

KSG: NEWSPAPER CRUX

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NEWSPAPER HIGHLIGHT

Windfall taxes are designed to tax the profits a company derives from an external, sometimes unprecedented event — for instance, the energy price rise as a result of the Russia-Ukraine conflict. In early August, Antonio Guterres, the United Nations Secretary-General, sharply criticised the “grotesque greed” of big oil and gas companies for making record profits from the global energy crisis on the back of the world’s poorest people. He urged all governments to tax these excessive profits. Analysts say that companies are confident in investing in a sector if there is certainty and stability in a tax regime. Since windfall taxes are imposed retrospectively and are influenced by unexpected events, they can brew uncertainty in the market.

The cognitive dissonance theory was one of the most influential theories in social psychology first proposed by Leon Festinger in his book *A Theory of Cognitive Dissonance* in 1957. Cognitive dissonance theory contradicts most behavioural theories that attribute positive changes to higher incentives. Cognitive dissonance theory explains how individuals or groups rationalise their support and belief toward different religions, cults or political parties, partially blinding themselves to reduce the contradictions between their thoughts and behaviour.

On September 13, the National List of Essential Medicines (NLEM), 2022, was released, with 384 drugs in it across 27 categories. While 34 new drugs are on the list, 26 drugs from the earlier NLEM were dropped. For inclusion in NLEM, the drugs have to be useful in treating diseases which are a public health problem in India. They have to be licensed by the DCGI, have proven efficacy, a safety profile based on scientific evidence and cost effective. The primary purpose of the NLEM is to promote rational use of medicines considering three important aspects which are cost, safety and efficacy.

The Union Cabinet under the chairmanship of Prime Minister Narendra Modi approved the addition of four tribes to the list of Scheduled Tribes (ST), including those from Himachal Pradesh, Tamil Nadu and Chhattisgarh. The Hatti tribe in the TransGiri area of Sirmour district in Himachal Pradesh, the Narikoravan and Kurivikkaran hill tribes of Tamil Nadu, and the Binjhia tribe in

NEW TECHNIQUE TO PRODUCE HYDROGEN

1. Scientists at the University of California Santa have developed a new method to efficiently generate hydrogen from water at ambient temperatures using post-consumer aluminium and gallium. Aluminium - As Aluminium is a highly reactive metal, aluminium nanoparticles can easily react with the oxygen molecules in water to release hydrogen gas. However, the pure form of the metal is so reactive that it instantly reacts with air to create a coating of aluminium oxide (alumina) on its surface.
2. This means that the metal cannot react with water. That is where gallium comes in. Gallium - Gallium is liquid at slightly above room temperature and it removes the alumina coating that forms on aluminium. This allows aluminium to be in direct contact with the water and react with it. The researchers found that a 3:1 ratio of gallium and aluminium in the composite was the optimum ratio for the highest hydrogen production.
3. The Alumina that is formed have many applications including in spark plugs, abrasion-resistant tiles and cutting tools. Significance - The worldwide push for electric vehicles has largely focused on battery electric vehicles (BEVs), which typically use lithium-ion batteries to store electricity in order to propel the vehicle. An alternate technology involves the use of “hydrogen fuel cells” to generate electricity from hydrogen and use that to power the vehicle.
4. Hydrogen fuel cell vehicles present some advantages over BEVs - they can be refuelled with hydrogen as fast as a conventional vehicle can be refilled with fossil fuels. In addition, they reduce dependence on minerals like lithium and cobalt, which are used to produce lithium-ion batteries. Therefore, this new technology for producing hydrogen can be used to scale up to produce hydrogen in commercial quantities.

I-BANKS

1. Large i-banks are getting picky about initial public offerings (IPOs). So, smaller i-banks join the big-fat IPO party. Investment banking is a special segment of banking operation that helps individuals or organisations raise capital and provide financial consultancy services to them. Investment bank (i-bank) is a financial services company that acts as an intermediary in large and complex financial transactions.
2. This bank is usually involved, When a startup company prepares for its launch of an IPO and When a corporation merges with a competitor. It offers storefront community banking and also caters to the investment needs of high-net-worth individuals. Global investment banks include JPMorgan Chase, Goldman Sachs, Morgan Stanley, Citigroup, Bank of America, Credit Suisse, and Deutsche Bank.
3. **Working - Advisory division of an i-bank is paid a fee for its services. Trading division earns commissions based on its market performance. Retail banking divisions make money by loaning money to consumers and businesses.**
4. Professionals who work for investment banks may have careers as financial advisors, traders, or salespeople. Investment banks are best known for their work as intermediaries between a corporation and the financial markets. That is, they help corporations issue shares of stock in an IPO or an additional stock offering.
5. They also arrange debt financing for corporations by finding large-scale investors for corporate bonds. A 'Chinese wall' is supposed to separate investment banking activities from the company's trading division to prevent conflicts of interest.

INDEX FUNDS

1. An index fund is a type of mutual fund or exchange-traded fund (ETF) with a portfolio constructed to match or track the components of a financial market index, such as the S&P's 500 Index. An index fund is a portfolio of stocks or bonds designed to mimic the composition, returns, and performance of a financial market index. For example, a Nifty 50 Index Fund will replicate the Nifty50 index. Benefits -An index mutual fund is said to provide broad market exposure, low operating expenses, and low

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Chhattisgarh, which was listed as ST in Jharkhand and Odisha but not in Chhattisgarh, were the communities added to the list.

Shadow or mirror libraries are online databases that duplicate digital records like ebooks or academic articles. They are structured in a way to minimise space for backup data while enabling the continuation of critical processing in the event of the loss of a disk containing related databases. In December, 2020, publishers Elsevier, American Chemical Society (ACS), and Wiley filed a lawsuit against SciHub, a shadow library, in the Delhi High Court. Their aim is to compel Indian internet service providers to block both SciHub and Libgen.

The Ministry of Home Affairs (MHA) has written to the External Affairs Ministry to promote the use of Hindi for official work in banks, public sector undertakings, embassies and other government offices located in foreign countries. On August 30, the MHA asked the MEA to provide a list of all government institutions abroad and set up an Official Language Implementation Committee that would oversee the progress of Hindi.

Central Kashmir's Manasbal Lake is once again open for training drills, more than three decades after raging militancy forced the Navy to abandon it. Amid picturesque hills and pristine waters, over 100 National Cadet Corps (NCC) cadets, both from J&K and outside, participated in exercises like sailing and boat pulling.

\$ 300 million, the amount covertly spent by Russia since 2014 to try to influence politicians and other officials in more than two dozen countries, according to the U.S. State Department in a newly released cable. The cable cites a new intelligence assessment of Russia's global covert efforts to support policies and parties sympathetic to Moscow. Russia is believed to have spent in Ukraine as well, where President Zelenskyy and his top deputies have long accused Mr. Putin of meddling in domestic politics.

\$ 3.99 billion, the antitrust fine imposed on Google Android by the European Court of Justice's General Court for throttling competition and reducing consumer choice through the dominance of its mobile Android operating system. The court largely

portfolio turnover.

2. These funds follow their benchmark index regardless of the state of the markets. Index funds follow a passive investment strategy. Index funds seek to match the risk and return of the market based on the theory that in the long term, the market will outperform any single investment.

3. Measuring Market index - A market index measures the performance of a "basket" of securities (like stocks or bonds), which is meant to represent a sector of a stock market, or of an economy. You cannot invest directly in a market index, but because index funds track a market index they provide an indirect investment option.

AT-1 BONDS

1. Two years after the YES Bank fiasco, Additional tier-1 (AT1) bonds are once again gaining popularity. After the YES Bank fiasco, the Securities and Exchange Board of India curtailed retail participation by increasing their face value to ~1 crore. Additional Tier-1 bonds (AT-1 bonds) are a type of unsecured perpetual debt instrument.

2. They are used by the banks to augment their core equity base and thus comply with Basel III norms. AT-1 includes perpetual non-cumulative preference shares and perpetual bonds. AT-1 bonds were introduced by the Basel accord after the global financial crisis to protect depositors.

3. **Features of the AT1 bonds - AT-1 bonds are perpetual in nature - they do not carry any maturity date. They offer higher returns to investors but compared with other vanilla debt products, these instruments carry a higher risk as well.**

If the capital ratios of the issuer fall below a certain percentage or in the event of an institutional failure, the rules of the RBI allow the issuer to stop paying interest or even write down these bonds.

4. These bonds are subordinate to all other debt and senior only to equity. Quasi-equity feature - To lend more, banks need to shore up their equity capital. However, issuing additional equity would dilute the bank's return on equity. Instead, the banks issue AT1 bonds, which they can treat as equity for calculating their tier 1 capital.

RISKS INVOLVED WITH AT1 BONDS

1. Key risk of AT1 bonds arises from its 'loss absorption' feature. When a bank is being restructured or liquidated, the order of repayment is as follows: FD holders, secured debt, unsecured or subordinate debt, and perpetual debt (AT1 bond) holders. The AT1 bonds rank last in repayment - just before equity - that makes them the riskiest among fixed-income securities.

2. This risk reduces in the case of banks having stronger fundamentals. Compared to the normal bonds of the same bank, AT1 bonds would be riskier, which is why they offer a higher rate of return. Another risk arises from 'coupon discretion'.

3. In the case of AT1 bonds, the payment of the coupon depends on whether the bank has profits. It can also dip into its reserves to pay coupons. In normal bonds and debentures, payment of coupon is not contingent on whether the issuer is in profit or loss. Non-payment of coupon has not happened to date in AT1 bonds, but the risk exists.

4. Call option Risk - As AT1 bonds do not have a maturity date, the banks have a call option that permits them to redeem these bonds after a certain period. The issuer bank can recall them after five years (or subsequently on the anniversary of issuance). If the bank exercises its call option when interest rates are going down, that subjects the investor to reinvestment risk.

5 PEOPLE DIE IN JUDICIAL CUSTODY EVERY DAY, SHOWS DATA

1. According to the latest NHRC data, at least 17,146 people were reported to have died in judicial/police custody - nearly five per day, on average - in cases registered in the decade up to March 2020.

2. **Police Custody means that police has the physical custody of the accused while Judicial Custody means an accused is in the custody of the concerned Magistrate.**

3. In former, the accused is lodged in police station lockup while

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rejected Google's appeal against a 2018 decision by the EU's executive Commission to slap Google with a fine. The fine is one of three antitrust penalties totalling more than \$8 billion that the European Commission slapped on Google between 2017 and 2019.

India conveyed its concern over the recent U.S. approval of a \$450-million sustenance package for Pakistan's F16 fighter fleet. This was conveyed by Defence Minister Rajnath Singh during a telephonic conversation with the U.S. Secretary of Defence Lloyd Austin. This is the first official response from India on this issue.

in latter, it is the jail. The latest NCRB data relates to two categories: the first category includes persons, not on remand. They are not arrested but are yet to be produced before the court. The second category includes persons in remand, which means those in police/judicial remand.