Prelim Bits 25-03-2024 | UPSC Daily Current Affairs

Exchange traded fund vs Mutual Fund

SEBI has directed mutual fund houses to stop accepting any more inflows in schemes that invest in overseas exchange-traded funds (ETFs), starting April 1, 2024.

- **Exchange Traded Funds (ETFs)-** They are marketable securities, it is a type of pooled investment security that can be bought and sold much like an individual stock.
- **Investment cap-** The directive comes as the mutual industry has already reached 95% (950 million dollars) of the 1 billion dollars limit
- **RBI's overall cap-** Mutual funds have overall cap of 7 billion dollars for overseas investments with a separate 1 billion dollars cap for ETFs.

Key aspect	ETFs	Mutual Fund
About	They are passively managed funds that merely replicate an index, these funds usually hold all the stocks in the same weight as they are held by the underlying index.	It is described as professionally managed investment schemes that collect money from various investors and then invest it in diversified holdings.
Trading and liquidity	They are traded on the stock exchange like any other stock, making them more liquid.	They can only be bought or sold at the end of the day at the *Net Asset Value* price(It indicates one unit of mutual fund)
Flexibility	It is *freely traded in the market* and can be bought and sold as per the investor's convenience.	It can be bought or sold only by placing a request with the fund house.
Cost structure	They have *lower expense ratios* as they merely replicate the performance of the index.	They have *higher management fees* as they are managed actively by an experienced fund manager.
Commissions	They are traded like any other share on the exchange, hence investors need to pay commission on scale and purchase units as per prevailing rules.	There is no need to pay any commission for the sale and purchase.
Investment approach	They are passively managed, which means the fund mirrors a particular index, making them less risky and transparent.	They are actively managed, which means fund managers invest in securities based on their analysis and market outlook.
Minimum investment	ETFs allow investors to start with *smaller amounts*.	Mutual funds typically require a *higher* minimum investment.
Taxation	They are more tax-efficient as they have a *lower capital gains tax*.	Mutual Funds are *less tax-efficient*.
Diversification	ETFs offer *more targeted investments* that mirror a particular index.	Mutual funds *offer more diversification* options and exposure to a broader range of securities.

Types	There are mainly 5 types: equity ETF, bonds ETF, commodity ETF, international ETF and sectoral/thematic ETF.	Equity schemes, Debt schemes, hybrid schemes, solution oriented schemes etc.,

Reference

- Indian Express- SEBI halts overseas ETF

Arresting the Chief Ministers

Delhi Chief Minister Aravind Kejriwal was recently arrested by the Enforcement Directorate (ED) in an excise policy case linked money laundering case

- A chief minister is permitted certain privileges within prison, such as making official phone calls and accessing crucial documents.
- **Representation of People's Act, 1951-** It outlines disqualification provisions for certain offences, but a ***conviction*** is a prerequisite for anyone holding the office.
- **Disqualification-** The Act says that a person convicted for an offence and sentenced to *2 years or above* shall be disqualified from the date of such conviction.
- **Electoral disqualification**- It says the lawmaker shall continue to be disqualified for a further period of *6 years* after his release.
- **Article 361**- President and Governor enjoy constitutional immunity from civil and criminal proceedings until the completion of their term.
- This immunity does not extend to Prime Ministers or Chief Ministers, as they are regarded as equals under the Constitution's principle of the Right to Equality before the law.
- Despite this, they are not automatically disqualified solely by virtue of an arrest.
- **Delhi framework**- Delhi is a Union Territory not a State, it operates under a unique constitutional framework outlined in Articles 239 AA and 239 AB of the Indian Constitution.
- **Article 239 AB**- The Lieutenant Governor can seek Presidential intervention potentially leading to the imposition of President's rule.
- **S. Ramachandran versus vs Senthil Balaji**- The Madras High Court delved into the ethical and moral considerations surrounding a minister's right to hold office who is accused in 'cash for jobs scam'.
- The Court referred *Manoj Narula vs Union of India case 2014*, which had held that the basic norm for holding a public office was constitutional morality, good governance and constitutional trust.
- The Madras High Court had agreed that citizens expect, and "legitimately so", that persons in power had high standards of moral conduct. It had described the role of a Chief Minister as "the repository of the people's faith".

References

1. Indian Express- ED arrests Delhi CM
2. The Hindu- Can Kejriwal continue to be CM

Hyperloop Technology

A Switzerland-based hyperloop company Swisspod Technologies signed a memorandum of understanding (MoU) with TuTr Hyperloop, a spin-off of IIT Madras to develop hyperloop systems in India.

- **Origin-** It is a proposed ultra-high-speed, ground-level, solar-powered cargo and mass transportation system conceptualized in 2013 by American entrepreneur Elon Musk.
- **Technology-** It is the *5th mode of transportation* Hyperloop which works on a technology that would use *magnetic levitation* in low-pressure tubes to transport people and goods at airplane-like speeds.
- **Maglev-** It is the system in which the vehicle runs levitated from the guide way (corresponding to the rail tracks of conventional railways).



- **Need-** It seeks to eliminate the limitations of friction and air resistance, enabling high-speed travel with minimal energy.
- **Low-pressure system**- Elon Musk's design proposes a more practical low-pressure system as opposed to a full vacuum, using an electric compressor fan for pressure maintenance and air bearings for low friction2.
- **Capsule movement**-Capsules are propelled at high speeds within a low-pressure tube, lifted by air cushions, requiring minimal external acceleration except for initial speed gain and periodic boosts.
- **Components-**
  - **Tube**- A partially evacuated cylindrical tube serves the purpose that tracks do in a conventional railway system.
  - **Capsules/ pods**- They are sealed vessels used to transport passengers and/or cargo.
  - **Stations**- They are constructed for the boarding and unboarding of passengers and cargo.
- **Active infrastructure**- It is used in maglev systems, requires magnets to be installed along the entire track length which can lead to exorbitant costs and heightened risks, as the failure of even a single magnet could compromise the entire system's reliability.
- **Passive infrastructure**- Swisspod technologies adopt this approach which involves placing electromagnets on the vehicle itself, eliminating the need for magnets along the track.
- **Benefits-** It is a safer, faster, economical, convenient, weather and disaster-resistant, sustainable, and non-Disruptive Travel.

Hyperloop in India

• **Virgin hyperloop**- It was established in 2014 which plans to set up routes primarily over the US, India and Saudi Arabia, it expects to begin carrying passengers as soon as 2027.
• **Maharashtra hyperloop plan**- The proposed route aims to connect Mumbai and Pune in the state of Maharashtra which reduces the travel time from 3 hours (by road) to just 25 minutes.

Reference

Indian Express- Selling point for hyperloop

Hepatitis B

Millions of people living with chronic hepatitis B are unaware they have the virus.

- **Hepatitis** – It means ***inflammation of the liver.***
- Heavy alcohol use, toxins, some medications, and certain medical conditions can cause hepatitis.
- **Types of hepatitis**
  - **Viral hepatitis** - Hepatitis A , B, C, D and E
  - **Non-viral hepatitis** - Autoimmune hepatitis, alcoholic hepatitis, and drug-induced hepatitis.



- **Hepatitis B** – Caused by the ***hepatitis B virus.***
- **Types -** The infection can be ***acute*** (short and severe) or ***chronic*** (long term).
- **Transmission** – Through contact with infected body fluids like blood, saliva, vaginal fluids and semen.
- From mother to child during birth, body fluids during sex with an infected partner, unsafe injections or exposures to sharp instruments.
- **Symptoms -** Yellowing of the skin and eyes (jaundice), dark urine, feeling very tired, nausea & vomiting, pain in the abdomen, etc.
- **Prevention** - There are ***vaccines to prevent hepatitis A and hepatitis B*** but there is ***no vaccine available for hepatitis C.***
- **Treatment** - There is no specific treatment for acute hepatitis B. Chronic hepatitis B infection can be treated with oral medicines, including tenofovir or entecavir.



Hepatitis D, also known as "delta hepatitis," only occurs in people who are also infected with the hepatitis B virus.

References

1. Down to Earth- Hepatitis B
2. WHO- Hepatitis B
3. CDC- Hepatitis

ISIS- K

The Islamic State Khorasan (ISIS-K) has claimed responsibility for the attack at Moscow's Crocus City Hall which resulted in at least 143 deaths and hundreds injured.

- **Emergence-** ISIS-K emerged in eastern Afghanistan in late 2014 and quickly established a reputation for extreme brutality.
- **Khorasan-** It refers to an ancient caliphate in the region that today encompasses parts of Afghanistan, Iran, Pakistan and Turkmenistan.
- **Primary motive-** It seeks to destabilize, overthrow, and supplant existing governments in the historic Khorasan region with the goal of creating a Caliphate in South and Central Asia, governed by a strict interpretation of Islamic sharia law, which they plan to expand beyond the region.
- **Threat-** ISIS-K has been a significant threat to the Taliban's authority despite a decline in membership since 2018 due to losses inflicted by the United States and the Taliban.

Major high profile attacks

- **Kabul airport attack, 2021**- It occurred during the US's withdrawal from Afghanistan, resulting in the deaths of US troops and at least 175 Afghan civilians.
- **Russian embassy bombing, 2022**- A suicide bombing at the Russian embassy in Kabul.
- **Kerman Bombings, 2024**- Twin bombings in Kerman, Iran, which claimed the lives of nearly 100 people.

Major terror outfits of the world	Operation base
Al-Qaeda	It shifted based from Pakistan, Taliban -ruled Afghanistan and later expanded to other parts of the world, primarily in the Middle East and South Asia.
Boko Haram	It is active in Nigeria, Chad, Niger, Cameroon, and Mali.
Harkat-ul-Mujahideen	Pakistan and Afghanistan.
Lashkar-e-Taiba	It is a Pakistan-based group that primarily fights Indian control over Jammu and Kashmir.
Jaish-e-Mohammed	It is a Pakistan-based terrorist group active in Kashmir.
Islamic State of Iraq and Levant (ISIL)	It operates mainly in western Iraq and eastern Syria.

References

1. Indian Express- Who is ISIS-K?



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