



DAILY CURRENT AFFAIRS

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“The secret of getting ahead is getting started.”

— Mark Twain





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POOR DEMAND HITS INVESTMENTS BY PRIVATE SECTOR IN Q3

Poor demand hits investments by private sector in Q3

New investments by domestic private players fell 1.4% from Q2 reflecting fears over costs, slow growth; States drive growth in public investments

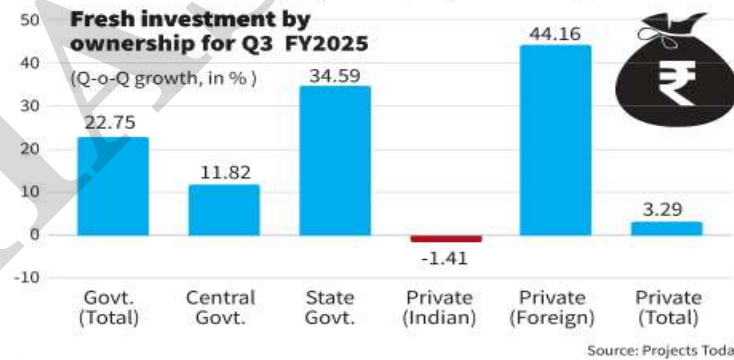
Vikas Dhoot
NEW DELHI

With domestic demand seen waning amid a spike in inflation and input costs, investment plans by India's private sector took a hit, falling 1.4% in the October-December quarter (Q3) of 2024-25 after a fleeting recovery in the second quarter (Q2).

However, government capex plans registered a sharp growth, lifting overall fresh investments in the economy by 9.9% in Q3 to ₹11.46 lakh crore from an updated tally of ₹10.43 lakh crore recorded in Q2. This rise was led by a 34.6% spike in fresh investments by State governments over

Corporate India's capex slips

Government capital spending grows, led by States, to lift overall value of new investment projects in Q3 by 9.9% over Q2



Q2 levels, almost thrice the 11.8% growth in new outlays announced by the Union government.

Domestic investors, however, pulled back fresh investment plans by 1.4% from Q2 to nearly ₹6.11

lakh crore in Q3, show data from Projects Today, a firm tracking new and ongoing investment projects in the country since 2000.

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Context

- ❖ The October-December quarter (Q3) of the 2024-25 fiscal year witnessed a decline in new investment plans by India's private sector. This decline is attributed to weakened domestic demand, rising inflation, and increased input costs. Despite this, public investments, particularly by State governments, grew significantly, driving overall investment growth.





Background

- ❖ **Economic Environment:** The global and domestic economies are grappling with inflationary pressures, supply chain disruptions, and fluctuating input costs, which have contributed to cautious spending by private players.
- ❖ **Private Sector Role:** Traditionally, private investments are a key driver of economic growth, creating jobs and boosting productivity.
- ❖ **Government Role:** Public investments, especially capital expenditure (capex) by State and Central governments, are often employed to stimulate the economy during periods of subdued private sector activity.

Meaning

- ❖ **Decline in Private Investments:** A 1.4% fall in private investment from Q2 signals reduced business confidence and financial prudence among domestic players due to concerns over costs and growth.
- ❖ **Public Investment Surge:** A sharp 34.6% increase in State government capex underscores efforts to counterbalance private sector lethargy.
- ❖ **Overall Growth:** Despite private sector setbacks, the economy saw a 9.9% increase in fresh investments, highlighting the pivotal role of government spending.

Impact

1. On the Economy:

- The decline in private investments could slow down job creation and industrial growth in the short term.
- Increased public investments might temporarily boost economic activity, particularly in infrastructure and social sectors.

2. On Industries:

- Sectors reliant on domestic private investments, such as manufacturing and real estate, may face delays in project execution and expansion.
- Infrastructure-related industries may benefit from government-led capex growth.

3. On Consumer Demand:

- Weak domestic demand could persist, dampening overall economic momentum.

Consequences

❖ Short-Term:

- Reduced private sector growth could lead to increased reliance on government spending.
- Inflationary pressures might further deter private investment.

❖ Long-Term:





- A prolonged private sector slowdown may hinder sustainable economic growth. ○ If government spending cannot crowd in private investment, fiscal imbalances might emerge.

Way Forward

1. Policy Measures:

- Introduce incentives for private investment, such as tax breaks and interest subsidies.
- Address inflationary pressures to reduce input costs.

2. Demand Stimulation:

- Increase disposable income through targeted subsidies and tax reductions.
- Encourage consumer spending by reducing GST rates on essential goods and services.

3. Infrastructure Push:

- Utilize government investments to improve logistics, connectivity, and industrial corridors.

4. Ease of Doing Business:

- Simplify regulatory frameworks to attract domestic and foreign private players.

SOLVE MCQ

Q.1 Which of the following correctly explains the impact of the October-December quarter (Q3) of the 2024-25 fiscal year on India's investment trends?

- (a) Private investments surged due to robust domestic demand and stable inflation.
- (b) Public investments, particularly by State governments, saw a sharp increase, compensating for the decline in private sector investments.
- (c) The overall investment growth declined due to both private and public sector spending reductions.
- (d) Weak public spending led to a decline in overall economic activity and infrastructure development.

Answer: (b) Public investments, particularly by State governments, saw a sharp increase, compensating for the decline in private sector investments.

Explanation:

- ❖ The October-December quarter (Q3) of the 2024-25 fiscal year witnessed a 1.4% decline in private sector investments due to weak domestic demand, rising inflation, and increased input costs.
- ❖ However, State government capital expenditure (capex) grew by 34.6%, driving an overall investment growth of 9.9%.
- ❖ This underscores the government's role in counterbalancing private sector lethargy, especially during challenging economic conditions.
- ❖ Hence, public investments compensated for private sector setbacks, ensuring positive overall investment growth.





RECASTING INSOLVENCY RESOLUTION

Recasting insolvency resolution

The Insolvency and Bankruptcy Code, 2016 (IBC) is one of India's most significant economic reforms, introduced to address the challenges of insolvency resolution in a structured and time-bound manner.

At the time of its introduction, the IBC was seen as an important tool that would help India's standing in the business world and bring bad borrowers and big defaulters to book. Yet, as the law matured, certain issues have cropped up that demand attention, particularly regarding institutional capacity and procedural efficiency. The recent Supreme Court of India judgment in *Jet Airways (State Bank of India & Ors. vs The Consortium of Mr. Murari Lal Jalan and Mr. Florian Fritsch & Anr.)* has laid bare the many structural infirmities that are plaguing India's insolvency regime.

A double burden

The effective implementation of the Insolvency and Bankruptcy Code (IBC) hinges on the performance of the National Company Law Tribunal (NCLT) and its appellate body, the National Company Law Appellate Tribunal (NCLAT). These tribunals face the dual burden of handling corporate insolvencies under the IBC and cases under the Companies Act. This institutional architecture, however, suffers from what might be termed "temporal disjunction".

Conceived in 1999 based on the Eradi Committee's recommendations and operationalised in 2016, the NCLT's structure reflects the economic realities of a bygone era, leaving it ill-equipped to meet contemporary demands. With a sanctioned strength of 63 members – many of whom divide their time across multiple benches – the NCLT has become a bottleneck for insolvency resolutions and corporate transactions such as mergers and amalgamations.



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Compounding the issue, several NCLT benches do not operate for the full working day, even when not tasked with handling cases from other benches.

As a result, delays have worsened. According to the Insolvency and Bankruptcy Board of India (IBBI), the average time for insolvency resolutions increased to 716 days in FY2023-24, up from 654 days in FY2022-23. This is despite the Supreme Court's repeated calls for adherence to the specific timelines provided in IBC, including in the *Jet Airways* case, where the Court has stated that the "NCLTs/NCLATs need to be sensitised of not exercising their judicial discretion in extending the timelines...in such a way that it may make the Code lose its effectiveness thereby rendering it obsolete".

The need for domain expertise

The current framework's deficiencies are manifest across other dimensions. What stands out the most is the qualitative dimension of institutional capacity. The current method of appointment ignores the need for domain experience. As the Court noted in the *Jet Airways* case, "Members often lack the domain knowledge required to appreciate the nuanced complexities involved in high-stakes insolvency matters...". This creates a paradox where an institution tasked with resolving complex cases is hindered by a lack of specialised knowledge.

However, the problems run deeper than capacity limitations. There is also the bureaucratic labyrinth. There is no effective system in place before the NCLTs for urgent listings. And as noted by the Supreme Court, the staff of the Registry is given wide powers to list or not to list a particular matter. Perhaps most troubling is what the Court has termed a "growing tendency" among NCLT and NCLAT members to ignore or defy its orders, which threatens the very foundation of India's judicial hierarchy.

This is not merely about institutional efficiency. It is about institutional integrity.

Sparse use of alternatives

The procedural framework further exacerbates these constraints. The requirement for a mandatory hearing for all applications including for progress reports, which is not in any way necessary from the standpoint of natural justice, results in considerable delays. The limited use of alternative dispute settlement methods adds to the problems of an already overworked system.

Various jurisdictions across the globe contend with similar challenges pertaining to institutional capacity and procedural efficiency.

Nevertheless, the magnitude of India's scale, its endemic corruption and its economic ambitions necessitate solutions that transcend mere incremental enhancements. The recent reform proposals, including the initiative for mandatory mediation prior to the submission of insolvency applications, present a degree of optimism.

Further, there needs to be a hybrid model that values judicial experience and domain expertise. Also, the time is ripe for procedural innovations that go beyond piecemeal changes. The creation of specialised benches for different categories of cases could enhance both efficiency and expertise and ensure that mergers and amalgamations are cleared in time.

Pertinently, infrastructure must not remain an afterthought. Adequate courtrooms and a qualified, permanent support staff are critical to sustaining these institutions within the broader economic framework. Above all, India's insolvency regime must evolve beyond mere debt resolution to serve as a proactive driver of economic rejuvenation, especially as the country aims to attract greater foreign investment. At this very important point in time, the choice is clear. The time for a bold reimagining is now.

The *Jet Airways* case is one example of the many structural infirmities affecting India's insolvency regime

Context

- ❖ The Insolvency and Bankruptcy Code (IBC), introduced in 2016, marked a turning point in India's economic reforms. It aimed to address insolvency issues in a time-bound and structured manner, thereby improving India's business environment and holding defaulters accountable. However, recent developments, including a Supreme Court judgment in the *Jet Airways* case, have highlighted systemic deficiencies that warrant urgent attention.





Background

- ❖ **Creation of the IBC:** The IBC was introduced to replace a fragmented framework for insolvency resolution with a unified code. It was seen as a cornerstone for improving ease of doing business in India.
- ❖ **Role of NCLT and NCLAT:** The National Company Law Tribunal (NCLT) and its appellate body, the NCLAT, are pivotal in implementing the IBC.
- ❖ **Current Challenges:** Institutional inefficiencies, procedural delays, and capacity issues have emerged as major barriers to the IBC's success.

Meaning and Significance

- ❖ **Economic Reform:** The IBC is central to cleaning up India's financial ecosystem, facilitating credit flow, and attracting foreign investment.
- ❖ **Legal Milestone:** The code signifies a shift towards creditor-driven resolution rather than debtor protection.
- ❖ **Institutional Impact:** The performance of NCLT and NCLAT reflects on India's judicial infrastructure and its ability to handle modern economic challenges.

Impact & Consequences

- ❖ **Delays in Resolution**
 - **Extended Timelines:** The average resolution time increased to 716 days in FY2023-24, far exceeding the mandated 330 days.
 - **Economic Costs:** Prolonged insolvency cases erode the value of distressed assets and deter potential investors.
- ❖ **Institutional Strain**
 - **Limited Capacity:** With only 63 members managing both IBC cases and those under the Companies Act, the tribunals face a heavy workload.
 - **Operational Inefficiencies:** Non-adherence to full working days and lack of urgent listing systems exacerbate delays.
- ❖ **Judicial Integrity Concerns**
 - **Non-compliance with Higher Court Orders:** Instances of NCLT and NCLAT members disregarding Supreme Court directives undermine judicial hierarchy.
 - **Lack of Expertise:** The absence of domain knowledge among members hampers effective decision-making in complex cases.
- ❖ **Economic Repercussions**
 - **Investor Sentiment:** Procedural inefficiencies and delays tarnish India's image as an investment-friendly destination.
 - **Financial Sector Risks:** Delayed resolutions increase non-performing assets (NPAs) and weaken creditor confidence.





Way Forward

❖ Strengthening Institutional Capacity

- **Specialized Appointments:** Recruit tribunal members with domain expertise in finance and law.
- **Infrastructure Development:** Expand tribunal benches and ensure fully functional courtrooms with adequate support staff.

❖ Process Reforms

- **Streamline Procedures:** Avoid mandatory hearings for progress reports and non-essential applications.
- **Hybrid Model:** Create specialized benches for categories such as mergers, amalgamations, and insolvency cases.

❖ Alternative Dispute Mechanisms

- **Mandatory Mediation:** Introduce mediation as a precondition for filing insolvency applications.
- **Arbitration and Conciliation:** Use these methods to reduce the burden on tribunals.

❖ Adherence to Timelines

- **Strict Enforcement:** Penalize unjustified delays by tribunals.
- **Technological Integration:** Implement digital case management systems to track progress and ensure accountability.

❖ Institutional Integrity

- **Accountability Measures:** Establish mechanisms to address non-compliance by tribunal members.
- **Training Programs:** Provide regular training on insolvency law and case management for tribunal members and staff.

SOLVE MCQ

Q.2 With reference to the Insolvency and Bankruptcy Code (IBC) in India, consider the following statements:

1. The IBC was introduced to replace a fragmented insolvency resolution framework with a unified, time-bound process.
2. The NCLT and NCLAT are responsible for resolving insolvency cases as well as all civil and criminal cases in India.
3. Delays in the resolution of insolvency cases under the IBC have surpassed the mandated 330-day timeline, increasing the average resolution period to over 700 days.

Which of the statements given above is/are correct?

- (a) 1 and 3 only
- (b) 1 and 2 only
- (c) 2 and 3 only
- (d) 1, 2 and 3





Answer: (a) 1 and 3 only

Explanation:

- ❖ **Statement 1 is correct:** The IBC, introduced in 2016, replaced the fragmented insolvency framework with a unified and structured mechanism, aiming to resolve insolvency cases within a defined timeline.
- ❖ **Statement 2 is incorrect:** The NCLT and NCLAT are specialized tribunals that deal with cases under the IBC and Companies Act but do not handle all civil and criminal cases in India.
- ❖ **Statement 3 is correct:** The average resolution time for insolvency cases has increased to 716 days in FY2023-24, exceeding the mandated 330-day timeline, leading to significant delays and economic costs.





WHAT DID THE ILO REPORT STATE ABOUT INTERNATIONAL MIGRANTS?

What did the ILO report state about international migrants?

Why are there more male international migrants in the global labour force than women? Which are the countries that have absorbed the most international migrant workers?

Garimella Subramaniam

The story so far:

By addressing labour market shortages in host nations and contributing remittances to home countries, International Migrants (IM) continue to make contributions to world economic growth, the fourth edition of 'Global Estimates on International Migrant Workers', released by the International Labour Organization (ILO), said.

What did the ILO state?

In 2022, IMs made up 4.7% (167.7 million) of the global labour force, defined as both employed and unemployed (but available for work); over 30 million more than in 2013. An estimated 155.6 million were employed and 12.1 million unemployed. The share of IM men in the total employment for males globally was

estimated at 4.7% and that of IM women at 4.4%. However, between 2019-2022, the rate of growth dipped annually to less than 1%, influenced among other factors by the pandemic.

What about age and gender?

A higher proportion of IM males were employed – 61.3% out of a total of 102.7 million. Conversely, only 38.7% female IMs were employed out of a total of 64.9 million in 2022. All the same, the number of women IMs has steadily risen ever since the ILO began compiling global estimates in 2015.

One explanation for the smaller proportion of women in the global labour force is their lower representation in the total population of IMs.

At 74.9% (125.6 million), prime-age adult IM workers – those aged between 25 and 54 years, both men and women – constituted the largest majority of IM

workers in the labour force in 2022. Less than one out of 10 IMs were below 25. Way behind the above category, at 9.3% were young IM workers, aged between 15-24 years, numbering 15.5 million, in the global labour force. IMs aged between 55-64 years were 12.5% and those above 65 at 3.4%.

Which economic sectors attract IMs?

The largest proportion of IMs, 68.4%, were concentrated in the services sector, even higher than non-migrants. Women IMs held the dominant share in this arena at 80.7%, as against 60.8% among their male counterparts. The corresponding figures for non-migrant women and men in the services industry were 59.4% and 46.3% respectively. Significantly, the dominance of IMs in this sector has remained consistent over the decade, upwards of 67% between 2013-2022. In industry, the proportion of IMs was 24.3%

and that of non-migrants 24.2%. In agriculture, IMs accounted for 7.4%, whereas non-migrants were at a significantly higher share of 24.3%.

Which are the main host countries?

High-income countries absorbed the largest number of IMs, accounting for 68.4% (114 million people), in key sectors such as services, especially in the provision of care. At about a quarter of this share, 17.4% (29.2 million), were distributed among upper-middle-income countries. For an entire decade between 2013-2022, high-income and upper-middle-income countries have consistently remained primary destinations for IMs.

The share of IM workers in northern, southern and western Europe in the year 2022 was at 23.3%, increasing by less than one percentage point after 2013. In Northern America on the other hand, the share of IMs in the labour force in 2022 was at 22.6%, a more than one percentage point decrease over the same decade. The Arab states accounted for 13.3% of IM workers in 2022, down three percentage points over 2013. A combination of ageing populations, growing demand in the care economy and greater economic opportunities means that high income countries will continue to remain attractive destinations for the bulk of IMs.

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THE GIST

▼ In 2022, IMs made up 4.7% (167.7 million) of the global labour force, defined as both employed and unemployed (but available for work); over 30 million more than in 2013.

▼ High-income countries absorbed the largest number of IMs, accounting for 68.4% (114 million people), in key sectors such as services, especially in the provision of care.

▼ A higher proportion of IM males were employed; 61.3% out of a total of 102.7 million. Conversely, only 38.7% female IMs were employed out of a total of 64.9 million in 2022.

Context

- ❖ The International Labour Organization (ILO) released the fourth edition of its *Global Estimates on International Migrant Workers* in 2022.
- ❖ The report focuses on the contributions of International Migrants (IMs) to global economic growth, primarily through labor market participation and remittances.

Background

- ❖ Migrants have historically contributed to labor markets in host nations while supporting their home economies through remittances.
- ❖ The ILO has been compiling data on international migrants since 2015, providing insights into their demographic distribution, employment patterns, and economic roles.





Key Findings

❖ Global Labour Force Share

- In 2022, international migrants constituted **4.7% (167.7 million)** of the global labor force, marking an increase of over 30 million since 2013.
- Of these, **155.6 million were employed**, and **12.1 million were unemployed**.

❖ Gender Disparity

- A higher proportion of male international migrants (61.3%) were employed compared to female migrants (38.7%).
- The share of IM men in global male employment was **4.7%**, while for women it was slightly lower at **4.4%**.
- The smaller representation of women is linked to their lower share in the total international migrant population.

❖ Age Demographics

- **Prime-age adults (25-54 years)**: Constituted 74.9% (125.6 million) of IM workers.
- **Youth (15-24 years)**: Made up 9.3% (15.5 million).
- **Older workers (55-64 years)**: Represented 12.5%, and those above 65 accounted for 3.4%.

❖ Employment Sectors

- **Services Sector**: Dominated by IMs (68.4%), with women comprising a larger share (80.7%) compared to men (60.8%).
- **Industry**: IMs made up 24.3% of the workforce, similar to non-migrants.
- **Agriculture**: IMs accounted for only 7.4%, far below the 24.3% share of non-migrants.

Impact & Consequences

❖ Contributions to Host Nations

- Address labor shortages, particularly in sectors like healthcare, caregiving, and other services.
- Diversify the workforce, bringing in varied skills and cultural perspectives.

❖ Contributions to Home Nations

- Significant remittances sent back to home countries, bolstering local economies and reducing poverty.

❖ Gender and Sectoral Dynamics

- Women IMs' dominance in the service sector highlights their critical role in caregiving and domestic work, areas often undervalued and prone to exploitation.

❖ Regional Distribution

- **High-income countries**: Absorbed the majority (68.4%) of IMs, driven by ageing populations and growing care needs.
- **Upper-middle-income countries**: Hosted 17.4% of IMs.
- **Arab states**: Accounted for 13.3% of IM workers, with a decline in their share since 2013.
- Europe and North America remain primary destinations, but their growth rates have plateaued or slightly declined over the decade.





Way Forward

❖ Policy Recommendations

- **Inclusive Labor Policies:** Governments must ensure fair treatment and protection for IMs, particularly women and those in vulnerable sectors.
- **Skill Recognition:** Facilitate recognition of foreign qualifications to enhance IMs' integration into host economies.
- **Bilateral Agreements:** Strengthen international collaborations to manage migration flows and protect migrants' rights.

❖ Support Systems

- **Capacity Building:** Empower migrants with language and vocational training in host countries.
- **Legal Protections:** Ensure access to legal recourse for IMs facing exploitation.
- **Awareness Campaigns:** Combat stereotypes and foster acceptance of migrants in host societies.





83 INJURED IN JALLIKATTU IN TAMIL NADU

83 injured in jallikattu in Tamil Nadu

The Hindu Bureau

TIRUCHI

A total of 83 people were injured in the jallikattu organised at Mukkanipatti village in Pudukottai district and Pallapatti village in Tiruchi district on Sun-

day. A total of 750 bulls were released into the arena, and 315 tamers took part in the event at Pallapatti. Police sources said 60 people were injured, of whom 14 were referred to the Mahatma Gandhi Memorial Government Hospi-

tal in Tiruchi. At Mukkanipatti, 23 people were hurt.

A total of 586 bulls were released into the arena, and 300 tamers participated in the event. Ten of the injured were referred to Pudukottai Government Medical College Hospital.

Context

- ❖ **Jallikattu** is a traditional bull-taming sport that originated in the Tamil Nadu region of southern India. It is typically held during the **Pongal festival**, which takes place in mid-January. The sport has been practiced for over 2,000 years and is considered a significant cultural and religious event, especially for rural communities.
- ❖ **Key Features**
 1. **The Event:** Jallikattu involves releasing a bull into an arena, where participants attempt to grab and hold onto the bull's hump or horns for a specific distance or time. The goal is to tame or control the bull, often by holding onto its horns or riding it as it attempts to escape.
 2. **The Bull:** Jallikattu bulls are specially bred for strength, agility, and endurance. They are often revered and treated as symbols of power, and in some cases, they are raised specifically for the event.
 3. **Cultural Significance:** Jallikattu is deeply rooted in Tamil culture, linked to ancient practices and religious rituals. It is also seen as a symbol of bravery and strength for the participants. The bulls are regarded as sacred, and the event is a way of honoring them.
 4. **Rules:** While the rules can vary by region, the general aim is for the participant to hold onto the bull's hump or horns for a specific distance. If the participant is thrown off or if the bull escapes, the event ends. In some variations, the bulls may also run freely through crowds.

Controversy & Legal Concerns

- ❖ Jallikattu has sparked significant debate due to concerns about animal cruelty, particularly regarding the treatment of bulls. The use of sharp instruments or the forced stimulation of bulls is banned, but some critics argue that these practices continue under the guise of tradition. Activists from animal rights groups have called for a ban on the practice.

