of the Supreme Court hearing on granting bail to Delhi Chief Minister Arvind Kejriwal on money laundering charges linked to the alleged excise policy scam, a Delhi court granted the Central Bureau of Investigation (CBI) a 3-day custody of Kejriwal.

The CBI, earlier in the day, formally arrested Kejriwal and sought custody in the corruption case.



How is the investigation of the CBI different from that of the Enforcement Directorate (ED)?

While the Enforcement Directorate (ED) case investigates the alleged money trail, the CBI case will have to prove corruption and bribe-taking by public servants.

The ED arrested Kejriwal in March on money laundering charges. This was the only charge against Kejriwal — the generation of alleged tainted funds and its use. Section 3 of the Prevention of Money Laundering Act (PMLA), which criminalises money laundering, lists concealment, possession, acquisition, use, projecting as untainted property, or claiming as untainted property as crimes.

The CBI had registered a case of corruption under the Prevention of Corruption Act (PC Act) back in 2022, but it did not name Kejriwal as an accused. In fact, this March, when the ED took Kejriwal into custody, Additional Solicitor General S V Raju had told the Delhi court that "one need not be an accused in the predicate offence to be an accused under PMLA."

Essentially, the ED's argument was that money laundering was a standalone offence that did not depend on the existence of a predicate offence.

In April, the CBI called Kejriwal for questioning. Kejriwal has so far not been named as an accused in the corruption case.

So why has Kejriwal been arrested now?

While the CBI always had the option of arresting Kejriwal, it would first need to gather some plausible evidence linking Kejriwal directly to the alleged scam.

This direct link is suspect in the ED's case as well. The ED has made a case alleging vicarious liability, both Chief Minister of Delhi and as convenor of the Aam Admi Party, to link Kejriwal to the alleged tainted funds.

However, this cannot be an option in the corruption case. Additionally, since the bar for granting bail under the PMLA is high, leading the prosecution effort with the ED case allows for prolonged custody of the accused.

How do courts grant bail in corruption cases?

An accused can move for anticipatory bail in a corruption case. The grant of bail in non-bailable offences is subject to judicial discretion.

Unlike the PMLA, which is an alternative criminal law framework to deal with the offence of money laundering, the PC Act itself does not impose stringent qualifications for bail.

Under the PC Act, an accused moves court for regular bail under the Code of Criminal Procedure. However, as per an amendment introduced in 2014, no accused shall be released on bail under the PC Act unless an opportunity is provided to the public prosecutor to oppose the bail application.

Relevance: GS Prelims & Mains Paper II; Governance

Source: Indian Express

2. Indian Government Bonds in JP Morgan index from June 28: how much funds could flow into India?

Why in News?



The inclusion of Indian Government Bonds (IGBs) in JP Morgan's emerging markets bond indices will begin from June 28. The inclusion, which will be spread over 10 months until March 31, 2025, is likely to bring nearly \$20-

25 billion into the country, according to various estimates.

While these higher inflows will help India manage its external finances and boost foreign exchange reserves and the rupee, the Reserve Bank of India (RBI) will have to use the instruments in its armoury to check the resultant inflationary pressures.

What was JP Morgan's announcement?

In September last year, JP Morgan had announced that it would include IGBs to its emerging markets bond index from June 2024. The inclusion of Indian bonds will be staggered into the GBI-EM Global Diversified Index (GBI-EM GD) over 10 months from June 28, 2024, through March 31, 2025, it said.

What would be India's weight in the index?

India is expected to reach the maximum weight of 10 per cent in the GBI-EM Global Diversified Index (GBI-EM GD). A higher weightage will prompt global investors to allocate more funds for investment in Indian debt. Weight of 10 per cent means that 10 per cent of the investment made in JP Morgan index would be routed to IGBs.

What amount of flows can come to India?

According to estimates by some economists, India is likely to receive \$2 billion to \$2.5 billion every month during the 10-month period starting June 28. Overall, it is expected that \$20 billion to \$25 billion of flows would come into India due to the inclusion.

What would be the impact of the bond inclusion?

The move could lead to fresh active flows in the debt market, which remains underpenetrated on external financing.

It will not only result in lower risk premia, but will also help India to finance its fiscal and current account deficit (CAD), as well as enhance the liquidity and ownership base of government securities (G-secs; debt instruments issued by the central government to meet its fiscal needs). It could help lower funding costs slightly, and support further development of domestic capital markets, but direct positive effects on India's credit profile will be marginal in the near term.

Will higher inflows be a concern for RBI?

While higher inflows will boost the rupee, inflation is likely to come under pressure. When the RBI mops up dollars from the market, it will have to release an equivalent amount in rupees, putting pressure on inflation.

RBI Governor Shaktikanta Das has said the central bank has several instruments to manage surges in flows on account of bond inclusion. "We have managed it in the past. We will manage it this time also," Das told reporters earlier this month.

Are Indian government bonds going to be included in any other global index?

After JP Morgan, Bloomberg announced this March that Indian government bonds will be included in the Bloomberg Emerging Market (EM) Local Currency Government Index and related indices from January 31, 2025.

Relevance: GS Prelims & Mains Paper III; Economics

Source: Indian Express

3. New international airport announced in Tamil Nadu's Hosur

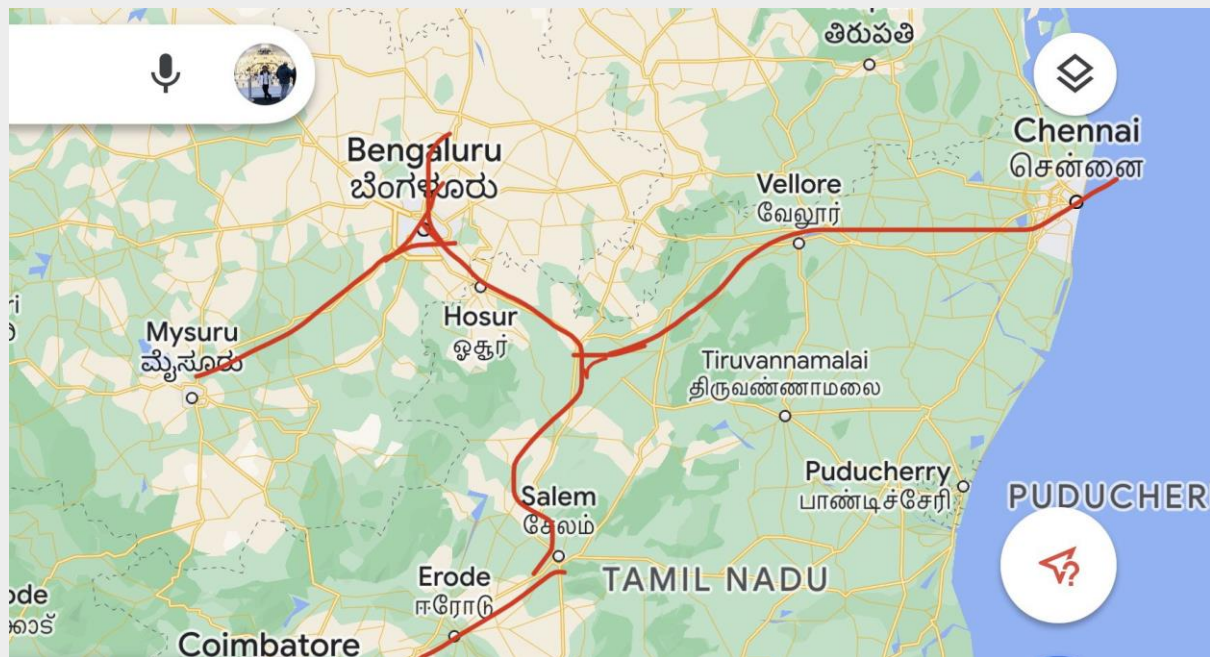
Introduction

The Tamil Nadu government announced the construction of a new airport in Hosur.

The Hosur airport project

The international airport announced by Chief Minister M K Stalin will be built over an area of 2,000 acres, and will be designed to handle 30 million passengers annually.

The ambitious project is part of the Tamil Nadu government's long-term goal of transforming Hosur, which is located just 40 km from Bengaluru — and only 25 km from Bengaluru's Electronic City — into a major centre of economic development with all modern infrastructure.



An existing industrial base

In the early 1970s, Hosur was little more than a brief stopover for buses travelling between Bengaluru and Tamil Nadu. The transformation of the town began after the state government recognised its potential and designated it as an industrial site. The establishment of an industrial estate in Hosur by the State Industries Promotion Corporation of Tamil Nadu (SIPCOT) attracted key players in various sectors. Today, Hosur hosts around 3,000 medium and small-scale enterprises (MSMEs) that feed into several global supply chains.

Robust investments in city

Hosur has seen a surge in investments since 2017, particularly in the electronics sector, which has attracted about Rs 1,000 crore. Its location close to Bengaluru offers logistical advantages, and makes it an attractive destination for investors.

Living in Hosur

The cost of living in Hosur, including essentials and local transport, is less than in Bengaluru. The rental market is also favourable, with 2BHK apartments available in the range of Rs 10,000 to Rs 12,000 per month.

However, the challenges of most Indian urban centres, such as traffic congestion, water scarcity, and absence of urban planning, affect Hosur as well.

Relevance: GS Prelims; Economics

Source: The Hindu