Prelim Bits 27-02-2022 & 28-02-2022 | Daily UPSC Current Affairs

Fluctuating Tomato and Onion Prices

The Economic Survey 2021-2022 explores the reasons behind the variations in the prices of the two staple vegetables - tomatoes and onions.

- The prices of the tomatoes and onions are the most volatile in Indian markets.
- The Economic Survey argues that the following factors contribute equally to volatile prices,
    1. Seasonality in production (Kharif and Rabi seasons) and
    2. Irregular shocks.
- Due to the seasonality in production, the variation in supply puts upward pressure on prices every year.
- The unexpected price shocks to these two **perishable** commodities were triggered by **unseasonal rains** and **prolonged drought**.

Reference

1. https://www.thehindu.com/data/data-why-are-tomato-and-onion-prices-fluctuating/article65044762.ece
2. https://timesofindia.indiatimes.com/business/india-business/economic-survey-what-led-to-spikes-in-onion-tomato-prices/articleshow/89248559.cms

Market Infrastructure Institutions

The Securities and Exchange Board of India (SEBI) has fined the National Stock Exchange (NSE) for laxity in governance pertaining to actions taken during the tenure of its former MD and CEO Chitra Ramkrishna.

- **Stock exchanges, depositories and clearing houses** are all Market Infrastructure Institutions (MIIs).
- They constitute a key part of the nation's vital economic infrastructure.
- In 2010, a panel was set up under the chairmanship of former RBI Governor **Bimal Jalan** to examine the issues arising from the ownership and governance of MIIs.
- In its 2010 report, the panel said that the term ‘infrastructure’ would mean the basic, underlying framework or features of a system.
- It also said that the term ‘market infrastructure’ denotes such fundamental facilities and systems serving this market.

  The primary purpose of securities/ capital market is to enable allocation/ reallocation of capital/ financial resources.

- Well-functioning MIIs constitute the nucleus of the **capital allocation system**. They are

indispensable for economic growth and have a net positive effect on society like any other infrastructure institution.

- **MIIs are 'systemically important'** - MIIs are systemically important in India due to the phenomenal growth of these institutions in terms of,
    1. Market capitalisation of listed companies,
    2. Capital raised and the number of investor accounts with brokers and depositories,
    3. The value of assets held in the depositories' account.
- Any failure of such an MII could lead to even bigger cataclysmic collapses that may result in an overall economic downfall.
- **MIIs in India** - Among stock exchanges, the SEBI lists seven, including the BSE, the NSE, the Multi Commodity Exchange of India and the Metropolitan Stock Exchange of India.
- There are two depositories - charged with the safekeeping of securities and enabling their trading and transfer - that are tagged MIIs:
    1. The Central Depository Services Ltd. and
    2. The National Securities Depository Ltd.
- The regulator also lists 7 clearing houses including the Multi Commodity Exchange Clearing Corporation.

Types of MIIs

- **Stock exchange** is venue where the buying, selling, and issuance of shares, bonds and commodities of publicly held companies take place.
- **Depository** refers to a place or entity that holds financial securities in a dematerialized form.
- It refers to a bank, organization, or any institution holding and assisting in security trading.
- Depository accounts hold securities in the same way that bank accounts hold funds.
- **Clearing house** is an intermediary between buyers and sellers of financial instruments.
- It is an agency or separate corporation of a futures exchange responsible for settling trading accounts, clearing trades, collecting and maintaining margin monies, regulating delivery, and reporting trading data.
- They help validate and finalise securities trades and ensure that both buyers and sellers honour their obligations.

Reference

1. https://www.thehindu.com/business/markets/explained-what-are-market-infrastructure-institutions/article65086889.ece?homepage=true
2. https://corporatefinanceinstitute.com/resources/knowledge/finance/depository/
3. https://www.investopedia.com/terms/s/stockmarket.asp
4. https://www.cfainstitute.org/en/advocacy/issues/central-clearing-houses#sort=%40pubbrowsedate%20descending

Pickleball

According to the U.S. Pickleball Association, the pickleball sport has grown 39.3% in the past two years in the country.

- Pickleball is a paddle sport created in 1965 by Joel Pritchard, Bill Bell, and Barney McCallum.
- Pickleball incorporates components of tennis, table tennis, and badminton all into one.
- It can be played both indoors and outdoors, with standard court size the same as a badminton court or a modified tennis court.
- The game is usually played as singles or doubles using paddles and a plastic ball with holes.
- Pickleball was introduced to India by Sunil Valavalkar.

Reference

1. https://www.thehindu.com/sport/other-sports/explained-what-is-pickleball-the-sport-that-has-taken-the-us-by-storm/article65087819.ece?homepage=true
2. https://www.brec.org/index.cfm/page/pickleball

Court of Arbitration of Sports

The Court of Arbitration of Sports decided not to impose any provisional ban on a Russian figure skater from participating in the Beijing Olympics, who was accused of being in violation of the World Anti-Doping Code (WADC).

- The Court of Arbitration for Sport (CAS) is an institution independent of any sports organization which provides for services.
- It facilitates the settlement of sports-related disputes through arbitration or mediation by means of procedural rules adapted to the specific needs of the sports world.
- The CAS was created in 1984 and is placed under the administrative and financial authority of the International Council of Arbitration for Sport (ICAS).
- Headquartered at the Palais de Beaulieu, Lausanne (Switzerland), the courts of CAS are located in New York City (Australia), Sydney (United States) and Lausanne.
- Temporary courts are established in current Olympic host cities.
- The CAS has nearly 300 arbitrators from 87 countries, chosen for their specialist knowledge of arbitration and sports law.
- Around 300 cases are registered by the CAS every year.
- **Related Links** - Anti-Doping

Reference

1. https://www.thehindu.com/sport/other-sports/explained-what-is-wada-and-cas/article65058999.ece?homepage=true
2. https://www.tas-cas.org/en/general-information/frequently-asked-questions.html

Indus Waters Treaty

A 10-member delegation from India will visit Pakistan to attend the 117th meeting of the Permanent Indus Commission.

> India andPakistan hold a yearly meeting to discuss cooperation on the Indus River System, as prescribed under Article VIII of the Indus Waters Treaty signed by both in 1960, with the intervention of the World Bank.
>
> The Commissioners must meet at least once a year, alternately in India and Pakistan.

- **History** - In 1947, the line of partition, aside from delineating geographical boundaries for India and Pakistan, cut the Indus river system into two.
- Initially, the Inter-dominion accord of May, 1948 was adopted, where both countries decided that India would supply water to Pakistan in exchange for an annual payment made by the latter.
- This agreement, however, soon disintegrated as both the countries could not agree upon its common interpretations.

- Later in 1960, the Indus Waters Treaty (IWT) was signed by former Prime Minister of India Jawaharlal Nehru and then President of Pakistan, Ayub Khan.
- The former Vice President of the World Bank, W.A.B. Iliff, also signed it.
- **Key provisions** - The treaty prescribed how water from the six rivers of the Indus River System would be shared between India and Pakistan.
- As the Indus river basin has six rivers, this treaty allocated
    - Three western rivers -Indus, Chenab and Jhelum - to Pakistan for unrestricted use, barring certain non-consumptive, agricultural and domestic uses by India and
    - Three Eastern rivers - Ravi, Beas and Sutlej - were allocated to India for unrestricted usage.
- The 80% of the share of water (135 Million Acre Feet) went to Pakistan, leaving the rest 20% of water (33 Million Acre Feet) for use by India.
- The treaty required both the countries to establish a **Permanent Indus Commission** constituted by permanent commissioners on both sides.
- The functions of the commission include serving as a forum for exchange of information on the rivers, for continued cooperation and as a first stop for resolution of conflicts.
- **Projects allowed** - While Pakistan has rights over the waters of the western rivers, the IWT allows India to use them for certain agricultural uses.
- IWT allows India to build 'run of the river' hydropower projects, which doesn't require live storage of water.
- It also allows Pakistan to raise objections over such projects being built by India, if it does not find them to be compliant with the specifications.
- Besides, India is allowed to have a minimum storage level (up to 3.75 MAF of water) on the western rivers for conservation and flood storage purposes.
- The IWT also provides a three step dispute resolution mechanism, by resolution,
    1. Through the Permanent Commission or at the inter-government level,
    2. Neutral Expert (NE) of the World Bank,
    3. In the end, through the Court of Arbitration.

Reference

https://www.thehindu.com/news/national/understanding-the-indus-waters-treaty/article65075002.ece?homepage=true

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