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NEWS JUICE

Intelligent Compilation from The Hindu, Indian Express & others along with News Background

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What is News Juice?

BY PREPMATE

1. India, Pak. trade charges at SAARC, CICA meets

Relevant for GS Prelims & Mains Paper II; IOBR

India and Pakistan crossed swords over terrorism and Jammu and Kashmir at the Foreign Minister's online meetings of the 8-nation South Asian Association for Regional Cooperation (SAARC) and the 27-nation Conference on Interaction and Confidence-Building Measures in Asia (CICA). However, unlike similar occasions in the past, neither side walked out during the events held via video-conference on Thursday.

Speaking at the South Asian meeting, External Affairs Minister S. Jaishankar called on all SAARC members to "collectively resolve to defeat the scourge of terrorism, including the forces that nurture, support and encourage an environment of terror and conflict, which impede the objective of SAARC to realise its full potential for collective collaboration and prosperity across South Asia", without a direct reference to Pakistan.

Veiled reference to J&K

Pakistan Foreign Minister Shah Mehmood Qureshi, who also attended the meet along with the Foreign Ministers of Afghanistan, Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka, used the SAARC platform to make a detailed statement on the resolution of "long-standing disputes", a veiled reference to Jammu and Kashmir and New Delhi's 2019 move to withdraw Article 370.

"The Foreign Minister said we must condemn, oppose any unilateral and illegal measures to change the status of disputed territories in violation of UN Security Council Resolutions," the official Pakistan news agencies reported.

The reports said Mr. Qureshi also referred to "systematic human rights violations of the people suffering from long-running disputes".

A similar statement was made at the CICA Special Ministerial conference,that brings together Asian nations ranging from Russia and Central Asia to the Gulf and South-East Asia.

India rebutted Mr. Qureshi in its right to reply, said the MEA. "We advise Pakistan to cease its sponsorship and overt and covert support to terrorism against India," India said.

Source: The Hindu

2. Harley-Davidson to shut sales and manufacturing operations in India

Relevant for GS Prelims & Mains Paper III; Economics

Harley-Davidson Inc said on Thursday it would discontinue its sales and manufacturing operations in India, effectively abandoning the world's biggest motorcycle market after a decade of unsuccessful efforts to gain a foothold.

Harley had spent recent months moving dealerships in the country to cheaper locations, and the announcement followed speculation in Indian media a month ago that executives had played down.

The move involves $75 million in restructuring costs, some 70 redundancies and the closure of its Bawal plant, walking away from a market worth about 17 million bike and scooter sales a year. It will retain only a scaled-down sales office in Gurgaon, south of New Delhi.

What is the impact?
The departure is also the latest setback for Prime Minister Narendra Modi's strategy to encourage domestic manufacturing that would keep more of the fruits of a gigantic home consumer market in India.

India, still far cheaper and poorer than many of the developing economies with which it competes for investment, has proven an inhospitable market for other auto industry players.

Source: The Indian Express

3. Redefining essential items: Why it was needed, and who it will impact

Relevant for GS Prelims & Mains Paper III; Economics

On Tuesday, Rajya Sabha passed the Essential Commodities (Amendment) Bill, 2020 which is aimed at deregulating commodities such as cereals, pulses, oilseeds, edible oils, onion and potatoes. The Bill had been introduced and passed in Lok Sabha last week. It replaces an ordinance that the government had promulgated on June 5, along with two other ordinances on the farm sector. As with the two other ordinances (also passed as Bills) that have seen protests from farmers in Punjab and Haryana, there have been concerns about the provisions of this Bill, too.

What is the Bill about?
It is a four-page Bill that amends the Essential Commodities Act, 1955, by introducing a new Subsection (1A) in Section 3.

After the amendment, the supply of certain foodstuffs — including cereals, pulses, oilseeds, edible oils, potato — can be regulated only under extraordinary circumstances, which include an extraordinary price rise, war, famine, and natural calamity of a severe nature. In effect, the amendment takes these items out from the purview of Section 3(1), which gives powers to central government to "control production, supply, distribution, etc, of essential commodities".

Earlier, these commodities were not mentioned under Section 3(1) and reasons for invoking the section were not specified. The amendments states that "such order for regulating stock limit shall not apply to a processor or value chain participant of any agricultural produce, if the stock limit of such person does not exceed the overall ceiling of installed capacity of processing, or the demand for export in case of an exporter…"

How is an 'essential commodity' defined?
There is no specific definition of essential commodities in the Essential Commodities Act, 1955. Section 2(A) states that an "essential commodity" means a commodity specified in the Schedule of the Act.

The Act gives powers to the central government to add or remove a commodity in the Schedule. The Centre, if it is satisfied that it is necessary to do so in public interest, can notify an item as essential, in consultation with state governments.

According to the Ministry of Consumer Affairs, Food and Public Distribution, which implements the Act, the Schedule at present contains seven commodities — drugs; fertilisers, whether inorganic, organic or mixed; foodstuffs including edible oils; hank yarn made wholly from cotton; petroleum and petroleum products; raw jute and jute textiles; seeds of food-crops and seeds of fruits and vegetables, seeds of cattle fodder, jute seed, cotton seed.

By declaring a commodity as essential, the government can control the production, supply, and distribution of that commodity, and impose a stock limit.

Under what circumstances can the government impose stock limits?
While the 1955 Act did not provide a clear framework to impose stock limits, the amended Act provides for a price trigger. It says that agricultural foodstuffs can only be regulated under extraordinary circumstances such as war, famine, extraordinary price rise, and natural calamity.

However, any action on imposing stock limits will be based on the price trigger.

Thus, in case of horticultural produce, a 100% increase in the retail price of a commodity over the immediately preceding 12 months or over the average retail price of the last five years, whichever is lower, will be the trigger for invoking the stock limit.

For non-perishable agricultural foodstuffs, the price trigger will be a 50% increase in the retail price of the commodity over the immediately preceding 12 months or over the average retail price of the last five years, whichever is lower.

However, exemptions from stock-holding limits will be provided to processors and value chain participants of any agricultural produce, and orders relating to the Public Distribution System.

"Price triggers will also minimise the earlier uncertainties associated with the imposition of orders under stock limits. This will now be more transparent and help in better governance," said a source at the Consumer Affairs Ministry.

"The last 10 years have seen periods of prolonged application of the EC Act. Once imposed, they were for long periods — pulses from 2006 to 2017, rice from 2008 to 2014, edible oilseeds from 2008 to 2018. Amendments to the EC Act seek to remove this uncertainty by defining criteria for the process of imposing stock limits and making it more transparent and accountable," the source said.

Why was the need for this felt?
The 1955 Act was legislated at a time when the country was facing a scarcity of foodstuffs due to persistent low levels of foodgrains production. The country was dependent on imports and assistance (such as wheat import form the US under PL-480) to feed the population. To prevent hoarding and black marketing of foodstuffs, the Essential Commodities Act was enacted in 1955.

But now the situation has changed. A note prepared by the Ministry of Consumer Affairs, Food and Public Distribution shows that production of wheat has increased 10 times (from less than 10 million tonnes in 1955-56 to more than 100 million tonnes in 2018-19), while the production of rice has increased more than four times (from around 25 million tonnes to 110 million tonnes during the same period). The production of pulses has increased 2.5 times, from 10 million tonnes to 25 million tonnes.

In fact, India has now become an exporter of several agricultural products.

What will be the impact of the amendments?
The key changes seek to free agricultural markets from the limitations imposed by permits and mandis that were originally designed for an era of scarcity. The move is expected to attract private investment in the value chain of commodities removed from the list of essentials, such as cereals, pulses, oilseeds, edible oils, onions and potatoes.

While the purpose of the Act was originally to protect the interests of consumers by checking illegal trade practices such as hoarding, it has now become a hurdle for investment in the agriculture sector in general, and in post-harvesting activities in particular. The private sector had so far hesitated about investing in cold chains and storage facilities for perishable items as most of these commodities were under the ambit of the EC Act, and could attract sudden stock limits. The amendment seeks to address such concerns.

Why is it being opposed?
This was one of the three ordinances/Bills that have seen protests from farmers in parts of the country. The Opposition says the amendment will hurt farmers and consumers, and will only benefit hoarders. They say the price triggers envisioned in the Bill are unrealistic — so high that they will hardly ever be invoked.

Source: The Indian Express

4. How nasal vaccines for Covid-19 work: utility and concerns

Relevant for GS Prelims & Mains Paper III; Science & Technology

Bharat Biotech announced on Wednesday it would be manufacturing up to a billion doses of a single-dose intranasal vaccine. It is a key step towards the country getting its first vaccine administered through this route.

What is an intranasal vaccine?
Vaccines are delivered through different routes, with the most common being injectable shots delivered into the muscles (intramuscular) or the tissue just between the skin and the muscles (subcutaneous). Other routes of delivery, especially in some vaccines for infants, include administering the liquid solution orally instead of injecting. In the intranasal route, the vaccine is sprayed into the nostrils and inhaled.

What is the importance of such a vaccine for Covid-19?
The single-shot intranasal Covid-19 vaccine developed by the Washington University School of Medicine in St Louis and licensed to Bharat Biotech aims to overcome potential difficulties with mass vaccination and reduce the cost by doing away with the need for needles and syringes.

Intranasal vaccines are also expected to cut down on the dependence on various trained personnel to administer the vaccine, according to experts.

"Let's not forget that, with the scale of the pandemic, just the logistics of actually shipping a vaccine, having it available and then having people trained to give an injection in the arm is not so easy. So, one attraction with the intra nasal vaccine is that it's very simple to use — you just squirt it into your nose — and it's something that can be self-administered in pandemics and outbreaks," said Dr Davinder Gill, former CEO of Hilleman Laboratories.

"It's an easy-to-deliver vaccine," said vaccine scientist Dr Gagandeep Kang. "It's going into a mucosal surface, likely to be restricted (and there is a) likelihood of lower safety events. It can be delivered in combination with influenza vaccines," she said.

Virologist and Wellcome Trust DBT India Alliance CEO Dr Shahid Jameel said an intranasal vaccine could also help in building a different kind of immune response.

"Both intranasal and intramuscular vaccines produce a response in the blood… But, vaccines administered through the nose or mouth would also tap into another set of immune cells found in mucosal tissues. The B cells that reside here can make another type of antibody, called IgA, that is very effective in destroying gut and airway pathogens. T cells in this tissue can create a memory and patrol the places they first encountered the pathogens," he added.

Are there potential issues with a vaccine such as this?
Not many are considering the intranasal route for administering their Covid-19 vaccine. Out of the 187 Covid-19 vaccine candidates listed by the World Health Organization (WHO) as being under development, only five are specifically listed as exploring the intranasal route of delivery.

This is because there is very little evidence to back the effectiveness of this route of delivery so far and, save for some flu vaccines, attempts to deliver vaccines have not been successful, according to experts.

"Despite the theoretical advantages, the intranasal approach for vaccination is largely unproven. While this concept has been tested quite extensively in animals, whether this holds true in humans is still largely untested and so the clinical trials here will definitely have to be watched closely," said Dr Gill. "Save for the flu vaccine, there really isn't much of a precedent for using such a vaccine."

"There was a trial of a measles flu vaccine which did not meet the non-inferiority criteria," said Dr Kang. "The nasal flu vaccines which are live-attenuated vaccines have not done hugely well. We don't know if it's a problem with the fact that they are flu vaccines, or whether it is an issue with it being a nasal vaccine." She said there is also uncertainty related to what dosage you give with a spray versus an injection.

Only very small volumes — typically around 0.1 ml — can be administered in each nostril through the intranasal route, Dr Jameel said. "The vaccine antigens should be produced in high concentration. Proper delivery vehicles for either single or multiple use have to be developed and these present the most significant challenge," he said.

Source: The Indian Express

5. SP Group's exit from Tata Group: Who can buy its stake, and how

Relevant for GS Prelims & Mains Paper III; Economics

After an association of close to 84 years, the Shapoorji Pallonji Mistry (SP) Group has offered to exit from Tata Sons as protracted litigation with the Tatas has affected the business expansion plans of the SP Group, which has a debt burden of over Rs 30,000 crore.

The market value of SP Group's stake in the listed entities of Tata Group is estimated to be over Rs 148,000 crore, going by the market capitalisation of all listed group firms. It remains to be seen how the Tatas will raise the cash to acquire SP Group's stake.

What is the latest case all about?
Earlier this month, Tata Sons moved the Supreme Court seeking to restrain SP Group firms from raising capital against security of their shareholding in Tata Sons. The Tatas argued that the articles of association (AoA) stipulate that shares cannot change hands, including to lenders or other parties, and the right of first refusal rests with Tata Sons. The SP Group was planning to raise funds for real estate expansion by pledging Tata Sons shares. The Tatas and the SP Group have been fighting various legal battles ever since Cyrus Mistry was removed as Chairman of Tata Sons four years ago.

In the Supreme Court on Tuesday, the SP Group said "a separation from the Tata Group is necessary due to the potential impact this continuing litigation could have on livelihoods and the economy". The Tata Group is open to buying the shares in Tata Sons held by the SP Group to aid the latter's fundraising efforts. The Supreme Court restrained the SP Group from transferring or pledging Tata Sons shares.

When did the SP Group acquire a stake in Tata Sons?
Shapoorji Pallonji Mistry, Cyrus's grandfather, bought a 12.5% stake in Tata Sons in 1936 from the heirs of F E Dinshaw, a close friend and associate of the Tatas. After the rights issue in 1996, the stake went up to 18.5%. The Tata and Mistry families have maintained cordial relations that have extended to marital ties over the years: Ratan Tata's half-brother Noel Tata is married to Cyrus's sister Aloo.

How much does SP Group own in Tata Sons?
It owns an 18.37% stake in Tata Sons, the holding company of Tata Group, while the majority 66% is controlled by Tata Trusts headed by Ratan Tata. While the total market capitalisation of 17 listed entities of Tata Group amounts to Rs 12.96 lakh crore, the valuation of SP Group's holdings in listed entities of Tata group companies comes to around Rs 1.48 lakh crore. Since Tata Sons is also the holding company of unlisted entities of Tata Group, the SP Group would also have stake in the valuation of these; this will have to be worked out separately.

Who can buy SP Group's stake?
While the SP Group has said its separation from the Tata Group is necessary, the latter has said it is willing to buy the former's stake. It is reliably learnt that the Tata Sons Articles of Association states that if any shareholder of Tata Sons wants to sell his/her shares, then he has to first offer it to Tata Sons. Tata Sons will then decide a fair market value and offer it.

How easy will it be for Tata Group to buy this stake?
Investment bankers and finance experts say Tata Group's offer to buy back SP Group's shares involves various layers of complications. The first issue that will crop up will be the

valuation that both parties will agree on. Another issue is that over the next one month, Tata Group will have to work out a financing plan to show how it will fund that acquisition and what will it put as lien for that borrowing.

"Except for TCS, not many Tata Group companies are in great shape — especially their steel and auto and power business having huge debt," said an investment banker who did not wish to be named.

On the other hand, if Tata Group plans to bring in some global investors to buy these shares, market participants say such investors would want to know how Tata Sons would provide them an exit 7-10 years later as Tata Sons is an unlisted entity.

When was Cyrus Mistry removed as Tata Sons Chairman?

On October 24, 2016, the board of Tata Sons removed Cyrus Mistry as its Chairman, nearly four years after he had taken over. Mistry, who was a director on the board, had been appointed Deputy Chairman of the group in 2011 and then been promoted to Chairman in 2012. Mistry effected several changes in business practices, due to which capital expenditure increased but returns to shareholders decreased. His proposed sale of Tata Steel's Port Talbot plant in the UK was seen as harming the goodwill earned by the Tatas abroad. A dispute with Docomo Group of Japan, problems in Air Asia and Tata Motors, and some acquisitions reportedly upset Ratan Tata.

Source: The Indian Express