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Masood Azhar Listed as a Global Terrorist

Jaish-e-Mohammad (JeM) chief Masood Azhar was listed as a designated global terrorist by the **UN Security Council 1267 Committee** on 2nd May '19. Significantly, the reasons for listing did not mention the Pulwama attack of February 14, for which the JeM had claimed responsibility.

Reasons for Sanctions against Azhar

- His support for the **JeM** since its founding.
- Being associated with the **Al-Qaeda** by recruiting for them and participating in the financing, planning, facilitating, preparing, or perpetrating terror acts.
- His role in recruiting fighters in **Afghanistan**.
- The terrorist organisation, **Jaish-e-Mohammad**, which was headed by Masood Azhar has itself been **sanctioned by the 1267 Committee in 2001**.

Previous Efforts

- In **2009**, India moved a proposal by itself to designate Azhar as a global terrorist.
- In **2016** again, India moved the proposal with the **P3 – the U.S., the U.K. and France** in the UN's 1267 Sanctions Committee to ban Azhar, also the mastermind of the attack on the air base in Pathankot in January, 2016.
- In **2017**, the P3 nations moved a similar proposal again. However, **on all occasions China, a veto-wielding permanent member of the Security Council, blocked India's proposal** from being adopted by the sanctions committee.
- Recently, the P3 group, had co-sponsored a listing request at the 1267 Committee on Feb 27, after the **Pulwama attack** that killed over 40 security personnel. This attempt failed again because of China placing a hold on the request.
- Thereafter, **U.S. circulated a draft resolution directly among the UNSC members**, i.e., outside the 1267 Committee, to pressure China into either supporting the listing

or having to take a stand in open proceedings and risk being seen as supporting terror.

- China, after this, did not raise any objections, thereby paving the way for successful sanctions against Masood Azhar.

Significance of the UNSC Listing

- It is a **victory for India** in a decade-old diplomatic battle waged primarily by it and supported by U.S., UK and France at the UNSC towards continuous efforts on fight against terrorism.
- A UNSC designation will **subject Azhar to an asset freeze, travel ban and an arms embargo**, thereby restricting his activities globally.
- An **asset freeze** under the sanctions committee requires that all states freeze without delay the funds and other financial assets or economic resources of designated individuals and entities.
- It demonstrates the **international community's resolve to fight against terrorism** and "its enablers".
- The U.S. has **further sought "sustained actions" from Pakistan** against terrorism, consistent with its international obligations.

UNSC Committee 1267

- In **1999**, the UNSC Committee was established pursuant to **Resolution 1267 (1999)**, which imposed a limited air embargo and asset freeze on the **Taliban**. Over time, measures became a targeted asset freeze, travel ban and arms embargo against designated individuals and entities.
- On **17th June 2011**, after the adoption of **resolution 1988 (2011)**, the Committee split into two.
 - The **1267 Committee** was henceforth known as the **Al-Qaida Sanctions Committee**, mandated to oversee implementation of the measures against individuals and entities associated with Al-Qaida.
 - A separate Committee was established pursuant to **resolution 1988 (2011)** to oversee implementation of the measures against individuals and entities associated with the **Taliban**.
- On **17th December 2015**, the UNSC adopted **resolution 2253 (2015)** to expand the listing criteria to include individuals and entities supporting the **Islamic State in Iraq and the Levant (ISIL)**.
- The Committee currently comprises all 15 members of the Security Council and makes its decision by consensus. The current Chair of the Committee, for the period ending 31st December 2019, is Indonesia. The two Vice-Chairs for 2019 are the Russian Federation and Peru.

U.S. Federal Reserve rates and India

In its recent policy stance, the U.S. Federal Reserve has left the policy rates unchanged. This was done primarily because of the ongoing economic growth, a strong labour market and an eventual rise in inflation.

Why is it Important?

Rate hikes and/or hawkish messaging by the Federal Reserve affects not only the U.S. economy, but also shapes the macroeconomic outlook and exerts a certain degree of influence on the monetary policies in other emerging economies.

For instance, this hike by the Fed seems to have influenced, at least partially, the repo rate hike by 25 basis points that was implemented by the Reserve Bank of India's (RBI) Monetary Policy Committee, in March 2019, effectively implying a reversal of the easy monetary policy regime that was being followed in the Indian economy for the past three years.

Why the U.S.A. Fed Rates Impact Emerging Economies?

- Emerging economies such as India tend to have higher inflation and higher interest rates than those in developed countries such as the U.S. and many of the (primarily Western) European nations.
- As a result, financial institutions, particularly foreign institutional investors (FIIs) would want to borrow money in the U.S. at low interest rates in dollar terms and then invest that money in government bonds of emerging countries such as India in local currency terms to earn a higher rate of interest.
- When the U.S. Fed raises its domestic interest rates, **the difference between the interest rates of the two countries decreases**, thus making India less attractive for the currency carry trade, consequently, some of the money may be expected to move out of the Indian markets and flow back to the U.S., therefore decreasing the value of India's currency against the U.S. dollar.

How Increased Interest Rates Impact India?

- **On Equity Market**
 - Bond yields will rise due to growing dollar shortage in the global market.
 - Last year, in India, the debt and equity markets have witnessed outflows of over 40,000 crore rupees, due to the strengthening dollar and uncertainties perpetrated by the trade war between the U.S., China, European Union, and other major nations.
- **On Export and Forex**
 - **India being one of the largest crude oil importers of the world**, a weaker

rupee vis-à-vis a dollar results in more **expensive imports of crude oil** that may put cost-driven **inflationary push** across the whole economy and especially in those sectors that are highly sensitive to crude oil price movements.

- India's exports on the other hand, notably IT and IT-enabled services – will benefit to some extent from a stronger dollar with respect to the rupee. However, the same benefit may not fully accrue to exporters due to strong competition in the export market.

Algorithmic Trading

Algorithm

It is a set of instructions which a computer is programmed to follow in order to carry out a particular task. In the case of trading, advanced mathematical tools are used for facilitating transaction and decision making in the financial market, the need for a human trader's intervention is minimized and thus the decision making is very quick. This enables the system to take advantage of any profit making opportunities arising in the market much before a human trader can even spot them.

The common trading strategies used in algo-trading are:

- **High Frequency Trading (HFT):** It involves placing a large number of trade orders across multiple markets and decision parameters at a very high speed, based on preprogrammed instructions.
- **Trend Following Strategies:** It follow trends in moving averages, channel breakouts, price level movements and related technical indicators. These are the easiest and simplest strategies to implement through algorithmic trading because these strategies do not involve making any predictions or price forecasts.
- **Arbitrage Opportunities:** Buying a dual listed stock at a lower price in one market and simultaneously selling it at a higher price in another market offers the price differential as risk-free profit or arbitrage.
- **Mathematical Model Based Strategies:** A lot of proven mathematical models, like the delta-neutral trading strategy, which allow trading on combination of options and its underlying security, where trades are placed to offset positive and negative deltas so that the portfolio delta is maintained at zero.
- **Trading Range (Mean Reversion):** It is based on the idea that the high and low prices of an asset are a temporary phenomenon that revert to their mean value periodically. Identifying and defining a price range and implementing algorithm based on that allows trades to be placed automatically when price of asset breaks in and out of its defined range.
- **Volume Weighted Average Price (VWAP):** This strategy breaks up a large order and

releases dynamically determined smaller chunks of the order to the market using stock specific historical volume profiles.

- **Time Weighted Average Price (TWAP):** It breaks up a large order and releases dynamically determined smaller chunks of the order to the market using evenly divided time slots between a start and end time.
- **Implementation Shortfall:** It aims at minimizing the execution cost of an order by trading off the real-time market, thereby saving on the cost of the order and benefiting from the opportunity cost of delayed execution. The strategy will increase the targeted participation rate when the stock price moves favorably and decrease it when the stock price moves adversely.

Advantages of Algo-trading

- There is no time lag, as soon as the signal gets generated, the order gets executed.
- Manual transactions take time as first trigger/signal is received, and then brokerage account is opened to enter the order.
- Human emotions are not involved. Hence, removing last moment dilemma and time lag.
- Retail investors may avoid booking the loss due to the phenomenon called loss aversion.
- Positions can be scaled up, if a profit is made on previous trade, a percentage of it can be deployed in the next trade. Thus, even position sizing can be automated.

Technical Requirements for Algo-trading

- Implementing the algorithm using a computer program is the final component of algorithmic trading, accompanied by backtesting (trying out the algorithm on historical periods of past stock-market performance to see if using it would have been profitable).
- Computer-programming knowledge to program the required trading strategy, hired programmers, or pre-made trading softwares.
- Network connectivity and access to trading platforms to place orders.
- Access to market data feeds that will be monitored by the algorithm for opportunities to place orders.
- The ability and infrastructure to backtest the system once it is built before it goes live on real markets.
- Available historical data for backtesting depending on the complexity of rules implemented in the algorithm.

Issue Involved

- It is more popular among institutional investors across the world than retail investors.

The technology required to carry out this form of trading is not easily accessible to small-time investors. Accessibility of stock exchange data is limited.

- **HFTs'** unfair access through **co-location** servers placed at the site of exchange, speeds up algorithmic trading leading to **front-running**.
- Retail investors feel the impact of HFT. In the time that it takes for an investor to execute a buy or sell order, an HFT system can execute multiple trades and benefit from the final price entered by the investor.
- It increases market volatility since even a small fall in the market can trigger a mass sell order, leading to a crash.
- At present, there are no defined rules regarding algo-trading for retail investors.
- However, the practice of algorithmic trading is not that simple to maintain and execute. If one investor can place an algo-generated trade, so can other market participants. Consequently, prices fluctuate in milli and even microseconds.
- There are additional risks and challenges such as system failure risks, network connectivity errors, time-lags between trade orders and execution, and most important of all, imperfect algorithms. The more complex an algorithm is, the more stringent **backtesting** is needed before it is put into action.

SBI linked its interest rate to the Repo rate

- **State Bank of India (SBI)**, the country's largest bank, **linked its interest rates on savings bank deposits and short term loans to the repo rate** of the Reserve Bank of India (RBI).

The repo rate - the interest rate at which the RBI lends funds to banks - is currently 6%.

- SBI has linked savings bank deposits with balances of more than Rs 1 lakh to the repo rate.
- This will **replace the previous practice of linking these deposits to the Marginal Cost of Funds based Lending Rate (MCLR), an internal benchmark**.
Marginal Cost of Funds based Lending Rate (MCLR) is the minimum interest rate, below which a bank is not permitted to lend, though RBI can give authorization for the same in exceptional cases. It depends on factors such as fixed deposit rates, source of funds and savings rate.
- **Advantage of external benchmark linking:** It is expected that the new system of external benchmark will bring in more transparency in fixing interest rates, and help in faster transmission of rates.

RBI's proposal

- In its December 2018 monetary policy meet, the **RBI had proposed the benchmarking/ linking of fresh floating-rate** on retail loans and loans to micro and

small enterprises **to an external benchmark** like repo rate or Treasury Bill rate, from April 1, 2019.

Treasury Bill is a short term (up to 1 year) debt issuance from the Government of India. These instruments are issued at a discount and redeemed at the face value on maturity, which provides the interest rate return on the security.

- However, **on April 4**, the **RBI** announced that it has **put on hold its proposal** to link interest rates on deposits and short-term loans to an external benchmark like the repo rate or Treasury Bill **following the opposition from other banks**.
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ICRISAT Hosts Meet to Tackle Fall Armyworm

Eight nations have come together at the **ICRISAT** (International Crops Research Institute for Semi-Arid Tropics) to understand the challenges and find solutions to tackle the rapidly growing problem of Fall Armyworm (FAW).

- Representatives from **Bangladesh, Myanmar, Sri Lanka, India and some other South and South-East Asian countries** are attending a regional workshop on 'Fall Armyworm management in Asia'.
- The U.S. is working to address the FAW in several African countries. As the FAW has emerged in South and South-East Asia, collaboration is urgently required to manage its spread and minimise crop loss.

Fall Armyworm

- First reported in **West Africa in 2016**, the FAW pest quickly assumed epidemic proportions and spread to over 44 African countries. In India, its infection was first reported in **Karnataka** and also parts of **Andhra Pradesh, Telangana, Tamil Nadu, Maharashtra and Gujarat**.
 - FAW (scientifically known as **Spodoptera frugiperda**) is a lepidopteran pest that feeds in large numbers on the leaves and stems of more than 80 plant species, causing extensive damage to crops such as **maize, rice, sorghum and sugarcane**. **It also attacks** vegetable crops and cotton.
 - The pest — its female moth lays eggs and the caterpillars hatching from these eat parts of the host crop plants, before pupating and turning into new moths — has been detected mainly in maize fields.
 - The adult moth of the pest **migrates very fast** — almost 100 km every night and nearly 500 km before laying eggs. It can, therefore, invade new areas quickly. Also, each female moth is capable of laying 1,500 eggs on an average.
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Testosterone rules for female athletes

The **Court of Arbitration for Sport (CAS)** dismissed an appeal by Olympic 800-metres champion Caster Semenya against the introduction of regulations to restrict testosterone levels in female athletes.

Court of Arbitration for Sport (CAS) judgement

The court ruled the regulations were needed for athletes with differences in sexual development (DSDs) to ensure fair competition. The rules cover events ranging from 400-metres to a mile.

What are disorder/differences in sexual development (DSDs)?

- People with a DSD do not develop along typical gender lines.
- Their hormones, genes, reproductive organs may be a mix of male and female characteristics, which can lead to higher levels of testosterone - a hormone that increases muscle mass, strength and haemoglobin, which affects endurance.

Disorders of sex development (DSDs) are a group of rare conditions where the reproductive organs and genitals don't develop as expected.

In DSD, a mix of male and female sexual characteristics are present. The person may have sex chromosomes (bundles of genes) normally associated with being female (XX chromosomes) or male (XY chromosomes), but reproductive organs and genitals may be:

- of the opposite sex
- not clearly male or female (ambiguous or atypical)
- a mixture of male and female

What are the guidelines?

The IAAF new Eligibility Regulations requires an athlete to meet the following criteria to be eligible to compete in Restricted Events in an International Competition:

1. she must be recognised at law either as female or as intersex (or equivalent).
2. she must reduce her blood testosterone level to below 5 nmol/L for a continuous period of at least six months (e.g., by use of hormonal contraceptives).
3. thereafter she must maintain her blood testosterone level below 5 nmol/L continuously for so long as she wishes to remain eligible.

How scientific are these guidelines?

- Athletes with differences of sexual development (DSD) have higher levels of natural testosterone, which the IAAF believes gives them a competitive advantage.
- However, according to British Medical Journal, the new guidelines are setting an

unscientific precedent for other cases of genetic advantage. Additionally, the medical profession does not define biological sex or physical function by serum testosterone levels alone.

The contrived confusion of gender

- The Universal Declaration of Player Rights, which deals with the intersection of sport and human rights, reminds that an athlete's right to participate in sport cannot be limited by gender (or any other identity-related factor, including sex).
- Just because regulations exist does not mean that they are evidence based, ethical, or even effective. This kind of regulation has its legacy in the long and problematic history of "sex testing" women athletes. It is no accident that the vast majority of athletes affected by these regulations are black women and women of colour from the global south who do not conform to Western ideals of femininity.
- Such type of artificial segregation can start witch-hunting and marginalization of not only athletes but also of normal citizen per se, as there is a big crossover between men and women, with 16% of men classified as having low testosterone and 14% of women having high, according to some definitions.

The Court of Arbitration for Sport

The Court of Arbitration for Sport is an international quasi-judicial body established to settle disputes related to sport through arbitration. Its headquarters are in Lausanne (Switzerland) and its courts are located in New York City, Sydney and Lausanne. Temporary courts are established in current Olympic host cities.

Important Facts For Prelims (2nd May 2019)

Chandrayaan-2 Mission

- India's highly ambitious Rs 800-crore Chandrayaan-2 mission **will be launched between July 9 and July 16 this year.**
- The **moon landing** is expected to be around **September 6, 2019**, nearly two months after the launch.
- The second lunar mission of ISRO will have **three modules — Orbiter, Lander (Vikram) and Rover (Pragyan).**
- The Orbiter and Lander will be interfaced mechanically, stacked together as an integrated module and accommodated inside the **GSLV MK-III launch vehicle**. The Rover will be housed inside the Lander.
- After the launch into the earth bound orbit, the integrated module will **reach the Moon's orbit using Orbiter propulsion module.**
 - Subsequently, **Lander** will separate from the Orbiter and **soft land** at the predetermined site close to the **lunar South Pole.**

- Further, the **Rover** will roll out for carrying out **scientific experiments** on the lunar surface.

GSLV MK-III

- It is a **three-stage heavy lift launch vehicle** developed by ISRO.
- The vehicle has **two solid strap-ons, a core liquid booster and a cryogenic upper stage**.
- It is designed to carry 4 ton class of satellites into Geosynchronous Transfer Orbit (GTO) or about 10 tons class of satellites to Low Earth Orbit (LEO), which is about **twice the capability of GSLV Mk II**.

Niyamgiri Hills

- Recently, a 16-member fact-finding team (comprising members of the Coordination of Democratic Rights Organisations) has concluded that the **villagers living near the Vedanta refinery in Lanjigarh** (Kalahandi), are facing **severe health problems** because of **dust coming from** the red mud pond (waste generated by the refinery) **site**.

In 2013, the Supreme Court had **rejected** the plan of **mining bauxite from Niyamgiri by Vedanta Ltd**.

- **Niyamgiri is a hill range in** Rayagada and Kalahandi districts of **southern Odisha**.
- Among the main residents of Niyamgiri are **two tribes called Kutia Kondh and Dongria Kondh**, who believe the hills to be home to their **god Niyam Raja**.
- **Odisha** has **700 million tonnes** of known **bauxite reserves**, of which **88 million tonnes** are estimated to be found in **Niyamgiri**.

Bauxite is the raw material for alumina and aluminum.

99942 APOPHIS

- It is a near-Earth asteroid, which will cruise by Earth in 2029, about 31,000 km above the surface.
- It is 340 m wide. At one point, it will travel more than the width of the full Moon within a minute and it will get as bright as the stars in the Little Dipper.
- Apophis is named for an Egyptian god of chaos. Though, It is not expected to harm the earth but the size of asteroid have created curiosity among scientific community.
- The asteroid will be visible to the naked eye and will look like a moving star.

Asteroids

- These are small, rocky objects that orbit the sun. Although asteroids orbit the sun like

planets, they are much smaller than planets.

- Our solar system began about 4.6 billion years ago when a big cloud of gas and dust collapsed. During this, most of the material fell to the center of the cloud and formed the sun.
- Some of the condensing dust in the cloud became planets. The objects in the asteroid belt never had the chance to be incorporated into planets and hence were left over.

Labour Day

- Labour Day or Worker's Day, celebrated around the globe on **1st May**, is a day dedicated to labourers of the working class, marked with a public holiday in over 80 countries.
- The holiday originated in the **U.S. city in 1886** as a protest in support of an **eight-hour workday** and saw thousands of labourers around the country take to the streets. The day commemorates the **Haymarket affair**, which took place on 4th May.
- While the day stands for different things depending on the country, the overall theme of the public holiday is celebrating the achievements of workers.
- The theme of International Labour Day 2019 is **"Sustainable Pension for all: The Role of Social Partners"**.
- Although the labour movement has its roots in the U.S., Labour Day there is celebrated on the **first Monday of September** rather than in May.

Grounds for rejection of candidature in Election

The Returning Officer of Varanasi recently rejected the nomination of a sacked BSF constable-Tej Bahadur Yadav-on grounds that he did not submit proper documents.

- The nomination was rejected as it failed to meet **Section 9 and 33(3) of the Representation of the People Act, 1951**.
- Under these, if a person is dismissed from government service and five years have not elapsed, then such a person shall not be nominated as a candidate unless his nomination paper is accompanied by a certificate issued by the ECI that he has not been dismissed for corruption or disloyalty to the state.

Grounds for rejection of candidature

- Nomination paper of a candidate shall be rejected if :
 - He is disqualified on the date fixed for scrutiny of nomination;
 - Nomination paper is not signed by candidate or subscribed by requisite number of proposer
 - Requisite security deposits has not been made
 - Age or complete address of candidate has not been mentioned in nomination paper

- Nomination paper shall not be rejected on grounds of defects which is not of substantial character, like, defect in declaration relating to symbol.
 - Any wrong information or suppression of information in candidate affidavits is not defects of substantial character. However , failure to furnish affidavits is defect of substantial character entailing rejection of nomination .
 - In this case, the constable had not taken permission from ECI regarding contesting polls, which needs to be taken in case a government official who has been removed or suspended wants to contest polls, thus relegating his application as a defect of substantial character.
-