



New asset class introduced by SEBI

Context: The Securities and Exchange Board of India (SEBI) proposed a new asset class to bridge the gap between mutual funds and portfolio management services.

Introduction of a New Asset Class

- SEBI has proposed a new asset class to bridge the gap between mutual funds (MFs) and portfolio management services (PMS).
- This new category will be introduced under the MF structure.
- The minimum investment limit is set at Rs 10 lakh.

Objective and Features

- The new asset class provides a regulated investment product with higher flexibility and risk-taking capabilities.
- It aims to curb the proliferation of unregistered and unauthorized investment products.
- The new asset class will have a distinct nomenclature to differentiate it from existing products like PMS, AIF, REITs, and INVITs.

Minimum Investment and Investment Strategies

- The minimum investment for the new asset class is Rs 10 lakh per investor within the AMC/MF.
- AMCs can offer investment strategies under a pooled fund structure, similar to MF schemes.
- These strategies can include long-short equity funds and inverse ETFs.
- Redemption frequencies can be tailored to manage liquidity effectively.

Eligibility Criteria

- The first eligibility route requires MFs to have been operational for at least three years with an average AUM of not less than Rs 10,000 crore in the last three years, and no recent actions by Sebi.
- The second eligibility route requires MFs to appoint a Chief Investment Officer with at least 10 years of fund management experience and an additional fund manager with at least seven years of experience.

Systematic Investment Plans

- Investors will have options for systematic investment plans, including Systematic Investment Plans (SIP), Systematic Withdrawal Plans (SWP), and Systematic Transfer Plans (STP).

Benefits and Market Impact

- The new asset class is expected to attract investors with investable funds between Rs 10 lakh and Rs 50 lakh.
- It offers regulated opportunities with higher risk and potential returns.
- The new asset class enhances investor protection.
- It provides innovative investment solutions within the regulated MF platform.

FINANCIAL INSTRUMENTS

Different Types of Financial Instruments

| Asset Class Instrument Type | Debt (Long term) | Debt (short term) | Equity | Foreign Exchange |
|--------------------------------|--|-----------------------------------|---------------------------------------|--|
| Securities | Bonds with tenure of greater than one year | T- bills, commercial papers | Shares | N/A |
| Cash | Loans | Certificate of deposits, deposits | N/A | Spot foreign exchange |
| Exchange-Traded Derivatives | Bond futures/ options | Interest rate futures | Options on stocks, equity futures | Currency futures |
| OTC Derivatives | Interest rate swaps, Interest rate options, Interest rate caps, & floors, exotic derivatives | Forward rate agreements | Options on stocks, exotic derivatives | Currency swaps, foreign exchange swaps, foreign exchange options |

Annual Survey of Unincorporated Enterprises

Context: Data from the Annual Survey of Unincorporated Enterprises (ASUSE) for 2021-22 and 2022-23 were recently released by the National Sample Survey Office (NSSO).

Informal Sector

- The informal sector includes small and medium enterprises and household proprietary and partnership establishments.
- It accounts for almost half of India's economic output and over three-fourths of employment.
- The sector has faced significant challenges, with many units shutting down and approximately 16.45 lakh jobs lost over the last seven years.

Unincorporated Enterprises

- These enterprises are in the unorganised or informal sector, comprising MSMEs, household units with hired workers, and own-account enterprises.
- Surveys cover unincorporated non-agricultural establishments in manufacturing, trade, and other services.
- Manufacturing units not covered under the Factories Act, 1948, informal establishments in cotton-ginning, cleaning, and bailing, and bidi and cigar manufacturing are included.
- Non-captive electric power generation, transmission, and distribution units not registered with the CEA are also covered.
- Trade and other services include proprietary and partnership establishments (excluding LLPs), societies, trusts, associations, clubs, co-operatives, self-help groups, and non-profit institutions.

Importance of Survey Results

- The 2021-22 and 2022-23 survey results are crucial as the last available data were from 2015-16.

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- These results are closely watched for employment trends, especially during formal sector slowdowns.
- Data help understand the impact of the sudden withdrawal of cash (2016), regulatory compliances (2017), and the national lockdown (2020-21) on the informal sector.

➤ **Headline Trends in Data**

- Employment in the informal sector decreased, despite an increase in the number of enterprises between 2022-23 and 2015-16.
- Own-account enterprises increased nearly 4%, while hired-worker enterprises contracted by 3.2%.
- This shift indicates a deterioration in employment quality as units moved to self-owned units.
- The data suggest a move towards more capital-intensive manufacturing, denting employment in labour-intensive manufacturing.
- The Periodic Labour Force Survey (PLFS) shows an increase in agricultural workers and a decrease in manufacturing workers.
- The share of women in agriculture increased significantly from 2018-19 to 2022-23, mostly for unpaid household work.
- Overall, workers in the informal sector dropped by 16.45 lakh (1.5%) to 10.96 crore in 2022-23 from 11.13 crore in 2015-16.
- The number of unincorporated enterprises increased by 16.56 lakh to 6.50 crore in 2022-23 from 6.33 crore in 2015-16.

➤ **Sector-wise Trends**

- **Manufacturing:** Contracted by 9.3% between 2022-23 and 2015-16 to 1.78 crore units; workers fell by 15% to 3.06 crore.
- **Trade:** Contracted by 2% in units to 2.26 crore; workers increased marginally by 0.8% to 3.90 crore.
- **Services:** Recorded increases in both units (by 19.1% to 2.46 crore) and workers (by 9.5% to almost 4 crore).

➤ **Trends Over 12 Years**

- From 2010-11 to 2015-16, manufacturing enterprises grew by 14.3%, and workers by 3.3%.
- Trading enterprises increased by 11%, and workers by 13.5%.
- The number of workers in the services sector declined by 6.4% from 2010-11 to 2015-16 but increased by 9.5% from 2015-16 to 2022-23.
- Units in the services sector increased by 19.1% from 2015-16 to 2022-23, compared to 4.9% in the earlier period.

➤ **Data on Output**

- Gross Value Added (GVA) per enterprise at current prices increased to Rs 2.38 lakh in 2022-23 from Rs 1.82 lakh in 2015-16.
- GVA per worker rose to Rs 1.42 lakh from Rs 1.04 lakh.
- Real GVA growth was slower, with a 6.9% increase in 2022-23, still below pre-pandemic levels.
- The real GVA of unincorporated sector enterprises contracted at a CAGR of 0.2% between 2015-16 and 2022-23, compared to a 7.4% CAGR growth between 2010-11 and 2015-16.

What the numbers show



Types of Enterprises in Informal Sector (in crore)

| Year | Hired worker enterprises | Own account enterprises | Total number of establishments |
|---------|--------------------------|-------------------------|--------------------------------|
| 2010-11 | 0.89 | 4.88 | 5.77 |
| 2015-16 | 1 | 5.34 | 6.34 |
| 2021-22 | 0.84 | 5.13 | 5.97 |
| 2022-23 | 0.97 | 5.5 | 6.5 |

Statewise Informal Sector Enterprises

| States | 2015-16 | | 2022-23 | |
|----------------|---------------------------|--------------------|---------------------------|--------------------|
| | Establishments (in lakhs) | Workers (in lakhs) | Establishments (in lakhs) | Workers (in lakhs) |
| Uttar Pradesh | 89.99 (14.2%)* | 165.38 | 89.94 (13.83%) | 157.46 |
| West Bengal | 88.68 (13.99%) | 135.54 | 78.31 (12.04%) | 105.42 |
| Maharashtra | 47.79 (7.54%) | 91.23 | 60.97 (9.37%) | 115.51 |
| Tamil Nadu | 49.48 (7.8%) | 96.82 | 42.29 (6.5%) | 84.58 |
| Bihar | 34.46 (5.44%) | 53.07 | 37.01 (5.69%) | 58.95 |
| Gujarat | 33.16 (5.23%) | 61.18 | 34.94 (5.37%) | 68.81 |
| Karnataka | 38.34 (6.05%) | 71.45 | 34.74 (5.34%) | 58.33 |
| Madhya Pradesh | 26.74 (4.22%) | 49.25 | 32.72 (5.03%) | 55.59 |
| Andhra Pradesh | 33.87 (5.34%) | 56.19 | 32.06 (4.93%) | 49.41 |
| Odisha | 19.84 (3.13%) | 33.26 | 29.49 (4.53%) | 40.87 |
| All-India* | 633.91 | 1112.71 | 650.48 | 1096.26 |

*Includes data for 34 states/UTs; **Figures in parentheses are percentage of total number of establishments

Indo Pacific Economic Framework for Prosperity (IPEF)

Context: India is likely to soon sign the clean and fair economy agreements under the US-led Indo-Pacific Economic Framework for Prosperity (IPEF), with Cabinet notes nearly finalized.

➤ **Origin**

- US President Biden first introduced the concept of the IPEF at the October 2021 East Asia Summit.
- He proposed exploring an Indo-Pacific economic framework with partners.
- This framework aims to define shared objectives around trade facilitation, standards for the digital economy and technology, supply chain resiliency, decarbonization and clean energy, infrastructure, worker standards, and other areas of shared interest.
- The IPEF is designed as an administrative arrangement and does not include market access commitments like lowering tariff barriers.

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➤ **About IPEF**

- Launched in Tokyo in May 2023, the IPEF aims to strengthen economic engagement among member countries to promote growth, peace, and prosperity in the region.
- According to the US Congressional Research Service, the IPEF is not a traditional trade agreement but includes different modules (four pillars) covering various aspects.

➤ **Four Pillars of IPEF**

- **Pillar I:** Fair and resilient trade.
- **Pillar II:** Supply chain resilience.
- **Pillar III:** Infrastructure and decarbonization.
- **Pillar IV:** Tax and anticorruption.
- Countries must sign up for all components within a pillar but do not have to participate in all pillars.

➤ **Members of IPEF**

- The IPEF has 14 partner countries: Australia, Brunei, Fiji, India, Indonesia, Japan, Republic of Korea,

Malaysia, New Zealand, Philippines, Singapore, Thailand, Vietnam, and the US.

➤ **Significance of IPEF**

- The 14-nation IPEF bloc accounts for about 40% of the world's GDP and 28% of global trade in goods and services.
- It is seen as a strategy backed by the US to counter China's economic influence in the region.

➤ **India and IPEF**

- In September 2022, India joined three pillars of the IPEF: supply chain resilience, decarbonization and infrastructure, and tax and anticorruption.
- India decided to remain out of the trade pillar.
- India holds observer status in Pillar I and joined Pillars II to IV.
- In November 2023, a Supply Chain Agreement was signed, highlighting the importance of robust supply networks for regional economic stability and growth.

NEWS IN BETWEEN THE LINES

Periyar Tiger Reserve



The Kerala Finance Inspection wing under the State Finance Department will submit a detailed report soon on the alleged financial irregularities in the Periyar Tiger Conservation Foundation (PTCF) under the Periyar Tiger Reserve (PTR) in Thekkady, Kerala.

About the Periyar Tiger Reserve:

- The Periyar Tiger Reserve is situated in the **Idukki** and **Pathanamthitta** districts of Kerala.
- It is located in the **Cardamom Hills** and **Pandalam Hills** of the Southern Western Ghats.
- It was initially established as **Nellikampatty Game Sanctuary** in **1934**.
- The Sanctuary was brought **under Project Tiger** in **1978** as the **10th Tiger Reserve** in the country and named Periyar Tiger Reserve.
- The Periyar Tiger Reserve, named after the **River Periyar**, is traversed by the **Mullayar** and Periyar rivers.
- **Flora:** The flora in Periyar Tiger Reserve includes over **171 species of grasses**, along with significant species like **teak, mango, rosewood**, jamun, jacaranda, terminalia, tamarind, royal poinciana, and bamboo.
- **Fauna:** The fauna at Periyar includes **elephants**, wild pigs, **sambar**, gaur, mouse deer, Indian wild dog, **tiger**, and four species of primates, including the rare **lion-tailed macaque** and **Nilgiri tahr** habitat considerations.

CEPI



Recently, Union Minister Dr. Jitendra Singh inaugurated Asia's first health research "Pre-clinical Network Facility" at the Regional Centre of Biotechnology at Faridabad in Haryana, under the CEPI (Coalition for Epidemic Preparedness Innovations).

About the CEPI:

- CEPI (the Coalition for Epidemic Preparedness Innovations) is a **global partnership** that works to **develop vaccines** and other **biological countermeasures** to prevent epidemics and pandemics.
- The partnership was **launched in 2017** at Davos by the Governments of **India** and **Norway**, the Bill & Melinda Gates Foundation, the Wellcome Trust and the World Economic Forum.
- Its goal is to make these vaccines accessible to everyone in need, and its approach includes financial investments, partnerships, advocacy, and policy contributions.
- Its headquarter is located at Oslo in **Norway**.

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Python Farming



Recently, a python is seen inside an enclosure at Closed Cycle Breeding International, a snake breeding farm that provides snake skins for the fashion market in Nam Phi in Thailand's northern Uttaradit province.

About:

- Python farms in Southeast Asia, particularly in **Thailand** and **Vietnam**, breed pythons primarily for **their skins** used in luxury fashion items like **belts** and **handbags**.
- Pythons are being **reconsidered for their meat due** to their ability to tolerate high temperatures, reproduce quickly and consume less food compared to traditional livestock, offering a potential **sustainable protein source**.
- Countries like **China** and **Vietnam** host thousands of python farms, producing millions of snakes annually primarily for the fashion industry.
- The **UN and climate activists promote** a shift to plant-based diets, the OECD projects a 14% increase in meat demand by 2032.
- As per the Global Burden of Disease study, **protein-energy malnutrition**, also known as protein-energy undernutrition, caused nearly 190,000 deaths globally in **2021**.

Place in News

Oman

Recently, the Indian Navy's warship *INS Teg*, engaged in a search-and-rescue operation, rescued nine crew members (eight Indians and one Sri Lankan) from the capsized Comoros-flagged oil tanker *MV Prestige Falcon* off the coast of Oman.

Oman (Capital: Muscat)

Location: Oman, officially known as the Sultanate of Oman is a country located in the southeastern corner of the Arabian Peninsula, **West Asia**.

Boundaries: Oman shares its borders with **Arabian Sea** (South and east), **Saudi Arabia** (West), **Gulf of Oman** (North), **United Arab Emirates** (Northwest) and **Yemen** (Southwest).

Physical Features:

- The highest point in Oman is **Jebel Shams**, which translates to "**Mountain of the Sun**."
- The **Rub Al Khali (Empty Quarter)** is located to the west of Oman, and the **Wahiba deserts** are also part of the country.
- Minerals found in Oman include **copper, chromite, gypsum** and **limestone**.

Membership: Oman is a member of several international organizations, including the **United Nations (UN)**, the **Gulf Cooperation Council (GCC)**, the **Arab League** and **Indian Ocean Rim Association (IORA)**.

India-Oman Bilateral Relationship

- India and Oman share a warm bilateral relationship, **established in 1955** and upgraded to a strategic **partnership in 2008**.
- The two countries frequently exchange high-level visits, including Prime Minister Narendra Modi's visit to Oman in **February 2018**.



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POINTS TO PONDER

- What is the title of the book that compiles 75 significant speeches from the first year of President Droupadi Murmu's tenure and will be released in New Delhi today on 18th July 2024? – **Wings to Our Hopes, Volume I**
- Who were recently appointed as Judges of the Supreme Court by President Droupadi Murmu? – **Justice N. Kotiswar Singh and Justice R. Mahadevan**
- Who recently took charge as the chairperson of the Telangana State Women's Commission in Hyderabad? – **Nerella Sharada**
- When will the 2024 Summer Olympics, the 33rd edition of the event, take place in Paris, France? – **July 26 to August 11**
- Which West African country recently became the first to roll out the new R21/Matrix-M malaria vaccine to children below 2 years?
– **Ivory Coast**

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