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### 1. Why has SEBI asked fund houses to stop overseas ETF inflows?

#### Why in News?

Markets regulator Securities and Exchange Board of India (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. SEBI has issued these directions as inflows in these overseas ETFs have come close to the mandated investment limit of \$1 billion in foreign ETFs.

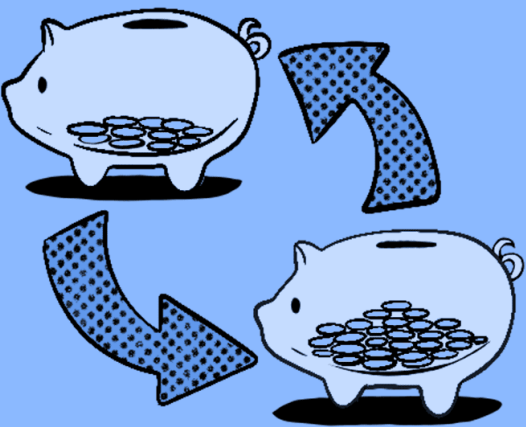
#### Why is SEBI's direction to MFs?

The capital market regulator has asked asset management companies (AMCs) not to accept funds in mutual fund plans that invest in overseas exchange-traded funds (ETFs) as the upper limit of \$1 billion for these investments is close to being breached. The regulator has asked to stop fresh inflows in such schemes from April 1.

#### What is the overall limit for mutual funds to invest in overseas ETFs?

Currently, there is an overall cap of \$7 billion set by the Reserve Bank of India (RBI) for fund houses to invest in overseas stocks or mutual funds. MFs are also permitted to invest up to \$1 billion in overseas exchange traded funds. Mutual fund industry has been demanding the RBI to hike the overseas investment limit of \$7 billion.

In January this year, when RBI Governor Shaktikanta Das was asked about plans to revisit the limit on the overseas investment by mutual funds, he said the call on it will be taken when RBI is confident that the rupee has stabilized on a durable basis.



## ETF

[ē-'tē-'ef]

An exchange-traded fund (ETF) is a type of pooled investment security that holds multiple underlying assets, rather than only one.

**What is an exchange traded fund?**

An ETF, or exchange traded fund, is a marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund. Unlike regular mutual funds, an ETF trades like a common stock on a stock exchange. The traded price of an ETF changes throughout the day like any other stock, as it is bought and sold on the stock exchange. The trading value of an ETF is based on the net asset value of the underlying stocks that an ETF represents.

ETFs typically have higher daily liquidity and lower fees than mutual fund schemes, making them an attractive alternative for individual investors. ETFs are considered to be more tax efficient compared to other mutual fund schemes. There are mainly five types of ETFs – equity ETF (ETF in which investment is made in shares), bonds ETF (ETF in which investment is made in bonds), commodity ETF (ETF in which investment is made in commodity), international ETF (ETF in which investment is made abroad) and sectoral/thematic ETF (ETF in which investment is made in particular sector).

Relevance: GS Prelims; Economics

Source: The Indian Express

## **2. Who may vote from home in LS elections? Is this the first time such a facility has been rolled out? Why are activists calling for the rules to be amended?**

### **Why in news?**

The Election Commission has extended its 'vote-from-home' facility to persons with disabilities and senior citizens aged 85 and above for the Lok Sabha elections. This move will allow more than 85 lakh senior citizens and 88.4 lakh persons with disabilities to cast their votes through postal ballots.

### **Who is eligible?**

Efforts to make participation inclusive thus far have been contained to the polling site, with a focus on setting up ramps, separate queues, wheelchairs and parking facilities.

The postal ballot-home voting facility was amended to include senior citizens and people with disabilities; the benchmark disability should be not less than 40% of the specified disability as certified by the concerned authority. "Generally the tendency has been that the senior citizens want to participate in the process and walk to the booth. But this time, we have given them options to vote in their homes," Chief Election Commissioner Rajiv Kumar said.

Those who opt for it this year are not eligible to vote directly at the polling station on polling day. The scheme is also "useful" as senior voters may not prefer to step out during the summer heat. The Lok Sabha elections will be held between April 19 and June 1, when spells of heatwaves are likely to hit most parts of the country.

### **Has it been tried out before?**

Vote from home was previously tried out during Assembly elections in select regions, allowing people with disabilities, senior citizens and people affected by COVID-19 to avail the facility. The ECI this year has, however, increased the upper age limit of elderly voters, from 80 to 85 years. The ECI also extended the postal ballot option to media personnel covering 'polling day activities' with authorisation letters from the Election Commission, and those part of essential

services such as metros, railways and health care. The option is also open for service voters, such as personnel of the armed forces posted away from their hometowns, Central Armed Police Forces personnel deployed away from home, Central and State police personnel on election duty, and polling personnel and embassy staff on postings.



#### **How may voters avail of the facility?**

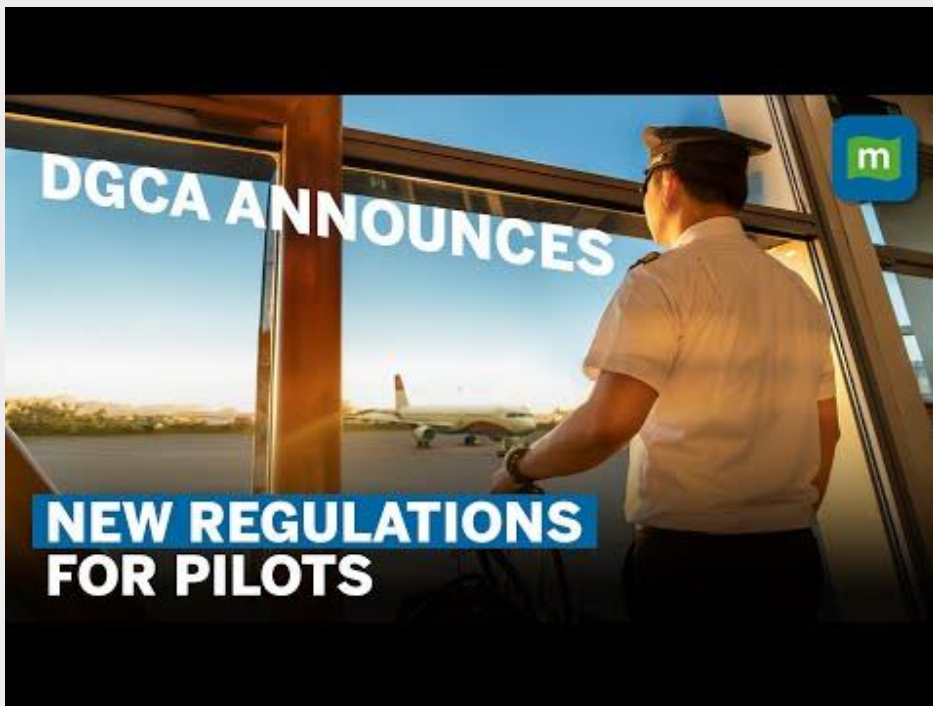
The key to the process is Form 12D, which is a letter informing the Assistant Returning Officer (ARO) that the person may not be in a position to go to the polling station to vote. The form can be downloaded online from the ECI website or collected from the office of the representative district officer of a parliamentary constituency. The form has to be filled and submitted within five days of notification of the polling date.

Once filed, two polling officials, accompanied by a videographer and a security person, will visit the elector's home and oversee the postal ballot voting process. The voter will receive an intimation about the date and approximate time of visit via SMS or through post. The home voting option will be attempted twice. The polling team will schedule a second visit if the elector fails to be at the given address during the first visit. During the visit, the polling team is expected to follow the protocol under the Conduct of Elections Rules, 1961. Each team of poll officers is required to (a) issue postal ballot to each of the Absentee Voters assigned to it, (b) brief the elector about the procedure to be followed for voting through postal ballot, (c) make sure that the elector votes without anyone influencing his/her choice, and ensure the secrecy of voting. People with blindness or physical infirmity are allowed to nominate a companion and take their assistance while home voting.

Relevance: GS Prelims & Mains Paper II; Governance

Source: The Hindu

**3. What are the changes to pilots' rest norms introduced by the Directorate General of Civil Aviation? Why are the airlines unhappy? What are the pilots saying?**



### **Why in news?**

The Directorate General of Civil Aviation (DGCA) has rejected a request by airlines to postpone new pilot duty norms, reiterating that the revised schedule will have to be implemented from June 1. The DGCA had notified the revised rules governing duty hours and rest periods for pilots in January.

### **What are the new rules?**

The new rules provide enhanced weekly rest for pilots which has gone up from 36 hours to 48 hours. The rules have also reduced night-time flying, which is known to contribute to fatigue and impact alertness levels as sleep is displaced from the optimum part of the circadian rhythm.

Earlier, a pilot could carry out six landings during night-time flying, which has now been reduced to two. The night-time shift has been extended by an hour to 6 a.m, from the earlier midnight to 5 a.m. The maximum flight duty period for flights encroaching night-time has also been reduced from 10 hours to 8 hours.

While pilots have broadly welcomed the changes, their demand for a ban on two consecutive night duties went unheeded. Pilots say that flying a second night without a reset of the circadian rhythm is extremely stressful. Consecutive night duties result in accumulation of sleep debt and an increase in fatigue related impairment.

Pilots also pointed out that airlines are only required to publish the crew roster "sufficiently in advance" and the time frame has not been defined unambiguously. The draft rules placed for stakeholder comments had proposed that rosters be finalised seven days in advance.

### **Why are the airlines opposed to it?**

The Federation of Indian Airlines, FIA, comprising Air India, IndiGo and SpiceJet, wrote to the DGCA in February seeking postponement of the June 1 implementation deadline as it could have "immediate and significant impact to business and customers alike" as airlines would be required to hire "15% to 25% more pilots" when it takes approximately 8-10 months to release a newly inducted pilot for flying.

The FIA warned that the June 1 deadline could result in the cancellation of 15%-20% of flights by most airlines as well as cancellation of some long-haul international flights. In response, the DGCA reiterated that it will stick to the June 1 deadline.

### **Is fatigue mounting?**

In a first, the DGCA has acknowledged that unfortunate instances of pilot deaths in the recent past were "ostensibly" due to punishing schedules and cumulative impact on health and well-being of pilots, which it said was an "urgent wake up call" for the industry. There were at least three such deaths while on duty, including the death of IndiGo pilot, Manoj Balasubramani, who fell unconscious at the boarding gate after reporting for duty to operate a flight from Nagpur to Pune on August 17, 2023. He was rushed to hospital, where he passed away.

Pilots say that not only has flying increased for them in the past five years, a growing route network beyond metros has resulted in tougher combination of flights, which involve more landings and are therefore strenuous. For example, the return leg of an international flight is often combined with an additional domestic flight. There are also more red eye flights to short-haul destinations such as in the Gulf and Singapore. Add to this an uncertainty of roster, where a pilot can be called in for a flight for 4 a.m. with just a 12-hour notice. "Denying a duty in such circumstances can lead to disciplinary proceedings," said a senior pilot of a full-service carrier. Pilots recall Jet Airways days where a printed roster was sacrosanct. There are also rostering malpractices, where pilots are compelled to work beyond their maximum duty hours or provided less rest periods than what is laid down. On March 22, the DGCA imposed a fine of ₹80 lakh on Air India after it discovered lapses during a spot check in January.

### **How many pilots are registered with DGCA?**

Many airlines like Air India and Vistara are already grappling with pilot shortages compared to aircraft strength. As on December 2023, there were a total of 771 aircraft with various Indian airlines and 9,524 commercial pilots registered with the DGCA. Additionally, there were 67 foreign pilots too due to a shortage of commanders on certain aircraft type such as the Boeing 777. India's commercial airlines are likely to nearly double fleet size to 1,400 by fiscal year 2029-30. This will mean airlines will have to add 10,900 additional pilots by 2030, which is nearly 1,600 new pilots a year. Last year, the regulator issued 1,272 commercial pilot licences.

Relevance: GS Prelims & Mains Paper II; Governance

Source: The Hindu