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Current affairs summary for prelims

1 August, 2024

Measures to curb F&O speculation

Context: *Securities and Exchange Board of India (SEBI), the capital markets regulator, proposed several measures to reduce speculative trading in the index derivatives segment.*

Types of Derivatives

- **Derivatives Overview:** Financial contracts deriving value from underlying assets like stocks, commodities, or currencies. Index derivatives derive value from underlying indices.
- **Futures:** Obligates the buyer to purchase the underlying asset at a predetermined price on a specific date.
- **Options:** Grants the right, but not the obligation, to trade the underlying asset at a specific price on a specific date.

Proposed SEBI Measures

- **Minimum Contract Size:** Increase the minimum contract size for index derivatives from Rs 5-10 lakh to Rs 15-20 lakh, with potential further increase to Rs 20-30 lakh.
- **Upfront Collection of Option Premium:** Propose brokers collect option premiums upfront from clients.
- **Intraday Monitoring of Position Limits:** Position limits for index derivatives should be monitored intraday by Market Infrastructure Institutions (MIIs), with a short-term fix and glide path for full implementation.
- **Rationalisation of Weekly Index Products:** Provide weekly options contracts on a single benchmark index, rather than daily expirations.
- **Removal of Calendar Spread Benefit on Expiry Day:** No margin benefit for calendar spread positions involving contracts expiring on the same day.
- **Rationalisation of Options Strikes:** Uniform strike price intervals up to 4% near the index price, increasing as strikes move away, with a maximum of 50 strikes introduced at contract launch.
- **Increase in Margin Near Contract Expiry:** Increase Extreme Loss Margin (ELM) by 3% the day before expiry and by 5% on expiry day.

Rationale for Measures

- **Union Budget 2024-25:** Finance Minister proposed doubling Securities Transaction Tax (STT) on F&O of securities from October 1, 2024.
- **Trading Losses:** In FY 2023-24, 92.50 lakh traders in NSE index derivatives incurred Rs 51,689 crore in losses; only 14.22 lakh (15%) made a net profit.
- **Market Response:** Proposed measures aim to mitigate irrational exuberance among retail investors in the derivatives market.

Futures	Options
A buyer has to purchase the stocks at the time of delivery irrespective of its price (even if it's going low)	A buyer can forgo the decision of buying stocks if there is a drop or may not buy at all
Requires higher margin payment than options	Has lower margin payment as compared to futures
There is unlimited profit and risks are also high	There is limited loss potential and unlimited profit due to its flexibility to purchase stocks or not at the said date
Requires no upfront cost apart from commissions	There is a premium required to pay
The underlying position in futures is much more than options	Underlying position is lower than futures

Privilege motion in Parliament

Context*: Congress has filed a notice to move a privilege motion against PM Modi for posting a video on X of BJP MP Anurag Thakur's speech, which allegedly included expunged content.*

- Parliamentary privileges are rights granted to Members of Parliament (MPs) to conduct parliamentary business.
- These include the right to free expression during debates without facing court proceedings.
- A breach of privilege can prompt any member to raise a motion.
- The motion can be admitted by the Rajya Sabha (RS) Chairman and referred to the Privileges Committee under Rule 203 of the RS Rules of Procedure and Conduct of Business.

Parliamentary motion

- **About**: Addresses breaches of parliamentary privileges by a minister.
- **Breach of Parliamentary Privileges:**
  - Rights and immunities for MPs to perform their duties effectively.
  - Disregarding these rights constitutes a breach of privilege, punishable by parliamentary law.
  - A motion can be moved by any member against those guilty of the breach, aimed at censuring the concerned minister.

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- **Role of the Speaker/Rajya Sabha (RS) Chairperson:**
  - Acts as the first level of scrutiny for a privilege motion.
  - Can decide on the motion or refer it to the privileges committee.
  - If consent is given, the member can make a short statement.
- **Rules Governing Privilege:**
  - Governed by Rule No 222 in Chapter 20 of the Lok Sabha Rule Book and Rule 187 in Chapter 16 of the Rajya Sabha rulebook.
  - Members may raise privilege questions with the consent of the Speaker or Chairperson.

➢ **Parliamentary Privileges:**

- **Definition**: Special rights, immunities, and exemptions for the two Houses of Parliament, their committees, and members.
- **Scope**:
  - Includes those entitled to participate in parliamentary proceedings, such as the Attorney General of India and Union ministers.
  - Excludes the President, who has separate privileges under Article 361 of the Constitution.
- **Constitutional Provisions:**
  - Article 105 specifies the right to freedom of speech in Parliament and the publication of its proceedings.
  - The Code of Civil Procedure, 1908, grants freedom from arrest and detention during parliamentary sessions and for forty days before and after.
- **Codification**: Parliament has not yet enacted a special law to exhaustively codify all privileges.

➢ **Committee on Privileges**

- The Committee of Privileges consists of 15 members in the Lok Sabha and 10 in the Rajya Sabha, nominated by the Speaker or RS Chairman.
- In the Rajya Sabha, the Deputy Chairperson leads the committee.
- The committee examines questions involving breaches of privilege and makes recommendations in its report.
- The report must be presented within one month if no specific deadline is set.
- The report must be considered by the House, and amendments can be suggested.
- A privilege motion must address a specific, recent issue needing intervention.
- The Speaker or RS Chairman may handle the motion directly or refer it to the committee.

Anti-conversion law in Uttar Pradesh

Context: *The Uttar Pradesh Prohibition of Unlawful Conversion of Religion Act, 2021, which bans religious conversions through "unlawful" methods, was enacted by the state assembly four years ago.*

➢ **Why has the UP government introduced this amendment?**

- The amendment aims to better protect vulnerable groups, including minors, people with disabilities, women, and SC/ST community members.
- It addresses concerns that existing penalties under the Act are insufficient to prevent and control religious conversions and mass conversions, reflecting the view of Justice Rohit Ranjan Agarwal of the Allahabad High Court.
- The amendment also seeks to resolve issues related to Section 4 of the Act, which previously limited who could file FIRs for unlawful conversion.

➢ **What changes does the amendment propose?**

- **Expanded FIR Filing:**
  - The amendment allows "any person" to file an FIR for violations under the Act, instead of just "any aggrieved person" as previously stated.
  - Under the new Bharatiya Nagarik Suraksha Sanhita, 2023 (BNSS), individuals can file FIRs at any police station, regardless of where the offence occurred.
- **Strict Bail Conditions:**
  - The amendment introduces stringent bail conditions similar to those in the Prevention of Money Laundering Act, 2002, and the Unlawful Activities (Prevention) Act, 1967.
  - Accused individuals can only be granted bail if the public prosecutor is allowed to oppose it and the court is convinced of their non-guilt and non-threat while on bail.

➢ **Enhanced Punishments:**

- **The amendment increases punishments under Section 5:**
  - 3-10 years imprisonment and a fine of at least Rs. 50,000 for the base offence.
  - 5-14 years imprisonment and a fine of at least Rs. 1,00,000 if the victim is a minor, a woman, from an SC or ST community, or has a physical or mental disability.
  - 7-14 years imprisonment and a fine of at least Rs. 1,00,000 for mass conversion.
- **Two new categories of offences are introduced:**
  - Receiving money from foreign or illegal sources related to unlawful conversion, punishable by 7-14 years imprisonment and a fine of at least Rs. 10,00,000.
  - Causing fear, assault, or trafficking, with punishments ranging from 20 years to life imprisonment.
  - Unlawful conversion through marriage, currently punishable by up to 10 years, could see increased penalties with a minimum of 20 years imprisonment, extending to life.

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NEWS IN BETWEEN THE LINES

Tarang Shakti 2024

India will host its first multinational air exercise, 'Tarang Shakti 2024,' in Sular, Tamil Nadu starting on 6th of next month, with participation from nearly 30 countries, including ten with fighter aircraft.

About Tarang Shakti 2024:

- Tarang Shakti 2024 is a **two-phase military exercise** hosted by the Indian Air Force (IAF) in **August** and **September 2024**.
- The exercise **aims to strengthen military cooperation**, showcase India's defense industry and build mutual trust between participating countries.
- The exercise will **feature a variety of aircraft**, including indigenous platforms like the **LCA (Light Combat Aircraft) Tejas** and advanced systems like the **Rafale** and **Sukhoi fighters**.
- **10 countries**, including **Australia**, **Bangladesh**, **France**, **Germany**, **Greece**, **Spain**, the **United Arab Emirates**, the **United Kingdom**, **the USA** and **Singapore**, will join the exercise with their aircraft and **18 countries will attend as observers**.
- India's fighter aircraft, including **Tejas**, **Rafale**, **Mirage 2000**, **Jaguar**, **MIG 29** aircraft and more, will take part in the exercise.
- The exercise will also include a defense industrial exposition featuring key **Indian defense companies**, **startups, the DRDO**, **defense PSUs** and the aviation industry.
- The second phase will take place in **Jodhpur** from **September 1–14**.

Seine River

Athletes began the swimming component of the women's individual triathlon in the Seine River at the Paris 2024 Olympic Games recently.

About the Seine River:

- The Seine River is a significant waterway in France, known for its historical and economic importance.
- It is **France's second-longest river** after the **Loire**.
- The river **originates in the Burgundy region**, near **Dijon & empties into the English Channel**, an **arm of the Atlantic Ocean.**
- This river is **joined by the Marne river**, one of **its largest tributaries**, on its **right bank**.
- It has been important to Paris **since the early Middle Ages**.
- Most of the river basin is formed of **permeable rocks**, which **absorb water** and **help reduce the risk of river floods**.

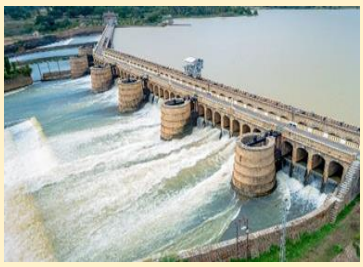
Mahtari Vandan Yojana

Today on 1st of August, the Chief Minister of Chhattisgarh Vishnu Deo Sai will release the 6th installment of the Mahtari Vandan Yojana and launch the Mahtari Vandan App, which will provide monthly payments and bank details of the beneficiaries.

About Mahtari Vandan Yojana:

- The Mahtari Vandana Yojana is **a scheme** launched by Prime Minister Modi in Chhattisgarh in **March 2024**.
- The scheme's **goal is to promote gender equality**, **strengthen women's role in the family** and provide **financial security** and economic empowerment to women.
- The scheme provides financial assistance of Rs 1**,000 per month** through Direct Benefit Transfer (DBT).
- The scheme provides benefits to all eligible **married women** of Chhattisgarh who are above **21 years of age** as of January 1, 2024.
- **Widows**, **divorced** and **deserted women** are also eligible for this scheme.

Krishnaraja Sagar Reservoir



Recently, heavy rain in the Cauvery catchment has led authorities to increase outflow from the Krishnaraja Sagar (KRS) and Kabini dams in Karnataka.

About Krishnaraja Sagar Reservoir/Dam:

- The Krishnaraja Sagar (KRS) Dam is a **gravity dam** in the Mandya district of **Karnataka**.
- It is located below the **confluence of the Cauvery River and its tributaries, the Hemavati and Lakshmana Tirtha.**
- The construction of this dam began in **1911** and it was completed in **1931** during the rule of **Krishna Raja Wadiyar IV Maharaj of Mysore.**
- The dam was **designed by a famous Indian engineer Sir M. Visvesvaraya** (his birthday on15th September is celebrated as Engineer Day).
- It's made of **surki mortar instead of cement** because cement was not manufactured in India at the time.

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- The dam is **2,621 meters (8,600 ft) long, 40 meters (130 ft) high** and has arch type 177 Iron sluices.

Cauvery River

- The Cauvery, also known as the Kaveri, holds significance as a sacred river in southern India and is often referred to **as the Ganga of South India**.
- It **rises from the Brahmagiri Hill in the Western Ghats** of southwestern Karnataka, flows through the states of **Karnataka and Tamil Nadu** and ultimately **drains into the Bay of Bengal**.
- Its basin extends across the states of **Tamil Nadu, Karnataka, Kerala and the Union Territory of Puducherry.**
- Mojor left Bank Tributaries of the Cauvery include the **Harangi**, **Hemavati**, **Shimsha**, and **Arkavati** rivers, while significant Right Bank Tributaries comprise the **Lakshmantirtha**, **Kabbani**, **Suvarnavati**, **Bhavani**, **Noyil** and **Amaravati** rivers.

Place in News

Switzerland

Switzerland's National Day is observed on August 1.

Switzerland (Capital: Bern)

Location: Switzerland is a **landlocked country**, located in Central Europe.

Political Boundaries: Switzerland shares its borders with **Austria** and **Liechtenstein** (East), **France** (West), **Germany** (North) and **Italy** (South).

Physical Features:

- The highest point in Switzerland is **Dufourspitze**, which is part of the **Monte Rosa massif** in the **Alps**.
- The major lakes in Switzerland are **Lake Geneva** (Lac Léman), **Lake Constance** (Bodensee) and **Lake Zurich**.
- The major rivers in Switzerland are the **Rhine**, **Rhone**, **Aare** and **Ticino**.

Membership:

- Switzerland is a member of the **United Nations** (UN), **World Trade Organization** (WTO), **European Free Trade Association** (EFTA) and participates in the Schengen Area but is not an European Union (EU) member.

Swiss National Day:

- **On 1 August**, Switzerland commemorates the **signing of the Federal Charter of 1291,** in which the localities of **Uri**, **Schwyz** and **Unterwalden** pledged to help each other if attacked.

POINTS TO PONDER

- Who authored the book titled 'India@100: Envisioning Tomorrow's Economic Powerhouse' which was launched recently by Union Minister of Commerce and Industry Piyush Goyal in New Delhi? **– Prof. K V Subramanian**
- Recently, who has been appointed as the additional charge of the Secretary of the Steel Ministry following the superannuation of Nagendra Nath Sinha? **– Chandra Lal Das**
- Recently, which country has been elected as the vice chair of the supply chain council under the Indo-Pacific Economic Framework? **– India**
- Who took oath as the Governor of Rajasthan recently? **– Haribhau Kisanrao Bagde (Former Maharashtra Assembly Speaker and veteran Rashtriya Swayamsevak Sangh leader)**
- Recently, who has been appointed as the Chairperson of the Union Public Service Commission (UPSC) after Manoj Soni resigned from the post? **– Preeti Sudan (Former Union Health Secretary)**