

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 <u>Net Asset Value</u> price(It indicates one unit of mutual fund) |
| Flexibility | It is <u>freely traded in the market</u> 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 <u>lower expense ratios</u> as they merely replicate the performance of the index. | They have <u>higher management fees</u> 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 sale 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 <u>smaller amounts</u> . | Mutual funds typically require a <u>higher</u> minimum investment. |
| Taxation | They are more tax-efficient as they have a <u>lower capital gains tax</u> . | Mutual Funds are <u>less tax-efficient</u> . |
| Diversification | ETFs offer <u>more targeted investments</u> that mirror a particular index. | Mutual funds <u>offer more diversification</u> 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".

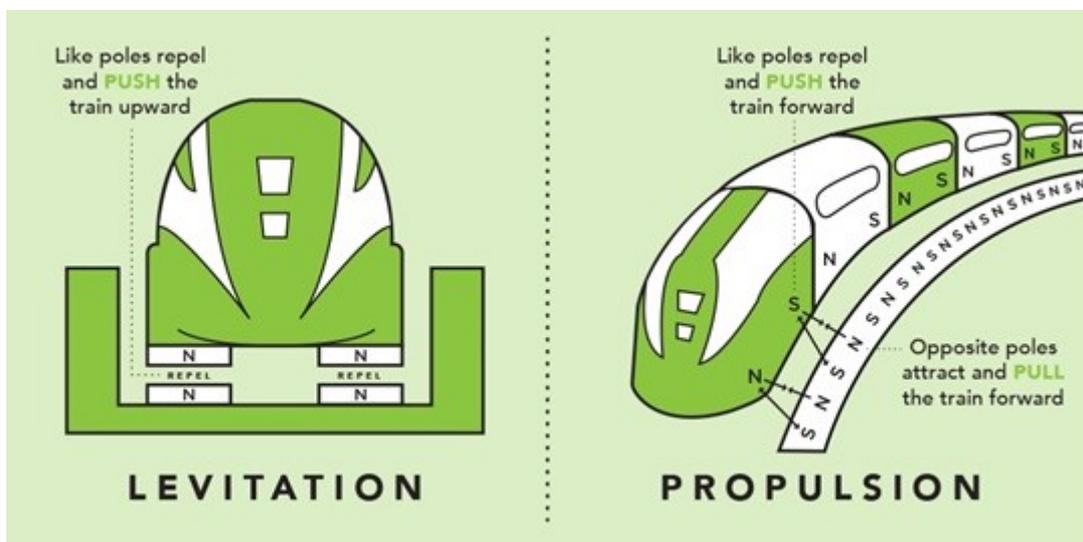
References

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](#)

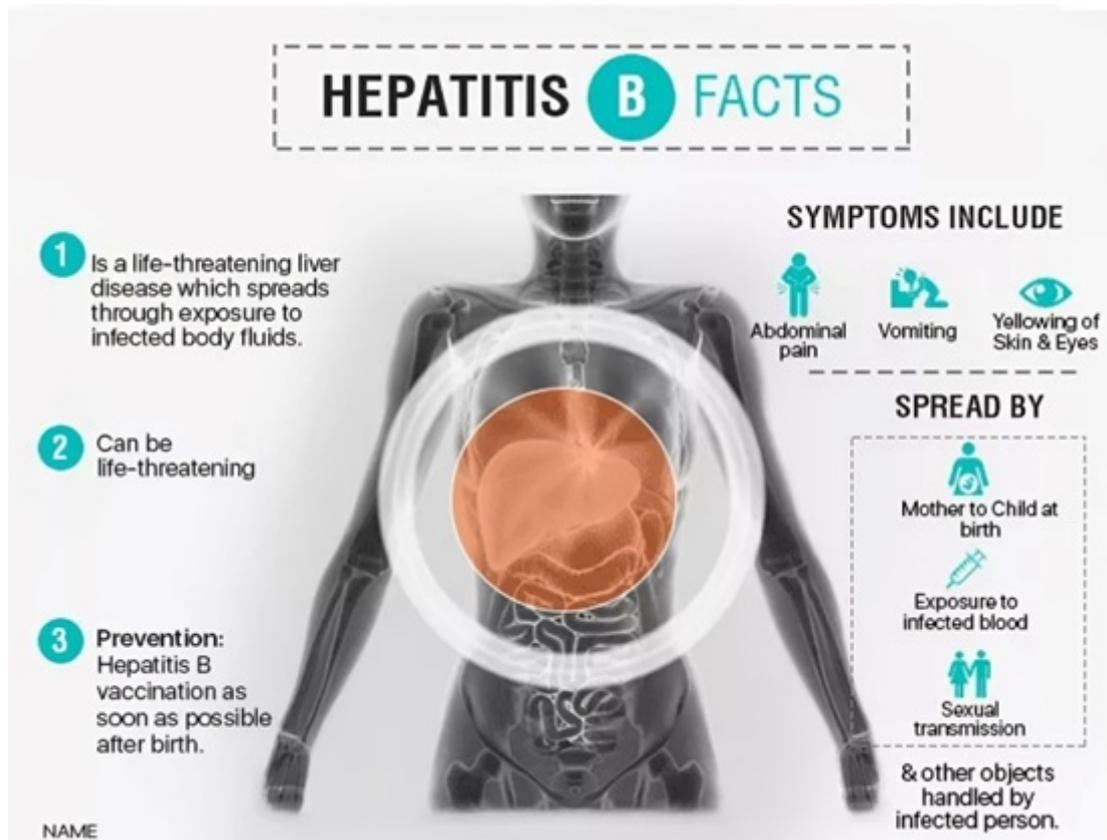
Hepatitis B

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 | A | B | C | D | E |
|-------------------|---|--|---|---|---|
| Transmission | -Fecal-Oral -Contaminated Food/Water | -Blood to blood -Sex | -Blood to blood -Sex (less common) | -Blood to blood -Sex -Only occurs when HBV is present | -Fecal-Oral -Contaminated Food/Water |
| Chronic Infection | No | Yes | Yes | Yes | Genotype 3 only |
| Prevention | -Pre-exposure vaccine | -Pre-exposure vaccine | -Screening donor blood -Harm reduction | -Pre-exposure vaccine | -Ensure safe drinking water, -Avoid undercooked pork & shellfish |
| Treatment | -Management of symptoms | -Treatment for management of chronic infection | -Treatment/cure for chronic infection | -No approved treatments | -Management of symptoms |

- **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?](#)

