



## Current Affairs of the Day

### GS Paper III

- A green warrior to the core is no more
- SC: personal guarantors liable for corporate debt
- Vaccinate, wear masks, Fauci tells India
- RBI to pay ₹99,122 cr. surplus to Centre



## A green warrior to the core is no more

Well-known environmentalist and Gandhian Sunderlal Bahuguna is no more. Mr Bahuguna, 94, died of COVID-related complications at AIIMS, Rishikesh, on Friday. He was one of the founders of the Chipko, or hug the tree movement, in the 1970s to save Himalayan forests.

### Highlights:

1. Mr Bahuguna also led the charge against the construction of big dams in the Himalayas in the 1980s. He was fervently opposed to the construction of the Tehri dam and sat on two long hunger strikes against the dam, which proved to be of no avail.
2. Mr Bahuguna inspired many young people by his passion for the environment. His ashram was open to young people, with whom he communicated with ease.
3. He wrote about the problems of deforestation for years — drawing a link between the lack of tree cover and the drying up of springs in the Himalayas.
4. He also led a movement of women's groups, or Mahila mandals, to enforce prohibition in Tehri Garhwal, which was then part of Uttar Pradesh.
5. Dressed in khadi, sporting a flowing white beard and a jhola on his shoulder, Mr Bahuguna toured the length and breadth of India carrying his message of "save the Himalayas" to whoever would listen to him.
6. He had considerable influence on Indira Gandhi & his 4,000 km Kashmir to Kohima padayatra in '81-'82 to heighten public awareness, especially on forest protection, was a landmark. A charismatic man

## SC: personal guarantors liable for corporate debt

The Supreme Court upheld a government move to allow lenders to initiate insolvency proceedings against personal guarantors, who are usually promoters of big business houses, along with the stressed corporate entities for whom they gave a guarantee.

### Highlights:

1. The judgment held that November 2019 government notification allowing creditors, usually financial institutions and banks, to move against personal



guarantors under the Indian Bankruptcy and Insolvency Code (IBC) was “legal and valid”.

2. The court said there was an “intrinsic connection” between personal guarantors and their corporate debtors. It was this “intimate” connection that made the government recognise personal guarantors as a “separate species” under the IBC.
3. It was again this intimacy that made the government decide that corporate debtors and their personal guarantors should be dealt with by a common forum — National Company Law Tribunal (NCLT) — through the same adjudicatory process.
4. In fact, side by side bankruptcy proceedings before the same forum for both the corporate debtors and their personal guarantors would help the NCLT consider the whole picture, as it were, about the nature of the assets available, either during the corporate debtor’s insolvency process or even later.
5. This would facilitate the Committee of Creditors to frame realistic plans, keeping in mind the prospect of realising some part of the creditor’s dues from personal guarantors.

### **Clears misconception**

1. The petitioners, mostly personal guarantors to stressed companies, had argued that an approved resolution plan in respect of a corporate debtor amounts to the extinction of all outstanding claims against that debtor. Consequently, the liability of the guarantor, which is co-extensive with that of the corporate debtor, would also be extinguished.
2. “The release or discharge of a principal borrower from the debt by operation of law, or due to liquidation or insolvency proceeding, does not absolve the surety/guarantor of his or her liability, which arises out of an independent contract,” the court clarified.
3. Attorney General argued that by roping in guarantors, there was a greater likelihood that they would “arrange” for the payment of the debt to the creditor bank in order to obtain a quick discharge.



## Vaccinate, wear masks, Fauci tells India

Anthony Fauci, Chief Medical Adviser to the U.S. President, urged the Indian government to push very hard to get as many people vaccinated as possible.

### Highlights:

1. "As I've said over and over, do whatever you can to upgrade and keep getting people vaccinated. You've got to continue to push very hard to get as many people vaccinated," Dr Fauci told.
2. He said the timing of the end of the current wave would depend on a number of factors like vaccinations, targeted shutdowns and mask-wearing, including indoors.
3. Until more people get vaccinated, one needs to be concerned about making sure people wear masks, particularly in indoor settings when the ventilation is not as good as you would expect, compared to the outdoors Dr Fauci said, adding that indoor mask-wearing was a good idea until one was fully (not halfway) vaccinated.
4. He also recommended shutting down States or regions experiencing a surge just enough to break the transmission cycle.

## RBI to pay ₹99,122 cr. surplus to Centre

The Reserve Bank of India's board approved a significantly higher-than-expected surplus transfer to the government but it may not be enough to cushion the damage from a crippling second wave of the novel coronavirus.

### Highlights:

1. The higher-than-expected dividend or surplus transfer to the government comes as the government is expecting a sharp sequential fall in tax collections due to the severe second wave of COVID-19 which has forced lockdowns in several States.
2. This surplus likely reflects the central bank's higher income from their open market operations as well as receipts from FX sales, with its transfer to the government's coffers providing some cushion to the pandemic-driven shortfall in revenues.



3. The government had budgeted to receive a surplus of about ₹50,000 crores from the RBI to be accounted for in the budget estimates for 2021/22, while in the previous full accounting year, the RBI had transferred ₹57,128 crores as surplus.
4. Barring 2018/19, this is the highest ever transfer by the RBI in an accounting period. In FY19, ₹1.76 lakh crore was transferred to the government which included a one-time transfer of extra reserves.
5. The government is likely to find it challenging to meet its privatisation and disinvestment target of \$24 billion while goods and services tax (GST) revenues are also likely to fall, a government official said.
6. The government is also under pressure as it has no option to cut expenditure given that it needs to spend to spur some investment and perk up the growth from record low levels that it hit last year. The dividend is welcome but the government will need more and hope divestment can deliver.
7. The considerably higher surplus transfer would provide a buffer to absorb losses from indirect tax revenues anticipated this year.