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Current affairs summary for prelims

29 March, 2024

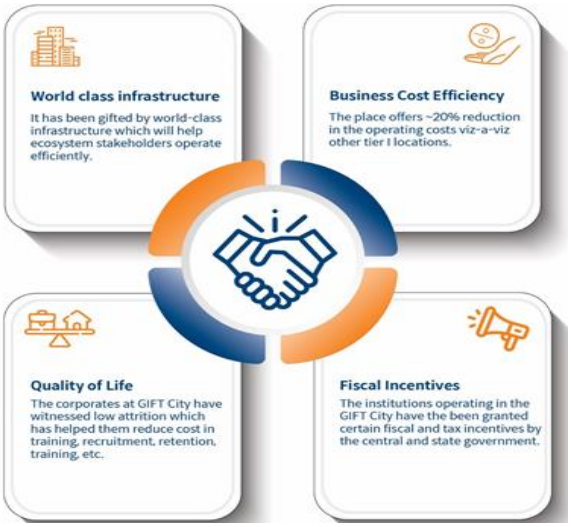
Expert Committee on Global Finance and Accounting Hub

Context: *GIFT IFSC Expert Committee submits report to IFSCA Chairperson, advancing plans for a Global Finance and Accounting Hub.*

- Expert Committee formed post Ministry of Finance notification on Jan 18, 2024, recognizing financial services under IFSCA Act, 2019.
- Committee led by ICAI President, comprised industry, academia, and government experts.
- Recommended comprehensive regulatory framework for financial services in IFSC in India.
- Advocated measures to elevate GIFT IFSC as a 'Global Finance and Accounting Hub'.
- Emphasized potential for GIFT IFSC to generate significant employment in bookkeeping, accounting, taxation, and financial crime compliance.

➢ **Key recommendations**

- Proposed a new regulation with comprehensive definitions for Bookkeeping, Accounting, Taxation, and Financial Crime Compliance Services.
- Recommended modifications to align with UN Statistical Commission's Central Product Classification Version 2.1.
- Suggested periodic review and updating of definitions to reflect market dynamics.
- Advocated setting up entities in IFSC as companies or LLPs, with additional criteria for branches of Indian entities.
- Urged IFSCA to establish clear criteria for business operations in GIFT IFSC, preventing creation through restructuring existing Indian businesses.
- Proposed testing conditions after the first full financial year and subsequent nine years.
- Recommended appointment of principal and compliance officers with specified qualifications and experience.
- Suggested appropriate grandfathering of entities authorized under Ancillary Services framework.
- Encouraged new companies to obtain additional registrations/authorizations for services beyond the specified ones.
- Stressed continuous training programs for the workforce in GIFT IFSC to align with international standards.
- Proposed long-term strategies for education and skill development, including specialized degree programs and professional memberships.
- Outlined strategies for promoting GIFT IFSC as a hub, including marketing, partnerships, and establishment of a centre of excellence.



T+0 Settlement Cycle

Context: *The BSE and NSE implemented optional trading in the T+0 rolling settlement cycle in the equity segment.*

➢ **T+0 Trading Settlement Cycle:**

- The Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) have initiated the introduction of an optional T+0 settlement cycle for the equity segment.
- This beta version rollout encompasses 25 scrips and a limited number of brokers.
- Last week, the Securities and Exchange Board of India (SEBI) issued operational guidelines to facilitate the implementation of this shorter tenure settlement cycle.

	NSE	BSE
Name	National Stock Exchange	formerly Bombay Stock Exchange Limited; now simply BSE
Brief Introduction	It is the biggest stock exchange marketplace of the India along with a front runner in the introduction of the fully automated, electronic trading system across the country.	It is the oldest stock exchange marketplace not just for the India but Asia as well, which offers high speed trading to its customers.
Main Index	S&P CNX Nifty	BSE Sensex
Benchmark index	Nifty 50	Sensex 30
Index value	5,889 (as of Sep 2013)	19,900 (as of Sep 2013)
Founded in	1992	9th July 1875
Website	www.nseindia.com	www.bseindia.com
Location	Mumbai, India	Mumbai, India
Key Person	Mr Vikram Limaye (Managing Director and CEO)	Mr Ashish Chauhan (MD & CEO)
Global Rank	12th largest in world	11th largest in world
Total listed companies	1952	5439
Geographical spread	Presence in 1,486 cities	Presence in 417 cities
Market Capitalization	Around 2.27 trillion	Around 2.3 trillion
Network	Over 400 cities	Over 2000 cities

➢ **Understanding T+0 Trading Settlement:**

- SEBI proposed the T+0 settlement cycle as an optional addition to the existing T+1 cycle in December of the previous year.
- This system enables the clearing and settlement of funds and securities on the same day of trading, enhancing transaction efficiency.

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- Investors conducting transactions experience immediate fund credits and securities transfers on the very day of the transaction.

➢ **Benefits of T+0 Trade Settlement:**

- The implementation of the T+0 settlement cycle is expected to bring about cost and time efficiency in transactions.
- It aims to introduce transparency in investor charges and reinforce risk management within the securities market ecosystem.

➢ **Securities Available for T+0 Trading:**

- A specified set of 25 scrips, including notable companies such as Ambuja Cements Ltd, Ashok Leyland Ltd, and Bajaj Auto Ltd, are among those permitted for trading under the T+0 settlement cycle.
- Other securities encompass entities like Bharat Petroleum Corporation Ltd, Cipla Ltd, and JSW Steel Ltd.

➢ **Eligibility for Participation:**

- All investors are eligible to partake in the T+0 trade settlement cycle, contingent upon their ability to adhere to prescribed timelines, processes, and risk requirements.
- Compliance with guidelines set forth by Market Infrastructure Institutions (MIIs) is a prerequisite for participation.

➢ **Trade Timings and Price Bands:**

- Trading operates within a single continuous session from 09:15 AM to 1:30 PM under the optional T+0 settlement cycle.
- The settlement of funds and securities is promptly completed by 4:30 PM on the same trading day.
- Price bands operate within a range of +100 basis points from the prevailing T+1 market price, with recalibrations occurring after every 50 basis points movement.

Quantum Cryptography

Context: *Quantum cryptography is proposed as a new way of protecting sensitive communication channels.*

- Quantum cryptography utilizes quantum mechanical properties for cryptographic tasks, notably quantum key distribution (QKD).

➢ **Historical Development:**

- Stephen Wiesner introduced quantum conjugate coding in the early 1970s, later developed into secure communication methods like BB84 by Charles H. Bennett and Gilles Brassard.
- Artur Ekert proposed Bell's inequalities for secure key distribution in 1991, leading to device-independent quantum key distribution.

➢ **Industry Players and Manufacturers:**

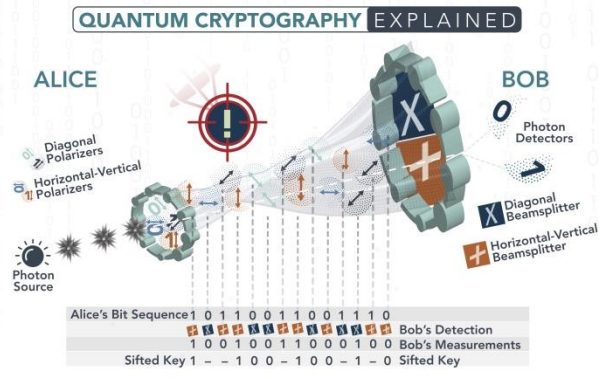
- Manufacturers of quantum cryptography systems include MagiQ Technologies, ID Quantique, QuintessenceLabs, Toshiba, QNu Labs, and SeQureNet.

➢ **Advantages of Quantum Cryptography:**

- Quantum cryptography offers longer-lasting encryption compared to classical methods, with potential applications in industries like healthcare and government.
- Quantum key distribution can protect electronic records for up to 100 years, surpassing the security offered by classical cryptography.
- Quantum key distribution can remain secure over noisy channels for long distances, with the implementation of quantum repeaters.
- Quantum repeaters resolve communication errors efficiently, purifying segments of the channel to ensure secure communication.

➢ **Applications of Quantum Cryptography**

- **Quantum Key Distribution (QKD):** QKD enables secure key exchange between two parties using quantum communication, offering unconditional security based on the laws of quantum mechanics.
- **Mistrustful Quantum Cryptography:** Deals with scenarios where participating parties distrust each other, exploring cryptographic tasks such as commitment schemes and secure computations using quantum systems.
- **Quantum Coin Flipping**: Protocol between distrustful participants exchanging qubits through a quantum channel, aiming to ensure fairness and reduce bias in outcome.
- **Quantum Commitment:** Implemented when distrustful parties need to fix and reveal values securely, important for cryptographic protocols like coin flipping and oblivious transfer.
- **Position-Based Quantum Cryptography:** Utilizes geographical location as the sole credential, aiming to ensure secure communication based on physical proximity.
- **Device-Independent Quantum Cryptography:** Protocols designed without relying on trust in the honesty of quantum devices, ensuring security even against malicious actors.
- **Post-Quantum Cryptography:** Addresses cryptographic schemes resilient to potential quantum attacks, exploring alternatives to traditional encryption methods vulnerable to quantum computing.
- **Beyond Key Distribution:** Explores cryptographic tasks beyond key exchange, including message authentication, digital signatures, and entity authentication, leveraging quantum properties for enhanced security.



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NEWS IN BETWEEN THE LINES

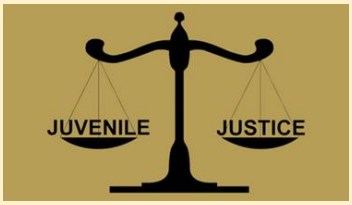
Kalam-250

Recently, Skyroot Aerospace successfully tested stage-2 (Kalam-250) of its Vikram-1 launch vehicle at ISRO's propulsion testbed in Sriharikota, Andhra Pradesh.

About Kalam-250:

- **Kalam-250 is the stage-2 rocket motor of Skyroot Aerospace's** Vikram-1 launch vehicle.
- It plays a critical role in propelling the launch vehicle through Earth's atmosphere into the vacuum of space during ascent.
- This stage employs a high-strength **carbon composite rocket motor,** along with solid fuel and a **sophisticated Ethylene-Propylene-Diene** terpolymers Thermal Protection System.
- Notable features of Kalam-250 include a **carbon ablative flex nozzle** and precise **electro-mechanical actuators**, which facilitate thrust vector control of the launch vehicle.
- The **solid propellant utilized** in Kalam-250 underwent processing by Solar Industries' unique facility in Nagpur.

Juvenile Justice Act



Recently, the Kerala High Court decided that children accused under the POCSO Act, 2012, will be prosecuted under the Juvenile Justice (Care and Protection of Children) Act.

About Juvenile Justice Act:

- The Juvenile Justice (Care and Protection of Children) Act, **2015** is a law in India that defines **a child as someone under the age of 18**.
- The Act replaced the Juvenile Justice Act of **1986** and the Juvenile Justice Act of **2000**.
- The Act includes provisions for adoption and allows **juveniles aged 16 to 18** to be tried as adults for certain crimes.
- The primary objective of the JJ Act is to provide for the care, protection and rehabilitation of children in need of care and protection, and to ensure their basic rights and entitlements.
- The Act also established the Central Adoption Resource Authority (**CARA) in 1990**.
- CARA is responsible for overseeing the adoption of orphaned, abandoned and relinquished children.

AFSPA

Recently, the Union Ministry of Home Affairs (MHA) extended the Armed Forces (Special Powers) Act (AFSPA) in parts of Nagaland and Arunachal Pradesh for another six months.

About AFSPA:

- The Armed Forces (Special Powers) Act (AFSPA) was enacted in **1958** to grant special powers to the armed forces in "disturbed areas" to maintain public order.
- It was known initially as the **Armed Forces (Assam and Manipur) Special Powers Act**, 1958.
- It is typically enforced in regions facing significant internal security challenges or insurgency, primarily in the **Northeastern states** and **Jammu and Kashmir.**
- Under AFSPA, armed forces personnel **have powers to arrest without a warrant,** conduct searches and use force, including opening fire if deemed necessary for "the maintenance of public order."
- The Act provides legal immunity to the armed forces for their actions undertaken in the line of duty, shielding them from prosecution without prior government sanction.
- AFSPA has been criticized by human rights organizations for **alleged human rights violations**, including extrajudicial killings, disappearances and abuse of power.
- The legal validity of AFSPA is based on Entry 2A of the **Union List under the Seventh Schedule of the Indian Constitution**, which grants the Parliament exclusive powers to legislate on matters related to the armed forces.

International Court of Justice

Recently, the International Court of Justice (ICJ) ordered Israel to provide urgent humanitarian assistance in Gaza, citing the onset of famine.

About the International Court of Justice:

- The International Court of Justice (ICJ), established in June **1945** by the UN Charter, is the **principal judicial organ of the United Nations (UN).**
- It began functioning in **April 1946** and is commonly referred to as the **World Court**.
- It **resolves legal disputes between states** and provides advisory opinions on legal questions referred by authorized UN bodies and specialized agencies.
- It is composed of **15 judges elected for nine-year terms** by the UN General Assembly and the Security Council, the ICJ ensures geographical representation among its members.
- Notable Indian judges who have served at the ICJ include **Raghunandan Swarup Pathak** (1989-1991), **Nagendra Singh** (1973-1988) and **Sir Benegal Rau** (1952-1953).
- Its headquarter is in The Hague, **Netherlands**.
- The official languages of the ICJ are **French** and **English.**

Alternative Investment Funds

Recently, the Reserve Bank of India (RBI) has modified norms for regulated entities (REs) concerning their investments in Alternative Investment Funds (AIFs).

About Alternative Investment Funds:

- Alternative Investment Funds (AIFs) are privately pooled investment vehicles established in India, collecting funds from sophisticated investors for investing in various asset classes.
- They serve as an alternative to traditional investment instruments and adhere to SEBI (Alternative Investment Funds) Regulations, 2012.

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- They can be structured as companies, Limited Liability Partnerships (LLPs), trusts, etc., pooling funds from investors to invest in different categories of assets.
- Categories of AIFs include Category I, Category II, and Category III, each with specific investment mandates and strategies.
- Category I AIFs invest in socially or economically desirable sectors, Category II AIFs encompass various types of funds like real estate funds and private equity funds, while Category III AIFs employ complex trading strategies.
- They attract sophisticated investors, including institutions and high net worth individuals, due to their high investment requirements and risk profiles.

CoViNet

Recently, the World Health Organization (WHO) has launched a global network of laboratories called CoViNet to identify and monitor potentially novel coronaviruses.

About CoViNet:

- CoViNet is a **global network of laboratories established by the World Health Organization** (WHO) to identify and monitor potentially novel coronaviruses.
- Its primary objective is to **assess and monitor various coronaviruses, including SARS-CoV-2 and MERS-CoV**, with enhanced laboratory capacity.
- It builds upon the earlier WHO COVID-19 reference laboratory network established during the pandemic to confirm COVID-19 cases.
- It **incorporates animal health and environmental surveillanc**e to facilitate timely risk assessment, informing WHO policies and protective measures.
- CoViNet aims to support the establishment of **additional laboratories in low- and middle-income countries** for monitoring MERS-CoV and other novel coronaviruses of public health significance.
- CoViNet **conducts virus sequencing and provides data** to guide WHO's Technical Advisory Groups on Viral Evolution and expert advisory group on COVID-19 vaccine composition.

Place in News

Cambodia

Recently, over 5,000 Indians have been reported trapped in Cambodia, where they are allegedly being held against their will and coerced into carrying out cyber frauds targeting individuals in India.

Cambodia (Capital: Phnom Penh)

Location: Cambodia, officially known as the Kingdom of Cambodia, is a country located in Mainland Southeast Asia.

Boundaries: Cambodia shares its borders with **Vietnam** (East), **Thailand** (Northwest), **Laos** (North) and the **Gulf of Thailand** (Southwest).

Physical Features:

- The highest point in Cambodia is **Phnom Aural,** located in the Cardamom Mountains range in southwestern Cambodia.
- The **Mekong River** flows through the eastern part of Cambodia.
- The **Tonle Sap River**, an important tributary of the Mekong, flows through the central part of the country.
- Southeast Asia's largest freshwater lake, **Tonle Sap Lake** located in central Cambodia.
- Cambodia possesses various mineral resources including **bauxite, gold, iron ore, gemstones and manganese**.

POINTS TO PONDER

- Which Indian astrophysicist has recently had an asteroid named after him by the International Astronomical Union (IAU)? **– Prof. Jayant Murthy**
- Where are the currency printing presses operated by the Bharatiya Reserve Bank Note Mudran located? **– Salboni (West Bengal) and Mysuru (Karnataka)**
- According to the latest report released by the United Nations, which countries are suggested to conduct representative national food waste studies? **– India, China, South Africa, Indonesia and Mexico**
- A citizen scientist recently made a significant discovery by spotting a comet in an image from which spacecraft? **– Solar and Heliospheric Observatory (SOHO)**
- On April 8th, 2024, which regions will have a rare opportunity to witness the corona surrounding the sun? **– Mexico, United States, and Eastern Canada**