



DAILY CURRENT AFFAIRS 29-01-2024

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Naturopathy

Syllabus: GS-2; Health

Context

- *AYUSH Minister Sarbananda Sonowal and Assam Chief Minister Himanta Biswa Sarma on Sunday laid the foundation of the **first yoga and naturopathy hospital in the northeast.***

More about the news

- *About ₹100 crore would be invested in the **Central Research Institute of Yoga and Naturopathy (CRIYN)** at Dihing Khamtighat in eastern Assam's Dibrugarh district. The institute, along with a 100-bed hospital, would be spread across 15 acres.*
- *The institute is being built to bring a **scientifically valid and useful synergy between traditional knowledge of yoga and naturopathy and modern tools of technology.***
- *It will establish benchmark standards in education, preventive healthcare and research in yoga and naturopathy.*
- *The CRIYN would be developed as a centre of excellence in yoga and naturopathy for cardiovascular diseases in India and develop protocols for the management of non-communicable diseases.*
- *CRIYN will provide inpatient, outpatient, and daycare services.*
- *The services offered by the centre would be naturopathy diet and nutrition, yoga therapy, massage and manipulative therapies, acupressure, acupuncture, chromo therapy, magneto therapy, physiotherapy, and hydrotherapy treatments*

Significance

- *The institute would also **serve as incubation centres for startups in the yoga and wellness sector.***
- *AIIMS-like institutions, medical colleges in every district of Assam, **strengthening the AYUSH system of medicine** with new hospitals, and many other progressive steps have bolstered the medical infrastructure in the State*

Know more

About-Naturopath

- *Naturopathy, or naturopathic medicine, is a form of alternative medicine.*
- *A wide array of pseudoscientific practices branded as "natural", "non-invasive", or promoting "self-healing" are employed by its practitioners, who are known as naturopaths.*

- *The ideology and methods of naturopathy are based on **vitalism and folk medicine** rather than evidence-based medicine, although practitioners may use techniques supported by evidence.*
- *The ethics of naturopathy have been called into question by medical professionals and its practice has been characterized as quackery.*

Methods

- *Naturopaths are often opposed to mainstream medicine and take an anti-vaccinationist stance.*
- *The particular modalities used by a naturopath vary with training and scope of practice.*
- *These may include herbalism, homeopathy, acupuncture, nature cures, physical medicine, applied kinesiology, colonic enemas, chelation therapy, color therapy, cranial osteopathy, hair analysis, iridology, live blood analysis, ozone therapy, psychotherapy, public health measures and hygiene, reflexology, rolfing, massage therapy, and traditional Chinese medicine.*
- *Nature cures include a range of **therapies based on exposure to natural elements such as sunshine, fresh air, or heat or cold**, as well as nutrition advice such as following a vegetarian and whole food diet, fasting, or abstention from alcohol and sugar.*
- *Physical medicine includes naturopathic, osseous, or soft tissue manipulative therapy, sports medicine, exercise, and hydrotherapy.*
- *Psychological counseling includes meditation, relaxation, and other methods of stress management.*

RBI's guidelines for State guarantee's

Syllabus: GS-3: Indian Economy – States' Finances.

Context:

- *The RBI Working Group examining issues relating to guarantees given by State governments has put forth certain recommendations to “facilitate better fiscal management by the State Governments”.*

Working group by Reserve Bank of India (RBI):

- **Purpose:** *Address issues with State governments' guarantees*
- *Constituted in July 2022*

- **Members:** *Ministry of Finance, Comptroller and Auditor General of India, State governments*
- **Recommendations:**
 - *Uniform reporting framework for state government guarantees*
 - *Uniform guarantee ceiling*
 - *Expanded definition of what constitutes a 'guarantee'*
 - *Implementation expected to facilitate better fiscal management by State governments, according to RBI.*

What constitutes a guarantee?

- **Definition of a 'guarantee':**
 - *Legal obligation for a State to make payments*
 - *Protects investor/lender from the risk of default by a borrower*
- **Basis in Indian Contracts Act (1872):**
 - *Contract to perform the promise or discharge the liability of a third person in case of default*
 - **Involves three parties:** *principal debtor, creditor, and surety*
- **Parties involved:**
 - **Creditor:** *entity to whom the guarantee is given*
 - **Principal debtor:** *defaulting entity on whose behalf the guarantee is given*
 - **Surety:** *entity giving the guarantee (State governments in this context)*
- **Example scenario:**
 - *A delivers goods/services to B*
 - *B does not make agreed-upon payment, risking being sued for the debt*
 - *C steps in and promises to pay for B*
 - *A agrees to the forbear request, constituting a guarantee*
- **Clarification:** *Guarantee is distinct from an 'indemnity' contract*
 - *Indemnity contract protects the lender from loss caused by the conduct of the promisor or the principal debtor.*

Purpose of a 'guarantee' at the State level:

- *Obtain concessional loans from **bilateral or multilateral agencies** for public sector enterprises (sovereign guarantee).*
- **Improve the viability of projects** *or activities with significant social and economic benefits.*
- *Enable public sector enterprises to **raise resources at lower interest charges** or more favorable terms.*

RBI Working Group's observations:

- *Guarantees are **widely used due to the absence of upfront cash payment requirements.***
- *While innocuous in good times, guarantees **may lead to significant fiscal risks during other times.***
- *Potential for **unanticipated cash outflows** and increased debt due to triggered guarantees.*
- *Difficulty in estimating the quantum and timing of **potential costs/cash outflows.***

Guarantee issuance at the State level:

- *State governments issue guarantees for State-owned enterprises, cooperative institutions, urban local bodies, and other State-governed entities.*
- *Guarantees are provided to **commercial banks or other financial institutions.***
- *Entities pay **guarantee commission** or fee to the governments in return.*

Definition of 'Guarantee' (as per Working Group's suggestion):

- ***Broad sense:** Encompasses all instruments, regardless of name, creating an obligation on the guarantor (State) to make a payment on behalf of the borrower in the future.*
- ***No distinction:** Should not differentiate between conditional or unconditional, or financial or performance guarantees.*
- ***Purpose:** Facilitates assessment of fiscal risk associated with guarantees.*
- ***Contingent liabilities:** May crystallize later, presenting a potential risk in the future.*
- *Guidelines for According 'Guarantees' (as per Working Group's recommendations):*

Restrictions on Use:

- *Government guarantees **should not be used to obtain finance through State-owned entities** that substitute budgetary resources of the State Government.*
- ***Should not create direct liability/de-facto liability on the State.***

Adherence to Government of India Guidelines:

- ***Follow Government of India guidelines** that specify guarantees only for the principal amount and normal interest component of the underlying loan.*
- ***Avoid extending guarantees** for external commercial borrowings.*
- ***Restrict guarantees to not exceed 80%** of the project loan, subject to lender-imposed conditions.*
- ***Prohibit guarantees to private sector companies and institutions.***

Additional Preconditions:

- *Specify appropriate preconditions, including the period of guarantee.*
- *Levy of guarantee fee to cover the risk.*
- *Government representation on the management board of the borrowing entity.*
- *Right to audit, among other specified conditions.*

Risk Determination and Assignment (as per Working Group's recommendations):

- **Risk Weights:**
 - *States should assign appropriate risk weights (high, medium, or low) before extending guarantees.*
 - *Risk weights serve as an indicator of the holding the lender should ideally have to adjust the associated risk.*
 - *Consideration of past default records in determining risk.*
- **Disclosure:**
 - *States must disclose the methodology used for assigning risk weights.*
- **Conservative Approach:**
 - *Suggested keeping the lowest risk slab at 100% for conservative risk assessment.*

Ceiling on Issuance of Guarantees:

- **Rationale:**
 - *Deemed "desirable" to have a ceiling on guarantee issuance due to potential fiscal stress if guarantees are invoked.*
- **Ceiling Parameters for Incremental Guarantees:**
 - *Ceiling at 5% of Revenue Receipts or 0.5% of GSDP (whichever is less).*

Guarantee Fee Structure:

- **Reflective of Risk:**
 - *Guarantee fee must reflect the riskiness of the borrowers' project and/or activities.*
- **Base Fee/Minimum Guarantee Fee:**
 - *Set at a minimum of 2.5% per annum.*
 - *Based on risk assessment and tenure.*
- **Additional Risk Premium:**
 - *Consideration of additional risk premium based on risk assessment.*

Disclosures (as per Working Group's recommendations):

➤ **Credit Extended Disclosure:**

- *Consider advising banks/NBFCs to disclose credit extended to State-owned entities backed by State-government guarantees.*
- *Availability of data from both issuer and lender may enhance the credibility of reported State government data.*

➤ **Proper Database:**

- *Suggested establishment of a unit at the State level for:*
- *Tracking extended guarantees.*
- *Compilation and consolidation of guarantee-related data.*

Honoring Commitments:

➤ **Recognizing Risks:**

- *Acknowledges that delays in honoring guarantees may pose reputational and legal risks for the State government.*

➤ **Caution in Fresh Finance:**

- *States urged to exercise caution before extending fresh finance to entities that have previously failed to honor commitments.*

➤ **Importance of Timely Honoring:**

- *Emphasizes the significance of promptly honoring guarantees in case of default.*
- *Delays may affect the sanctity of issued guarantees and pose reputational and legal risks for the State government.*

➤ **Acceptance of Fresh Guarantees:**

- *Notes that lenders/investors may be hesitant to readily accept fresh guarantees issued by the State Government if there's a history of default.*

➤ **State Governments' Interest:**

- *States encouraged to ensure timely honoring of all guarantees in the event of default to maintain credibility and avoid risks.*

Foreign Portfolio Investment (FPI)

Syllabus: GS-3; Economy, Money Market

Context

- *Foreign portfolio investors (FPIs), who are mandated to liquidate their holdings as per the **Securities and Exchange Board of India's (Sebi) January(2024)-end deadline**, will get seven months more to provide additional disclosures.*

About

- *It's a collection of financial assets, such as stocks, bonds, and cash equivalents, that are purchased by investors from another country.*
- ***FPI investments are held directly by an investor or managed by financial professionals.***
- ***They don't provide the investor with direct ownership of a company's assets.***
- *Examples of FPI investments include:*
 - *Stocks*
 - *Bonds*
 - *Mutual funds*
 - *Exchange traded funds*
 - *American depositary receipts (ADRs)*
 - *Global depositary receipts (GDRs)*
- *FPI is relatively liquid depending on the volatility of the market.*
- *FPI is different from **foreign direct investment (FDI)**. FDI is an international investment where the investor obtains a lasting interest in an enterprise in another country.*

Why has SEBI asked FPIs to provide additional disclosures?

- *In its August (2023) 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, sources said.*

Western Equine Encephalitis

Syllabus: GS-3: General Science – Diseases.

Context:

- *Outbreak of Western Equine Encephalitis Virus in Argentina.*

Outbreak Overview:

- *Human case of Western Equine Encephalitis Virus (WEEV) infection reported in Argentina on November 19, 2023.*
- *Patient discharged on December 20, 2023.*
- *Outbreak includes 21 confirmed new cases in Argentina, the first in over two decades.*
- *Ongoing outbreak in horses in Argentina and Uruguay.*

WEEV Background:

- *WEEV is a mosquito-borne infection.*
- *Virus belongs to the Togaviridae family, with an 11.5 kb single-stranded RNA genome.*
- *Reservoir: Passerine birds; intermediate hosts: equine species.*
- *Transmission: Primarily through mosquitoes.*

Symptoms and Consequences:

- *Most infections are asymptomatic.*
- *4-5% of cases may result in brain infection, leading to neurological symptoms.*
- *No specific antiviral treatment; symptomatic care crucial, especially for neurologic symptoms.*

Current Status (Since December 2023):

- *374 laboratory-confirmed cases of WEEV infections in animals in Argentina and Uruguay.*
- *21 human cases in Argentina.*
- *Provinces in Argentina affected, with Buenos Aires having the highest number of cases.*
- *In Uruguay, 56 equine cases, no reported human infections.*

Confirmed Cases and Outcomes:

- *91 suspected cases tested; 21 confirmed positive.*
- *Eight individuals needed intensive care, 13 general hospitalization, and one fatality.*
- *Exposure history: Three veterinarians, two construction workers, and two involved in outdoor activities.*

Preventive Measures:

- *PAHO/WHO issued an alert on the risk of WEE spread in the Americas.*
- *Enhanced surveillance and detection crucial for prevention.*
- *One Health approach recommended: environmental modifications, vector control, and equine vaccination in affected regions.*

What is end-to-end encryption? How does it secure information?

Syllabus: GS-3; Science and Technology

Context

- *Information is wealth, and an important way to protect it is encryption. This article discusses about- End-to-end (E2E) encryption in particular protects information in a way that has transformed **human rights organisations', law-enforcement agencies', and technology companies'** outlook on their ability to access and use information about individuals to protect, prosecute or profit from them, as the case may be.*

What is encryption?

- *Fundamentally, encryption is the **act of changing some consumable information into an unconsumable form** based on some rules. There are different kinds of such rules.*
- *For example, (with particular settings) the **Data Encryption Standard (DES)** encrypts the words "ice cream" to AdNgzrrtxcpeUzzAdN7dwA== with the key "kite". If the key is, say, "motorcycle", the encrypted text becomes 8nR+8aZxL89fAwru/+VyXw==.*
- *The key is some data using which a computer can 'unlock' (decrypt) some 'locked' (encrypted) text, knowing the set of rules used to 'lock' it.*

What is E2E encryption?

- *E2E is encryption that refers to particular locations between which information moves.*
- *In this setup, two important forms of encryption are encryption-in-transit and E2E encryption.*
 - **Encryption-in-transit** means before a message is relayed from the server to you (or vice versa), it is encrypted.
 - *This scheme is used to prevent an actor from being able to read the contents of the message by intercepting the relay.*
 - **In E2E encryption**, the message is encrypted both in transit and at rest – i.e. when being relayed from your phone to the server (or vice versa) and when it is sitting inside the server. It is only decrypted when the receiver receives the message.

How is information encrypted?

- *In **symmetric encryption**, the key used to encrypt some information is also the key required to decrypt it. DES is a famous example of a symmetric encryption protocol.*

- *Symmetric encryption is useful when the sender and the recipient are the same person, for example when you encrypt the hard drive of your computer. The **Advanced Encryption Standard (AES)**, which you might have noticed when setting your WiFi password, is also a symmetric encryption algorithm.*
- *In **asymmetric encryption**, if the message “ice cream” is encrypted using the key “motorcycle”, it can be decrypted using a different key that corresponds to “motorcycle” in a predetermined way.*
- *In this situation, using asymmetric encryption, you have been able to reveal the encryption key without compromising sender or receiver’s privacy.*
- *The key you shouted out is called the public key; the corresponding key you agreed your friend would use is called the private key.*