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MINISTRY OF SCIENCE AND TECHNOLOGY



MK Yadav Sir

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DTE June 9

WORLD OCEANS DAY 2024
(Syllabus: GS Paper 3 – Env and Eco)

On World Oceans Day 2024, IUCN chief urges countries to strive for High Seas Biodiversity Treaty

Context: The director general of the International Union for Conservation of Nature (IUCN), urged countries worldwide "to strive for a fully functional High Seas Biodiversity Treaty" on World Oceans Day 2024.

World Oceans Day 2024

- **Background:** It was first proposed during the Earth Summit held in Rio De Janeiro in 1992.
- **Recognized Date:** The United Nations has officially recognized 8 June since 2008.
- **Powered by:** Youth Advisory Council
- **Theme 2024**: Awaken New Depths
- **Action Theme 2024**: Catalyzing Action for Our Ocean & Climate.
- **Global Engagement:** It works with its global network of youth leaders and over 2,000 organizations in 150+ countries.
- **Mission**: World Ocean Day catalyzes collective action for a healthy ocean and a stable climate.

High Seas Biodiversity Treaty

- **About:** In June 2023, the United Nations adopted a new treaty known as the Agreement on the Conservation and Sustainable Use of Marine Biological Diversity of Areas beyond National Jurisdiction ('BBNJ').
- **Commonly referred to as**: The High Seas Biodiversity Treaty.
- **Signatories**: More than 70 nations including nine ACAP Parties have signed the Agreement.
- **Ratified**: So far, 88 countries are signatories to the treaty. Only two Chile and Palau have ratified it so far.
- **Scope** The High Seas Treaty is designed to govern areas beyond national jurisdiction, encompassing the high seas and the seabed beyond the limits defined under UNCLOS.
    - Notably, it does not extend to Australian waters.
- **Objectives:** To promote the conservation and sustainable use of marine biological diversity in these areas, addressing gaps in existing international law.

BUSINESS STANDARD

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HCES 2024

(Syllabus GS Paper 3 – Economy)

Consumption inequality up in rural areas of 11 states in past decade

SHIVA RAJORA
New Delhi, 9 June

Bucking the national trend, consumption inequality rose in rural areas of 11 states as the Gini coefficient of total consumption expenditure saw an increase between the periods 2011-12 and 2022-23, an analysis by the Household Consumption Expenditure Survey (HCES), released on Friday, showed.

Of the 25 states taken for analysis, Gini coefficient in rural areas has seen an increase in Bihar, Chhattisgarh, Jharkhand, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Himachal Pradesh and Rajasthan.

Comparable data for Telangana, Goa and Arunachal Pradesh was not available.

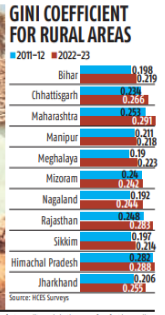
The rise in Gini coefficient was the sharpest in Nagaland (0.244 from 0.192), followed by Jharkhand (0.255 from 0.206), Maharashtra (0.291 from 0.253), Rajasthan (0.283 from 0.248), Meghalaya (0.223 from 0.19) and Chhattisgarh (0.266 from 0.234). Meanwhile, the data also shows that the Gini coefficient for consumption expenditure has also risen in urban areas as well in three states. These are Meghalaya (0.266 from 0.226), Himachal Pradesh (0.311 from 0.29) and Manipur (0.221 from 0.209).

This rise in Gini coefficient in these areas comes on the back of a general decline seen in the coefficient of total consumption expenditure over this time period at the national level. At the all-India level, the Gini coefficient has gone down to 0.266 in 2022-23 from 0.283 in 2011-12 (rural areas). For urban areas, it has gone down to 0.314 from 0.363 during the same period. This fall in Gini coefficient shows a decline in spending inequality in the country. Used to depict income inequality, the Gini coefficient measures inequality on a scale of 0 to 1. Higher values indicate higher inequality. This can sometimes be shown as a percentage from 0 to 100 per cent as the Gini Index.

Pronab Sen, chairperson, Standing Committee on Statistics, says the current HCES dataset that shows decline in consumption inequality at the national level is an outlier. This is because increase in income inequality in India is a widely accepted and corroborated phenomenon of the past three decades. "Affluent households typically do not report their spending well and now with the survey spanning over three visits, the chances of data being faulty have increased. It (index) is overly sensitive to certain income quartiles. It doesn't capture very explicitly changes in the affluent quartiles. That has been a problem with data collection techniques in the NSSO surveys for a long time, especially in urban areas. So, to conclude with this set of data that spending inequality has come down in the past decade is not correct. A lot of other datasets point to the contrary. Then, there are questions on the comparability of this round with the previous rounds as well," he added.



Gini ratio ranges between 0 in the case of perfect equality and 1 in the case of perfect inequality



Share of conveyance spending witnesses sharpest increase

SHIVA RAJORA
New Delhi, 9 June

Spending on conveyance by Indians has increased the most in the past decade, thus reflecting an increased cost and frequency of mobility across the country.

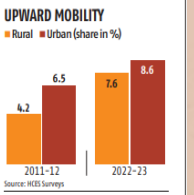
According to the latest findings from the latest household consumption expenditure survey (HCES) released on Friday, the share of expenditure on conveyance in nominal terms has increased sharply in both the rural and urban areas between the years 2011-12 and 2022-23. While the share of consumption expenditure on conveyance increased to 7.6 per cent from 4.2 per cent in rural areas, it increased to 8.6 per cent from 6.5 per cent in urban areas. In effect, a person on an average spent ₹285 of ₹3,773 monthly on conveyance in rural areas in nominal terms. Similarly, a person in urban areas spent an average of ₹555 of ₹6,459 in a month on conveyance in nominal terms.

Among the other non- food items, the share of expenditure also increased on health, durable goods, consumer services, miscellaneous goods, and entertainment. Meanwhile, the share of spending declined on education, fuel and clothing & footwear.

Pronob Sen, chairperson, Standing Committee on Statistics says that travelling to work constitutes the biggest share of expenditure on conveyance today and it is a well observed phenomenon that more and more people are moving out of their homes to work. "Transportation costs have also gone up and people are on the move for all sorts of reasons. That is a natural way of progression in an economy, but it is time that public transportation is strengthened," he added. Echoing similar sentiments, PC Mohanan, the former acting chairman, National Statistical Commission (NSC) says that mobility has increased many-fold in recent years, along with increased spending on entertainment and consumer services as evidenced by the rise of e-commerce economy.

The survey released on Friday shows that the average spending on non-food items by rural India surpassed the 50 per cent mark for the first time in 2022-23, with a decrease in the proportion of total expenditure now allocated to food items.

The survey results released after 11 years show that as a share of monthly per capita expenditure, spending on food items in rural India decreased to 46.38 per cent in 2022-23 from 52.9 per cent in 2011-12. In urban India, this proportion declined further to 39.17 per cent in 2022-23 from 42.62 per cent in 2011-12.



Context: Recently, an HCES analysis revealed that, bucking the national trend, consumption inequality in rural areas of 11 states increased as the Gini coefficient rose between 2011-12 and 2022-23.

The Household Consumption Expenditure Survey (HCES)

- **About**: It is designed to collect information on consumption of goods and services by the households.
  - The survey also collects some auxiliary information on household characteristics and demographic particulars of the households.
- **Consumption Patterns**: Information collected in HCES is useful for understanding the consumption and expenditure pattern, standard of living, and well-being of the households.
- **Consumer Price Indices**: The data of HCES provides budget shares of different commodity groups that is used for preparation of the weighting diagram for compilation of official Consumer Price Indices (CPIs).
  - The data collected in HCES is also utilized for deriving various other macroeconomic indicators.
- **Categories of Consumption Items**: Food items, Consumables and Services items and Durable goods.

Key Findings

- **Rural Areas Gini Coefficient Trends**: Gini coefficient in rural areas has increased in 11 states: Bihar, Chhattisgarh, Jharkhand, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Himachal Pradesh, and Rajasthan.
- **Increases in Specific States**: The sharpest rises occurred in Nagaland, Jharkhand, Maharashtra, Rajasthan, Meghalaya, and Chhattisgarh, with notable increases ranging from 0.192 to 0.291.
- **Urban Areas Gini Coefficient Trends:** Gini coefficient for consumption expenditure has risen in urban areas of Meghalaya, Himachal Pradesh, and Manipur.
- **National Gini Coefficient Trends**: At the national level, the Gini coefficient decreased in rural areas from 0.283 to 0.266 between 2011-12 and 2022-23.
  - Similarly, in urban areas, it decreased from 0.363 to 0.314 during the same period.
- **Gini Coefficient Decline:** The decline in the national Gini coefficient reflects a reduction in spending inequality across the country.

SUBANSIRI LOWER HYDROELECTRIC PROJECT

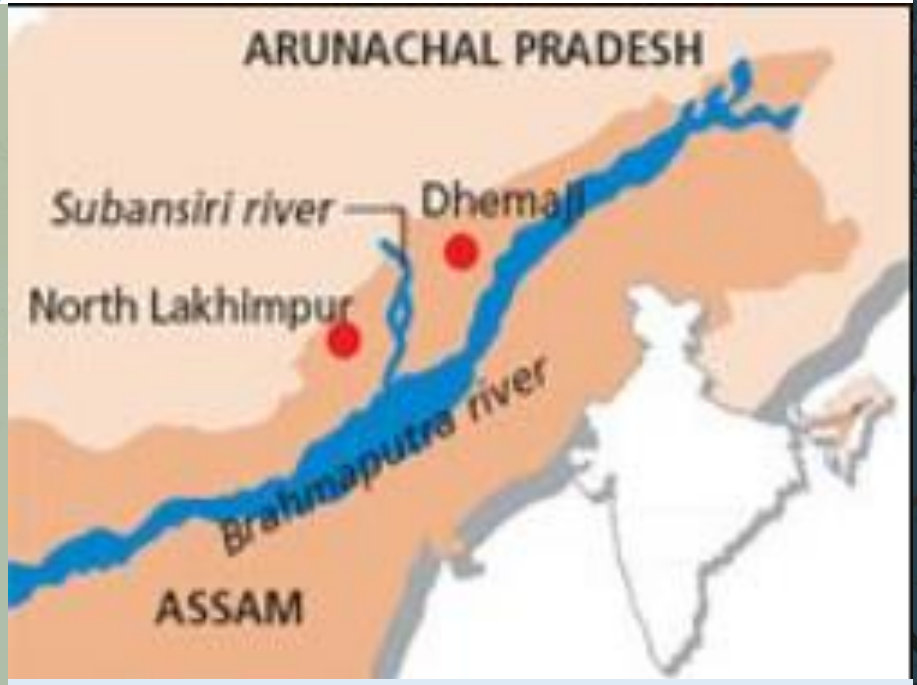
(Syllabus: GS Paper 1 – Geography)

6000 Indian major carp released in Subansiri River to strengthen fisheries management

Context: A Memorandum of Agreement (MoA) has been signed for the implementation of a comprehensive Fisheries Management Plan at the 2000 MW Subansiri Lower Hydro Electric Project (SLP) located in Assam.

Subansiri Lower Hydroelectric Project

- **About:** This is a gravity dam under construction on the Subansiri River, situated along the Assam-Arunachal Pradesh border.
- **Location:** Subansiri River in Arunachal Pradesh, India.
- The dam is nearly 90% complete and is expected to be commissioned in 2023.
- The dam has a **power generation capacity of 2000 MW**, making it the largest hydroelectric project in India.
- The dam is a run-of-river project, which means that it does not store water behind the dam.
- **Developed by**: **National Hydroelectric Power Corporation (NHPC) Limited**.



Subansiri River

- **About**: The river's **origin is in the Tibet Plateau**, and it holds the distinction of being the primary and largest tributary that feeds into t**he Brahmaputra River**.
- **Gravity Dam**: It is a substantial dam structure constructed using materials like concrete or stone masonry.

INDUS WATERS TREATY (IWT)

(Syllabus: GS Paper 2 – IR)

India, Pak may hold Indus talks this month

Sachin.Parashar
@timesgroup.com

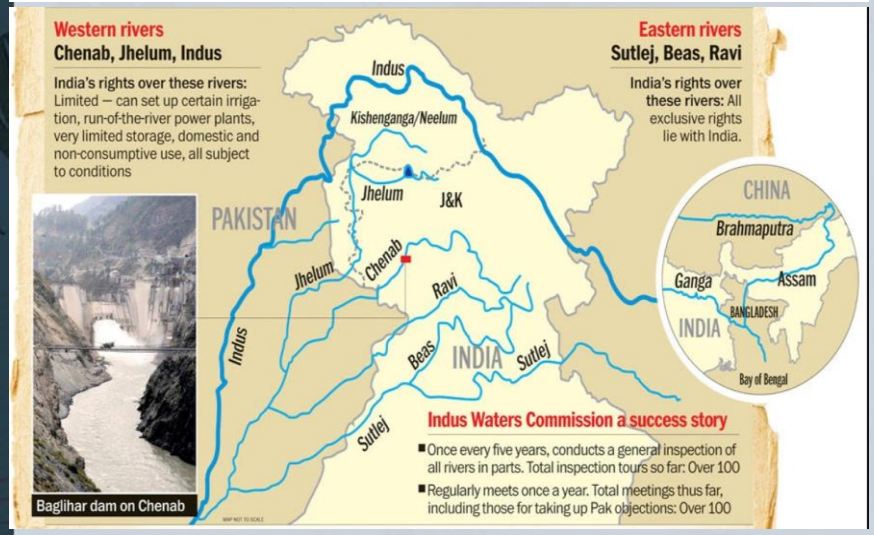
New Delhi: India may host a Pakistan delegation this month for a meeting of the Permanent Indus Commission (PIC) that looks to resolve bilateral issues through dialogue under the Indus Waters Treaty (IWT).

Pakistan was a notable omission, along with Myanmar, in the Modi 3.0 inauguration guest list that included most other immediate neighbours but the World Bank-backed Indus talks remain ring-fenced from the turbulent nature of ties which have been bereft of any substantive diplomatic engagement in the past eight years.

The two countries are currently in touch to finalise the dates for the proposed visit in the third week of this month. Under the 1960 IWT, the two sides are required to meet at least once every year, alternately in India and Pakistan. India refuses to engage Pakistan otherwise because of the latter's support to cross-border terrorism.

If the visit happens, the delegation may also travel to J&K for talks related to IWT, which provides a framework for irrigation and hydropower development, allocating the western rivers (Indus, Jhelum, Chenab) to Pakistan and the eastern rivers (Ravi, Beas, Sutlej) to India. As the World Bank says, the Treaty also allows each country certain uses of the rivers allocated to the other.

There was a renewed interest in IWT talks last year after India gave a notice to Pakistan for a modification of the Treaty because of the latter's "intransigence and unilateral actions" on the issue of Kishenganga and Ratle hydroelectric projects in J&K. India was upset that despite the World Bank asking both countries to find a mutually agreeable way, instead of seeking separate processes, to address Pakistan's objections to the projects, Islamabad had unilaterally sought a parallel process to address the issue.



Context: India may host a Pakistan delegation this month for a meeting of the Permanent Indus Commis- sion (PIC) that looks to resolve bilateral issues through dialogue under the Indus Waters Treaty (IWT).

Indus Waters Treaty (IWT)

- **Background:** The IWT, brokered by the World Bank and signed in 1960, divides the Indus river system between India and Pakistan.
- **Water control division**: India was given control over the Beas, Ravi, and Sutlej rivers, while Pakistan received control over the Indus, Chenab, and Jhelum rivers.
- **Signatories:** Prime Minister Jawaharlal Nehru, President of Pakistan, Ayub Khan, former Vice President of the World Bank, W.A.B. Iliff.
- **Major Provisions of the treaty:**
- **Partition and negotiations**: The treaty became necessary after the partition of India in 1947 to divide the Indus river system.
- **Sharing formula:** The sharing formula allocated 80.52% of the aggregate water flows in the Indus system to Pakistan, demonstrating India's generosity as an upper riparian.
- **Financial support:** India provided Rs 83 crore in pounds sterling to Pakistan for building replacement canals from the western rivers.
- It also required both the countries **to establish a Permanent Indus Commission** constituted by permanent commissioners on both sides.
- India is allowed to have a **minimum storage level on the western rivers**, meaning it can store up to 3.75 MAF of water for conservation and flood storage purposes.
- The IWT provides a **three-step dispute resolution mechanism**:
  - **First resolution:** Starts at the **Permanent Commission.**
  - **Second stage resolution:** In case of unresolved questions or "differences", either side can approach the **World Bank** to appoint a Neutral Expert (NE) to come to a decision.
  - **Third stage resolution:** If either party is not satisfied with the NE's decision or in case of "disputes" in the interpretation and extent of the treaty, matters can be referred to a **Court of Arbitration.**

BUSINESS STANDARD

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GLOBAL CAPABILITY CENTER

(Syllabus: GS Paper 3 – Economy)



Indian GCCs: Captives to e-twins

FUTURE READY

- India's GCCs leading the way in emerging tech such as AI, machine learning, blockchain, augmented reality, and VR
- In Q4 2023 alone, 10 new GCCs were established in India, according to the latest Nasscom-EPFIG report
- For US-based enterprise software company Planview, its India centre is not just a digital twin but a digital next-generation because they had opportunity to build everything brand new
- UK-based Tesco aims to establish a world-class business solutions model in India with a global outlook

Context: Indian Global capability center have evolved from the 'captives' of the 1990s to recently becoming 'digital twins' of their global HQs, mirroring and enhancing their parent organisations' work.

Global Capability Center

- **About:** GCCs are offshore establishments established by companies to provide various services to their parent entities, operating internally within the global corporate framework.
- **Capabilities**: These centres offer specialized capabilities including IT services, research and development, customer support, and other vital business functions.
- **Role**: GCCs play a crucial role in capitalizing on cost efficiencies by leveraging factors like lower labor costs and operational expenses in offshore locations.
- **Utilizing Talent Reservoirs:** They tap into talent reservoirs, enabling companies to access skilled professionals and expertise from diverse geographical locations.
- **Collaboration**: GCCs foster collaboration between parent enterprises and their offshore counterparts, facilitating seamless coordination and communication across global operations.
- **Advantages of Special Economic Zones:** SEZs provide favourable conditions for GCCs to thrive, offering advantages such as tax breaks, simplified regulations, and streamlined bureaucracy.
- **Current Landscape in India**: There are 1,580 established GCCs housing over 1.66 million professionals, indicating a significant presence and contribution to the economy.
    - Bengaluru and Hyderabad have solidified their presence in GCCs with 30% and 19%, respectively followed by Delhi 15%, Mumbai 12%, Pune 10%, and Chennai 9%.
- **Market Size and Growth**: The market size of GCCs in India is $46 billion, witnessing a Compound Annual Growth Rate (CAGR) of 11.4%, showcasing substantial growth and opportunities in the sector.

DTE June 9

LABEO CATLA

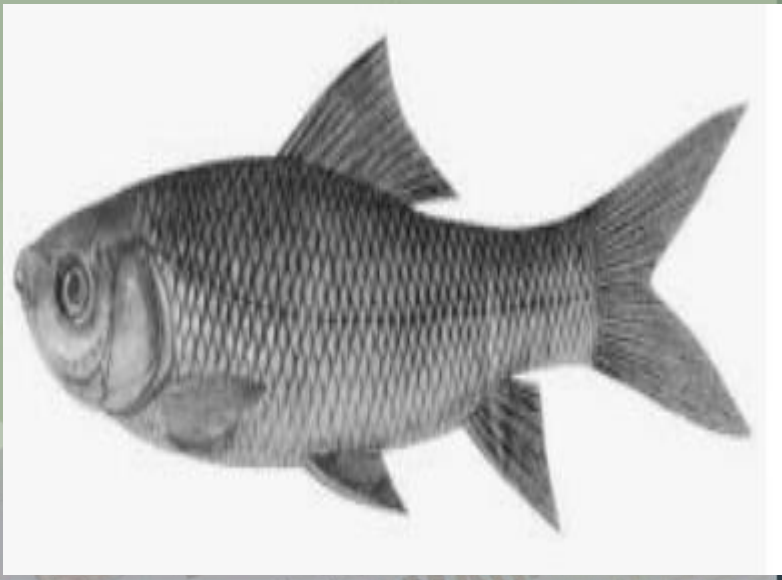
(Syllabus: GS Paper 3 – Env and Eco)

Catla, one of India's 3 major carps, among top 10 species of aquatic animals harvested in 2022: FAO

Context: Catla (Labeo catla) was one of the top 10 species of aquatic animals harvested by humans in 2022, according to a new report released by the United Nations.

Labeo Catla

- **About:** It the second most important species after rohu (mrigal is third), is used as the surface feeder component in Indian major carp polyculture systems. I
- **Geographic Distribution**: The species is endemic to the riverine system in northern India, the Indus plain, and adjoining hills of Pakistan, Bangladesh, Nepal, and Myanmar. It has been introduced into various riverine systems, reservoirs, and tanks across India.
- **Traditional Farming Origins**: Catla used to be traditionally farmed in the ponds of eastern Indian states and later spread across the country during the second half of the 20th century.
- **Importance:** Catla, along with Rohu and Mrigal, are among the most farmed fish in India's inland fisheries.
- **Top Aquatic Animal Species Produced in 2022:** Whiteleg shrimp (Penaeus vannamei) led with 6.8 million tonnes, followed by various species including catla.
- **Diverse Species Following Catla**: Cupped oysters nei, grass carp, Nile tilapia, silver carp, and anchoveta were among the top species produced, with catla following Japanese carpet shell.



INDIAN EXPRESS

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APRA 2014

(Syllabus: GS Paper 2– Polity)



AP vs Telangana: unresolved issues between the states that went to court

AJOY SINHA KARPURAM
NEW DELHI, JUNE 9

POLITICAL ANALYSES of the TDP's king-maker position in the NDA have discussed the years of efforts that Chandrababu Naidu has put in to obtain Special Category Status for Andhra Pradesh (AP), which would compensate for the loss of revenues suffered after the undivided state was split to create Telangana in 2014. A decade on, several issues relating to the Andhra Pradesh Reorganisation Act, 2014 (APRA) remain pending between the two successor states, and Telangana Chief Minister Revanth Reddy has said he hopes they are resolved soon.

The creation of the new states was followed by division and apportionment of the assets of undivided AP. Courts were required to adjudicate several disputes that arose; a few of the major legal disputes are as follows. The states are embroiled in some other disputes as well, including over committees, division of the AP State Financial Corporation's assets, and over the sharing of Krishna and Godavari waters.

Ninth and Tenth Schedules of AP Reorganisation Act

In December 2022, AP approached the Supreme Court claiming that the division of assets contained in the Ninth and Tenth Schedules of the APRA had not commenced even though the Act clearly apportioned them between the two "successor states".

According to the petition, the Act lists 245 institutions or assets (142 in Schedule IX, 91 in Schedule X, and 12 unmentioned in the Act) owned by the erstwhile State of AP, valued at "about Rs 1,42,601 crores" and that 91% of these assets are located in Hyderabad "clearly to the benefit of Telangana".

As of June 2, 2024, Hyderabad is the capital city of Telangana alone, and no longer the shared capital of both states.

These institutions, says the petition, "perform a range of basic and essential development, education, medical services, minority and backward class development, etc. None of these assets have been apportioned between the successor states, it says.

According to AP, Telangana's inaction "has led to a multitude of issues adversely affecting and violating the fundamental and other constitutional rights" of the people residing in the state.

EXPLAINED LAW

AP has asked the SC to direct Telangana to start handing over assets specified in the Ninth and Tenth Schedules of the APRA under the supervision of a neutral arbitrator or a retired judge of the SC.

In December 2023, the case was listed for a final hearing in March 2024 by Justices Sanjiv Khanna and S V N Bhatti. However, the case was not taken up, and remains pending.

AP State Council of Higher Education (APSCHE)

In 2016, the Supreme Court decided on a dispute where Telangana claimed ownership of Pradesh State Council of Higher Education (APSCHE).

The state of Telangana argued that the APRA does not contain any provisions for the apportionment of institutions under the Tenth Schedule (such as the APSCHE) As a result, since the assets of the APSCHE were located in Hyderabad, the state of Andhra Pradesh had no right to them.

The SC rejected this argument and invoked Section 47 of the APRA which states that the apportionment of assets can be subject to adjustment "as may be necessary to secure just, reasonable and equitable apportionment of the assets and liabilities amongst the successor States".

It directed that APSCHE assets should be divided between the two states based on the population ratio.

AP Dairy Development Co-operative Federation Limited (APDDCF)

The APDDCF challenged this Government Order at the Telangana High Court, arguing that as a Ninth Schedule institution, its assets had to be fairly apportioned in the manner provided by the APRA. The TSDDCF, however, claimed that the APDDCF headquarters were located in Telangana, and its assets belonged to the state in which it was located.

In 2021, the HC held that the APDDCF's assets should be divided between it and TSDDCF in the ratio of 58.31:41.68 after a complete valuation of the assets by the Comptroller and Auditor-General of India.

Both states have filed petitions challenging this judgment at the Supreme Court. The matter was last heard by Justice Sanjay Karol in October 2023.

AP Mineral Development Corporation (APMDC)

TSMDC arrived at a plan to divide the assets of the APMDC (of the undivided state), another Ninth Schedule institution, in March 2018 based on the population ratio of 58.31:41.68.

The AP government approved this plan in 2019, but the Telangana government took no action on the proposal. In 2020, the Andhra government approached the Telangana High Court arguing that the Telangana state's inaction in implementing the proposal was arbitrary and illegal.

The court called the Telangana government's conduct "baffling" and "inexplicable", and ordered it to begin distributing the assets in terms of the proposal agreed to in 2018.

But the TSMDC and the State of Telangana challenged this decision before the Supreme Court in 2021. The matter was last heard by a three-judge Bench led by Chief Justice of India D Y Chandrachud in February 2024.

LONGER VERSION ON

Context: Recent political analyses highlight the TDP's long-standing efforts to secure Special Category Status for Andhra Pradesh to offset revenue losses post-2014 bifurcation, while Telangana's Chief Minister Revanth Reddy urges resolution of lingering issues from the Andhra Pradesh Reorganisation Act.

Constitutional Provisions

- **Article 2**: Parliament may by law admit new States into the Union or establish new States on terms and conditions it deems appropriate.
- **Article 3**: A new State can be formed by separating territory from an existing State, uniting two or more States or parts of States, or adding territory to a part of any State.
    - Increase in State Area
    - Diminution of State Area
    - Alteration of State Boundaries
    - Change of State Names

Andhra Pradesh Reorganisation Act, 2014 (APRA)

- **About**: The act provides for the reorganisation of the state of Andhra Pradesh. It carves out a separate state called Telangana comprising 10 districts of the existing state of Andhra Pradesh.
- **Formation of Telangana**: To create the new state of Telangana by carving it out of the existing state of Andhra Pradesh. Telangana officially came into existence on June 2, 2014.
- **Common Capital**: The act designated Hyderabad as the common capital of both Andhra Pradesh and Telangana for a period of ten years, during which time Telangana was required to establish a new capital city.
- **Role of Governor**: The Governor of the existing state of Andhra Pradesh shall be the common Governor for both states for a period determined by the President.
- **Special Provisions**: The act contained special provisions to safeguard the interests of various groups, including the allocation of seats in educational institutions and government jobs for people from different regions.
- **Division of Assets and Liabilities**: It outlined the division of assets, liabilities, and resources between the two states, including the allocation of river waters and the division of government employees.
- **Representation in Parliament**: After the bifurcation, Andhra Pradesh will have 11 seats in Rajya Sabha, and Telangana will have 7. In Lok Sabha, Andhra Pradesh will have 25 seats and Telangana will have 17 seats.
- **Revenue Distribution**: The resources allocated by the 13th Finance Commission to the existing state of Andhra Pradesh will be apportioned between the two successor states on the basis of population ratio and other parameters. The centre may make grants to the successor state of Andhra Pradesh.

DTE June 9

NATURAFRICA INITIATIVE
(Syllabus: GS Paper 3 – Eco and Env)

Fortress Conservation: Tanzania now ineligible for European Union conservation grant over Maasai evictions

Context: The European Commission (EC) has removed Tanzania from the list of countries eligible for its 18 million Euro conservation grant to be launched in East Africa as part of its NaturAfrica initiative.

NaturAfrica Initiative

- **About:** It adopts a forward-thinking strategy that emphasizes the involvement of local communities and stakeholders in biodiversity conservation efforts.
- **Focus**: It focuses on identifying crucial landscapes for conservation and development, ensuring targeted efforts to preserve biodiversity while fostering economic growth.
- **Aim:** To safeguard ecosystems and wildlife, recognizing their intrinsic value and importance to both present and future generations.
- **Implementation and Collaboration**: EU delegations collaborate closely with various stakeholders, including government entities, local communities, civil society, and the private sector, to design and implement NaturAfrica programmes.
- **Two Pillars**:
    - **Short-Term Actions**: Prioritizing actions in key landscapes, NaturAfrica leverages the positive impacts of protected areas on society and the economy, fostering networks and knowledge-sharing.
    - **Medium-Term Strategy**: Extending support beyond key landscapes, NaturAfrica addresses underlying causes of biodiversity loss and environmental degradation, integrating these concerns across various sectors through "mainstreaming biodiversity."

European Union (EU)

- **About**: EU is a supranational political and economic union of 27 member states that are located primarily in Europe.
- **Number of Countries**: 27 Countries
- **Objective**: EU promotes democratic values in its member nations and is one of the world's most powerful trade blocs.
- **Headquarters**: Brussels (Belgium)
- **Values:** Value, Freedom, Democracy, Equality, Rule of Law, Human Rights and Human Dignity.

BUSINESS STANDARD

June 9

PUMP AND DUMP SCHEME

(Syllabus: GS Paper 3 – Economy)

Explained: What is pump and dump scheme in stock market and how to be safe

Context: The Securities Exchange Board of India's (Sebi) slapped a fine of Rs 7.75 crore on 11 individuals for allegedly operating a 'pump and dump' scheme in the scrip of Svarnim Trade Udyog.

Pump and Dump Scheme

- **About:** It is a type of manipulation activity that involves artificially inflating the price of a stock through false and misleading information, only to sell the stock at the inflated price and leave investors with significant losses.
- **Mechanics of Pump and Dump**
  - Acquisition of a significant amount of stock in a thinly traded company, often penny stocks.
  - Aggressive promotion through various channels to create buzz and attract investors.
  - Increased demand drives up the stock price rapidly, creating the illusion of a valuable investment.
  - Sell-off at inflated prices, causing the stock price to plummet and resulting in losses for investors.
- **Regulations around pump and dump**
  - **Sebi's Ban**: Pump and dump schemes are completely banned under the Securities and Exchange Board of India's (Sebi) guidelines.
  - **Crackdown on YouTube Operation**: Sebi's crackdown on a YouTube-run share pump-and-dump operation indicates impending regulations on financial influencers (finfluencers) who disseminate investment advice without qualifications.
  - **Action Against Influencers:** Recent actions by Sebi against influencers like Bollywood actor Arshad Warsi and his wife highlight regulatory efforts to curb pump and dump activities facilitated by influential figures.

Impact on investors and the market

- **Investor Losses:** Those who bought at inflated prices face substantial losses when the stock price crashes.
- **Market Confidence**: Pump and dump schemes undermine confidence in financial markets, making legitimate investors wary of potential fraud.
- **Legal Penalties**: Participants in such schemes can face severe legal penalties, including fines, disgorgement of profits, and imprisonment.

INDIAN EXPRESS Page 14

AGNIPATH SCHEME

(Syllabus: GS Paper 2 – Govt Policies)

Agnipath scheme: why it was introduced, the opposition to it

AMRITA NAYAK DUTTA
NEW DELHI, JUNE 9

BOTH JD(U) AND Chirag Paswan's LJPRV have called for a review of the Agnipath scheme, even as they seem set to be crucial alliance partners to the BJP in the new Lok Sabha.

The scheme for military recruitment has faced opposition from political parties and Armed Forces veterans alike, since it was introduced by the BJP-led government in 2022. During the recent Lok Sabha elections, it became a key campaign issue in states such as Punjab, Haryana, Himachal Pradesh, Uttar Pradesh, Bihar and Rajasthan, where the Armed Forces remain a sought after employer.

EXPLAINED POLICY

What is the Agnipath scheme?

Agnipath is aimed at recruiting 'personnel below officer ranks' — soldiers, airmen, and sailors who are not commissioned officers — to the Indian Armed Forces for a period of four years. At the end of this tenure, upto 25% of these recruits, the so called 'Agniveers', can join the services on a permanent commission (another 15 years), subject to merit and organisational requirements.

Aspirants between the ages of 17.5 years and 23 years (up from 21 years initially) are eligible to apply. At present, all sailors, airmen, and soldiers, except the technical cadre of the medical branch, are recruited to the services under the scheme.

In the Army, two batches of 40,000 Agniveers have completed training and are under posting. A third batch of 20,000 began training in November 2023. In the Navy, three batches of 7,385 Agniveers have completed training. In the IAF, 4,955 Agniveers have completed training.

How are Agniveers different from soldiers with permanent commission?

Agniveers draw a basic salary of Rs 30,000-Rs 40,000 per month, and are entitled to other risk and hardship allowances.

They contribute 30% of their monthly emoluments to the Seva Nidhi fund, which



Candidates at the First Army Agniveer Recruitment Rally in Ludhiana. *File*

the government matches. At the end of their service, they receive approximately Rs 11.71 lakhs (with interest) as a tax-exempt lump sum severance package from this fund.

If they die on duty, Agniveers' families receives a lump sum of Rs 1 crore (including the Seva Nidhi package), and full pay for the period which the soldier could not serve. In case of disability, an Agniveer gets upto Rs 44 lakh as compensation.

Unlike soldiers in regular service, Agniveers do not draw pensions post-retirement. Only the 25% of Agniveers who get absorbed into the forces after four years will receive pensionary benefits, although the initial four years of service will not be considered for retirement benefits.

This is the biggest change that Agnipath has brought in, which will lead to a considerable cut in the defence pension bill — a major concern for governments for many years.

Why was Agnipath introduced?

Apart from the unsaid intention of reducing the Armed Forces' wage and pension bill, the government has argued that the scheme will ensure the forces' "youthful profile". Defence Minister Rajnath Singh said in January 2023 that "Agnipath is a game changer for the Armed Forces… [and make them] youthful, high-tech and ultra-modern".

When the scheme was brought in, the average age in the Armed Forces was 32 years, which Agnipath will bring down to 26 years, according to Defence Ministry calculations.

The government has also said after the completion of their service, Agniveers will contribute to the civil society "through their education, skill, discipline and other qualities".

Lt Gen Anil Puri, additional secretary, Department of Military Affairs, had said during the scheme's announcement that the government will help rehabilitate soldiers who leave the services after four years, and provide them with skill certificates and bridge courses.

Why has the scheme come under criticism?

Critics say that the scheme creates a "lesser" cadre of soldiers, who work on the same tasks as those with full commission, but with lesser pay, benefits, and prospects.

A day before Punjab and Himachal Pradesh went to polls on June 1, Congress leader Rahul Gandhi wrote an open letter to President Droupadi Murmu. "I write to you… with an appeal to provide justice to Agniveers, who lay down their lives in service to the nation. The discrimination in the nature and extent of benefits accorded to the families of our slain Agniveers, compared to regular soldiers warrants your urgent attention," he wrote.

On the ground, lesser benefits and a shorter tenure has caused significant disaffection among those who see military recruitment as a path to economic stability and upward mobility. Multiple parties, including the Congress, AAP, RJD, and Samajwadi Party have called for the scheme to be scrapped. Others have asked for a rethink.

Is the government willing to roll back the scheme?

Recently, the government indicated that it is willing to alter the scheme if required but without compromising on the Armed Forces' youthful profile. *The Indian Express* reported last month that the Forces are carrying out internal assessments on Agnipath's impact, based on which they will make recommendations to the government on possible changes.

All three services are learnt to have submitted their observations to the Department of Military Affairs.

Context: Bihar's regional parties JD(U) and LJPRV have urged a review of the Agnipath scheme while poised to become significant allies for the ruling party in the upcoming Lok Sabha.

Agnipath Scheme

- **About**: A central government scheme for youth to give entry into the Indian army.
- **Period**: To serve in the Armed Forces for a period of four years.
- **Agniveer**: Under this scheme, the youth joining the army called them Agniveer.
- **Age group:** Candidates between the age group of 17.5 to 21 years are eligible to apply for the scheme.
- **Completion Benefits**: Upon completing their service, recruits will receive between Rs. 11 lakh and Rs. 12 lakh, including interest and contributions, under the tax-exempt "Seva Nidhi" package. Recruits must contribute 30% of their monthly salary to Seva Nidhi, with a matching contribution from the government.
- **Maximum limit:** Every year 45,000 to 50,000 soldiers will be recruited annually, and most will leave the service in just four years. Out of that only 25% will continue for 15 years.

Objective:

- **Youthful profile:** To enhance youthful profile of the Armed Forces so that they are at their fighting best at all times with increased risk-taking ability.
- **Effective use modern technology:** To attract young talent from the society to effectively exploit, adopt and use emerging modern technologies with enhanced technical thresholds of intake while leveraging Technical Institutions of the country.
- **Opportunity:** To provide an opportunity to the youth who may be keen to serve the Nation in uniform albeit for a short period of time.
- **Qualities**: To provide abilities and qualities such as discipline, dynamism, motivation and work-skills so that the youth remain an asset.

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