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1. RHFL fraud: Why has Sebi fined Anil Ambani and banned him from the market?

Why in News?

Securities markets regulator Securities and Exchange Board of India (Sebi) has banned ADAG chairman Anil Ambani and 24 other entities, including former key managerial personnel (KMPs) of Reliance Home Finance Ltd (RHFL), from the securities market for five years for diversion of funds from the company.



Sebi has also slapped a Rs 25 crore fine on Ambani for orchestrating a fraudulent scheme that adversely affected RHFL's stakeholders, as well as confidence in the integrity of governance structures in regulated financial sector entities. The total penalty imposed on Ambani and the other 24 entities works out to more than Rs 625 crore.

The RHFL case

Sebi opened an investigation into RHFL, a non-banking finance company (NBFC) focused on housing loans, loans against property, and construction finance after receiving multiple complaints/ reports of alleged diversion or siphoning of funds within the company.

The major promoter of RHFL was Reliance Capital Ltd (RCL), with a shareholding of 47.91%. Ambani was the promoter and non-executive and non-independent director of RCL during FY2018-19.

Sebi found that loans extended by RHFL to corporates increased from Rs 3,742.60 crore in 2017-18 to Rs 8,670.80 crore in 2018-19. It found that through FY2018-19, RHFL disbursed a series of large general purpose working capital (GPC) loans to nondescript borrowers with extremely weak financials.

These borrowers had negative or negligible net worth, profits, assets, cash flows, and businesses. Inexplicably, no collateral or security or assurance was recorded while disbursing these loans, Sebi has said in its detailed, 222-page order.

The order has noted that as per information submitted by RHFL, the company had disbursed 97 GPC loans amounting to Rs 8,470.65 crore to 45 borrower entities during FY2018-19. An analysis of 70 loan applications for GPC loans worth Rs 6,187 crore showed that as many as 62 applications were approved on the same date and, in 27 cases, the loan too, was disbursed to the account of the borrower entity on the date of application.

Sebi's observations

Even though around half the assets of RHFL as of March 31, 2019 were in the form of GPC loans disbursed to dubious and credit-unworthy entities, RHFL's FY18-19 financials projected a very low Expected Credit Loss (ECL), the Sebi order says. ECL is a bank's internal estimate of anticipated future losses on a loan exposure due to default, which is expected to occur during the normal course of business.

In approving the GPC loans, in many cases, RHFL inexplicably, repeatedly, and widely deviated from standard credit due diligence and processes, Sebi has found.

The transfer of monies, structured as GPC loans, were directly or indirectly made to entities that were related to the Reliance ADA Group, the order says.

Relevance: GS Prelims & Mains Paper III; Economics

Source: Indian Express

2. Classical Language Centres Seek Autonomy

Introduction

Special centres established to promote Telugu, Kannada, Malayalam, and Odia—after these languages were designated as classical—are demanding greater autonomy to function more effectively.

Six Indian languages namely Tamil, Sanskrit, Kannada, Telugu, Malayalam and Odia have been accorded the status of Classical Language. The year in which these languages conferred the status of classical language is as given below :

Classical Language	Date of Notification
Tamil	12.10.2004
Sanskrit	25.11.2005
Kannada	31.10.2008
Telugu	31.10.2008
Malayalam	08.08.2013
Odia	11.03.2014

Current Structure of Classical Language Centres

India recognizes six classical languages: Tamil, Sanskrit, Telugu, Kannada, Malayalam, and Odia. While the Tamil centre operates autonomously, and Sanskrit is supported by dedicated universities receiving direct funds from the Union Education Ministry, the centres for Telugu, Kannada, Malayalam, and Odia function under the Central Institute of Indian Languages (CIIL), Mysuru.

Request for Autonomy

In a meeting on March 18, the project directors of these four centres requested autonomy. They subsequently submitted detailed project reports in June, but no further action has been taken by the Education Ministry.

Benefits of Classical Language Status

Languages designated as classical receive specific benefits from the Education Ministry, including two international awards for scholars and the establishment of Centres of Excellence. Additionally, the University Grants Commission is requested to create Chairs for these languages at Central Universities.

Funding Disparities

In 2020, the Union government disclosed that ₹643.84 crore had been spent on promoting Sanskrit over the previous three years, compared to just ₹29 crore for the other five classical languages.

Challenges Faced by Language Centres

The main issue for these centres is the requirement to get financial sanctions from CIIL for any planned events, often leading to delayed reimbursements and making it difficult to organize programs. Additionally, there are significant staff vacancies due to irregular funding.

For instance, the Centre of Excellence for Classical Telugu in Nellore, Andhra Pradesh, has only 12 staff members out of the approved 36. Similarly, the Centre for Classical Odia in Bhubaneswar has only eight staff out of the approved 40. In 2023, despite being allocated ₹1.76 crore, the Odia centre could spend only ₹56 lakh due to these constraints.

Call for Autonomous Operations

Officials argue that autonomy would resolve many of these issues, such as the lack of financial resources and the inability to fill vacancies. A senior official at the Odia centre expressed that the current setup forces the Project Director to personally fund activities and then seek reimbursement, a problem that autonomy could eliminate.

Similarly, the Project Director at the Centre for Classical Malayalam highlighted the severe staffing shortages and lack of financial resources, emphasizing the need for autonomy.

Relevance: GS Prelims & Mains Paper II; Governance

Source: The Hindu

3. On West Bengal's civic police volunteers

Why in News?

As protests rage across West Bengal and in different parts of the country over the rape and murder of a doctor at Kolkata's R.G. Kar Medical College and Hospital, questions are being raised as to how she was assaulted inside a State-run health facility. The accused, arrested hours after the crime, is a civic police volunteer, who not only had access to the hospital but also the emergency building where the victim was found dead on August 9.

Was he a civic police volunteer?

The accused, Sanjay Roy, had been working as a civic police volunteer with the Kolkata Police since 2019. Despite being engaged as a civic police volunteer, the accused enjoyed certain facilities accorded to police personnel; he drove a motorbike belonging to the police, and stayed in the barracks of the Kolkata Armed Police's fourth battalion. There are reports that the 35-year-old was also associated with the Kolkata Police Welfare Committee and helped in admission of relatives of police personnel to hospitals.



What are the terms of employment?

Civic volunteers, or village police volunteers as they are known in rural areas, are contractual workers engaged by the police for assistance, particularly in traffic management and other minor duties that do not require police personnel. The process of recruitment for civic police volunteers started in 2011 soon after the Mamata Banerjee government came to power. In a government order on September 26, 2011, the eligibility criteria for the recruitment of civic police volunteers were specified. It said the applicant should be a resident of the area under the police station where he will be deployed;

should be above 20 years of age; should have passed the Class X examination and should not have any criminal record. The educational qualification of the civic police was later changed to Class VIII pass.

Soon after the first set of recruitment in 2011, the police submitted a proposal to the government for engaging 1.3 lakh civic police volunteers. The honorarium of civic police volunteers is now ₹310.00 per day (about ₹9,300 per month). The ad-hoc bonus of such civic volunteers has been increased from ₹5,300 to ₹6,000 for the year 2023-2024. At present there are 7,200 civic volunteers with the Kolkata Police, while the strength of the force stands at 37,400. In the State, the strength of the police is 79,024, but there are over 1.24 lakh civic police volunteers.

What has Calcutta High Court said?

Through several orders, the Calcutta High Court has raised questions about the recruitment and legal veracity of civic police volunteers. In an order dated May 20, 2016, Justice Sanjib Banerjee of the Calcutta High Court said the recruitment scheme of civic police volunteers was devised to prey on the unemployed with little respect for taxpayer's money.

In *Chandra Kanta Ganguli vs The State of West Bengal and Others*, Justice Banerjee noted that it was not humanly or physically possible for the five men on the interview board to reasonably vet 1,351 candidates in the course of a single day for the Sarenga police station or even 875 candidates for the Barikul police station. In another case in 2020, where civic police volunteers had approached the Calcutta High Court after their services were discontinued, a division Bench had pointed out that the conditions "which we have narrated (in the order) clearly demonstrate that the deployment of appellants/petitioners as civic police volunteers was temporary in nature and it cannot be considered as an engagement on probation." There have been several occasions where the High Court and the police administration had clearly stated that civic police volunteers will not be deployed in any law and order duty. Despite such orders, there are regular instances of civic volunteers being engaged in law and order duties.

What is the main criticism?

While engagement of local civic police volunteers has come in handy for the West Bengal government in managing conflict, there have been several cases of excesses conducted by civic police volunteers. The most talked about case was the unnatural death of student leader Anish Khan in February 2022, where a civic police volunteer and a home guard were arrested. More recently, after the R.G. Kar incident, a civic police volunteer was arrested from Bhatar State General Hospital after he threatened a lady doctor.

Both Opposition leaders and political observers say the civic police is an extension of the party. Biswanath Chakraborty, professor of political science at Rabindra Bharati University, says that the civic volunteers have provided a political footing to the Trinamool Congress. "There is no proper process for appointment of such personnel. This makes the local Trinamool Congress leadership appoint personnel who will be loyal to them," Prof. Chakraborty said. The crisis of unemployment in the State has led the Mamata Banerjee government to devise an ingenious way of contractual recruitment where thousands of youth are provided just about minimum wage and can work for the party without any accountability, he pointed out.

Often the criteria of appointment has been overlooked in engaging civic police volunteers. The mother-in-law of the accused in the R.G. Kar rape and murder said her family had approached the police after Sanjay Roy assaulted their daughter. Despite a police complaint, he continued to function as a civic police volunteer and had unrestrained access to the hospital.

Relevance: GS Prelims & Mains Paper II; Governance

Source: The Hindu