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1. FPI disclosure norms deadline extended: Why is SEBI seeking investor data?

Why in news?

Foreign portfolio investors (FPIs), who are mandated to liquidate their holdings as per the Securities and Exchange Board of India's (Sebi) January-end deadline, will get seven months more to provide additional disclosures.

In August last year, the markets regulator had asked FPIs, who were holding more than 50 per cent of their equity assets under management (AUM) in a single corporate group or with an overall holding in Indian equity markets of over Rs 25,000 crore, to disclose granular details of all entities holding any ownership, economic interest, or exercising control in the FPI. The norms were announced to prevent the possible round-tripping by certain promoters using the FPI route.

Why has SEBI asked FPIs to provide additional disclosures?

In its August circular, Sebi said certain FPIs have been observed to hold a concentrated portion of their equity portfolio in a single investee company/ corporate group.

Such concentrated investments raise the concern and possibility that promoters of such investee companies/ corporate groups, or other investors acting in concert, could be using the FPI route to circumvent regulatory requirements such as that of disclosures under Substantial Acquisition of Shares and Takeovers Regulations, 2011 (SAST Regulations) or maintaining Minimum Public Shareholding (MPS) in the listed company.

The regulator said while Press Note 3 or PN3 issued by the government in April 2020 does not apply to FPI investments, there are concerns that entities with large Indian equity portfolios could potentially disrupt the orderly functioning of Indian securities markets by misusing the FPI route. To mitigate these concerns, a need was felt to obtain detailed information from FPIs.

What additional details are required from FPIs?

Sebi said granular details of all entities holding any ownership, economic interest, or exercising control in the FPI will have to be provided by FPIs. While economic interest means returns from the investments made by the FPI, ownership interest means ownership of shares or capital of the entity or entitlement to derive profits from the activity of the entity.

Are all FPIs required to provide additional disclosures?

No. Sebi has said FPIs holding more than 50 per cent of their Indian equity assets under management (AUM) in a single Indian corporate group or holding over Rs 25,000 crore of equity AUM in the Indian markets are required to disclose details.

Which FPIs are exempted from making additional disclosure?

FPIs who are sovereign wealth funds (SWFs), listed companies on certain global exchanges, public retail funds, and other regulated pooled investment vehicles with diversified global holdings, are exempted from making enhanced disclosures.

What is Press Note 3?

During the Covid-19 pandemic, the government amended the foreign direct investment (FDI) policy through a Press Note 3 (2020) on April 17, 2020. The amendments were said to have been made to check opportunistic takeovers/acquisitions of stressed Indian companies at a cheaper valuation.

The new regulations required an entity of a country, sharing a land border with India or where the beneficial owner of an investment into India is situated or is a citizen of any such country, to invest only under the Government route.

Also, in the event of the transfer of ownership of any existing or future FDI in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the restriction/purview of the said policy amendment, such subsequent change in beneficial ownership will also require government approval.

Relevance: GS Prelims & Mains Paper III; Economics

Source: Indian Express

2. Rare golden tiger snapped in Kaziranga



Why in news?

Wildlife photographer Gaurav Ramnarayanan from Coimbatore snapped the tiger with the golden coat on a safari in Assam's Kaziranga National Park on January 24.

Exact count unknown

According to him, more than one tiger with the golden coat are believed to be in Kaziranga, but the exact count is not known. The photograph of a golden tiger, said to be taken in 2019, is of a different tiger.

This tiger looks golden because it has a mutation or a genetic variant. Basically, tigers have three colours: black, orange, and white. In this tiger, the black colour is missing, and it is slightly faded. The orange colour is also faded.

Relevance: GS Prelims; Environment

Source: The Hindu

3. Death by nitrogen: Why this Alabama execution is polarising



Why in news?

Alabama inmate Kenneth Smith was executed on January 25 by nitrogen hypoxia, marking the United States' first execution using the method, and the first time in over four decades that a new method of execution was introduced, since lethal injection was first used in 1982.

The simple science behind nitrogen hypoxia Smith, 58, was fastened to a gurney and forced to breathe pure nitrogen. In its court filings, the state of Alabama said that a "NIOSH-approved Type-C full facepiece supplied air respirator" — a type used in industrial settings to deliver life-preserving oxygen — was used to deliver the nitrogen.

Now, we breathe nitrogen all the time. In fact, the colourless and odourless gas makes up 78 per cent of the air inhaled by humans. Clearly, the gas itself is harmless. But what this execution does is force the inmate to breathe in pure nitrogen and nothing else. This deprives the body of oxygen needed to maintain bodily functions and ultimately causes death.

The Alabama attorney general's office had told a federal judge that the nitrogen gas will "cause unconsciousness within seconds, and cause death within minutes."

A 'botched' execution?

The execution, however, took roughly 22 minutes, and onlookers were left distressed by what they saw.

Smith's spiritual adviser, the Rev Jeff Hood described the execution as "the most horrible thing" he had ever seen. "What we saw was minutes of someone struggling for their life".

Nonetheless, Alabama state representatives stated that “nothing out of the ordinary” took place. “There was some involuntary movement and some agonal breathing, so that was all expected and is in the side effects that we’ve seen and researched on nitrogen hypoxia”.

Agonal breathing is a serious medical sign that indicates someone is not getting enough oxygen and is, thus, close to death. It is not “true breathing” but rather a reflex gasp triggered by the brain in a desperate attempt to get oxygen.

Legal and ethical questions

Smith’s lawyers, till the very end, attempted to stop the execution from taking place. They contended that the state was making Smith a test subject for an experimental execution method that could violate the US constitution’s ban on cruel and unusual punishment.

“There is little research regarding death by nitrogen hypoxia. When the State is considering using a novel form of execution that has never been attempted anywhere, the public has an interest in ensuring the State has researched the method adequately and established procedures to minimise the pain and suffering of the condemned person,” Smith’s attorneys said in a statement.

However, federal courts rejected the bid to block the execution. Smith, 58, had previously survived a botched execution attempt using lethal injection in 2022. He was sentenced to death for his role in a 1988 contract-killing.

Death penalty in the US

The death penalty is a highly charged political issue in the United States, drawing polarised responses from people. Proponents argue that it is a just retribution for certain heinous crimes, and provides closure for victims’ families. They say that it also acts as a deterrent for potential criminals from committing certain heinous offences. There is no evidence, however, of capital punishment acting as a deterrent at all.

With regards to the ‘just retribution’ argument, critics counter by saying that there is always a risk of a wrongful prosecution, and in general, studies have shown significant racial and economic bias when it comes to capital punishment.

Method of Death Penalty

Then there is the separate question of the method of death penalty. Constitutionally speaking, state-sanctioned executions must be as painless and comfortable as possible. There is, however, no silver bullet to achieve this outcome.

The most common method, lethal injection, has been mired in controversy in recent years, from botched executions to non-availability. In a typical three-injection protocol, a person can die as quickly as 30 to 60 seconds after the final fatal injection. But the process is far from reliable. In 2014, for example, an Oklahoma inmate had an apparent heart attack 43 minutes after receiving the first injection.

Currently, capital punishment is legal in 27 of 50 US states. However, in 7 of these states, executions have been paused. Executions have also been paused at the federal level, although the US military, with its own justice system, retains the death penalty.

Relevance: GS Prelims & Mains Paper II; International Issues

Source: The Indian Express

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