

DAILY CURRENT AFFAIRS (DCA)

Time: 45 Min

Date: 07-08-2024

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THE OILFIELDS (REGULATION AND DEVELOPMENT) AMENDMENT BILL, 2024

Context

- The Ministry of Petroleum & Natural Gas (MoPNG) introduced a Bill in Parliament to amend the **Oilfields (Regulation and Development) Act, 1948**.

About

- The Bill amends the **Oilfields (Regulation and Development) Act, 1948**.
- The Act regulates the exploration and extraction of natural gas and petroleum.

Key features of the Bill

- **Definition of mineral oils expanded:** The Act defines mineral oils to include petroleum and natural gas. It will not include **coal, lignite or helium**. The Bill expands the definition to include:
 - ♦ Any naturally occurring hydrocarbon,
 - ♦ Coal bed methane, and
 - ♦ Shale gas/oil.
- **Introduction of petroleum lease:** The Act provides for a mining lease. The lease provides for various activities such as **exploration, prospecting, production, making merchantable**, and disposal of mineral oils.
 - ♦ The Bill replaces the mining lease with a petroleum lease, which also covers a similar set of activities. Existing mining leases granted under the Act will continue to be valid.
- **Rule making powers of the central government:** The Act empowers the central government to make Rules on several matters.
 - ♦ These include **regulating the grant of leases**, conservation and development of mineral oils, methods for producing oil, and manner of collection of royalties, fees, and taxes.
 - ♦ The central government may also make Rules on **merger and combination of petroleum leases, sharing of production and processing facilities**, obligations of lessees towards protecting environment and reducing emissions, alternative mechanisms for resolving disputes in relation to the grant of petroleum leases.
- **The Bill adds following offenses:**
 - ♦ Undertaking activities related to mineral oils such as exploring, prospecting, and production without a valid lease, and
 - ♦ Non-payment of royalty.

- **Adjudication of penalties:** The central government will appoint an officer of the rank of Joint Secretary or above for adjudication of penalties.
 - ♦ Appeals against the decisions of the Adjudicating Authority will lie before the Appellate Tribunal specified in the Petroleum and Natural Gas Board Regulatory Board Act, 2006.
 - ♦ The 2006 Act designates the Appellate Tribunal for Electricity, constituted under the **Electricity Act, 2003**, as the Appellate Tribunal.

Source: BL

EXPLORATION OF GEOTHERMAL ENERGY

Context

- **Geological Survey of India (GSI)** has carried out **exploration of geothermal energy** in various recognized geothermal fields which includes **collection of data on temperature, discharge, and quality/chemistry of water in different geothermal fields**.

Major Highlights

- GSI has studied **381 thermally anomalous areas** across India and has published a report titled '**Geothermal Atlas of India, 2022**'.
- **Potential:** A potential of about **10,600 MW of geothermal power** has been estimated in the country.
- **Projects:** **Singareni Collieries Company Limited (SCCL)** has commissioned a 20 kW pilot geothermal power plant in **Manuguru area of Bhadradi Kothagudem district in Telangana**.
 - ♦ The Ministry of New and Renewable Energy (MNRE) is implementing a "**Renewable Energy Research and Technology Development Programme (RE-RTD)**" to develop indigenous technologies and manufacturing for widespread applications of new and renewable energy in an efficient and cost-effective manner.
 - ♦ **MNRE provides up to 100% financial support** to Government/non-profit research organizations and upto **70% to Industry, start-ups, private Institutes, entrepreneur, and manufacturing units** under Renewable Energy Research and Technology Development Programme, including for geothermal energy R&D projects.

• **Collaborations with international organisations/countries to advance geothermal energy efforts in India, include: -**

- ♦ Under the aegis of the MoU signed in 2007 between India and Iceland, both the sides have identified Geothermal as an area of cooperation.
- ♦ India has signed an MoU with Kingdom of Saudi Arabia in 2019, wherein, Geothermal has been identified as an area of cooperation.
- ♦ Under the Renewable Energy Technology Action Platform (RETAP) launched in 2023 between India and USA, Geothermal has been identified as a focus area.

Geothermal Energy

- Geothermal energy is a **type of renewable energy** that comes from the **heat stored within the Earth**.
- This heat is produced by the **natural decay of radioactive materials and by the heat that's left over from the planet's formation**.

Ways to Harness Geothermal Energy:

- **Geothermal Power Plants:** These use steam from heated water reservoirs beneath the Earth's surface to drive turbines connected to electricity generators. There are three main types:
 - ♦ **Dry Steam Plants:** Directly use steam from a geothermal reservoir to turn the turbines.
 - ♦ **Flash Steam Plants:** Pull high-pressure hot water into lower-pressure tanks to create steam.
 - ♦ **Binary Cycle Plants:** Transfer heat from geothermal hot water to another liquid with a lower boiling point, which vaporizes and drives the turbine.
- **Geothermal Heat Pumps:** These systems use the Earth's constant temperature to heat and cool buildings. In winter, they bring heat from the ground into buildings, and in summer, they transfer heat from buildings back into the ground.
- **Direct Use Applications:** Geothermal energy can also be used directly for heating buildings, growing plants in greenhouses, drying crops, and even in some industrial processes.
- **Geothermal District Heating:** In some areas, geothermal energy is used to provide heating for entire communities or districts through a network of pipes.
- **Drawbacks:** It can have some environmental impacts, such as land subsidence and the potential for induced seismicity (earthquakes triggered by human activity).

- ♦ Geothermal resources are often location-specific, which means they are most effective in regions with significant geothermal activity, such as Iceland, parts of the United States (like California and Nevada), and the Pacific Ring of Fire.

Significance:

- **Renewable and Sustainable:** Geothermal energy is a renewable resource because the heat from the Earth is continually replenished.
 - ♦ Unlike fossil fuels, which are finite, geothermal energy can provide a consistent and reliable source of power and heating.
- **Low Greenhouse Gas Emissions:** Geothermal energy systems produce very low levels of greenhouse gases compared to fossil fuels.
 - ♦ This makes it a cleaner alternative that helps mitigate climate change and reduce air pollution.
- **Diverse Applications:** Beyond electricity generation, geothermal energy can be used for direct heating applications, cooling, and in various industrial processes. This versatility enhances its value as a multipurpose energy source.
- **Low Operating Costs:** Once a geothermal power plant or heat pump system is installed, the operational and maintenance costs are relatively low compared to other energy sources. This can result in lower long-term energy costs.
- **Reduced Water Usage:** Geothermal power plants generally use less water than conventional power plants, which is particularly advantageous in water-scarce regions.

Source: PIB

ANTITRUST COMPLAINT AGAINST GOOGLE

Context

- An Indian start-up lobby group has filed a complaint with the **Competition Commission of India (CCI)** against **Google's alleged anti-competitive practices** in the **online advertising market**.

About

- **The Alliance of Digital India Foundation (ADIF)**, said that **Google's dominance over major online platforms** and its reliance on advertising for the majority of its revenue **hinders competition and negatively impacts Indian businesses**.

- The development comes as **India is currently discussing an exhaustive digital competition law**, which could see increased preemptive compliance on the part of large tech companies.

Background

- In March this year, the **Committee on Digital Competition Law (CDCL)** published its report outlining the **challenges associated with anti-competitive practices of digital enterprises** such as anti-steering, self-preferencing, tying, and bundling in the digital markets in India.
- The committee had proposed a Digital Competition Bill in the report, providing for **ex-ante regulations** to curb these anti-competitive practices.

Key Highlights

- **Predictive Regulation:** It proposes a forward-looking, preventive, and presumptive law (an ex ante framework) that **foresees the potential harms** that can arise out of antitrust issues and prescribes pre-determined **no-go areas**.
 - ♦ Currently, India follows an ex post antitrust framework under the Competition Act, 2002.
 - ♦ One of the biggest criticisms of the law has been that **regulating after the incidence of market abuse involves delays** — by the time the offending company has been penalised, market dynamics change to rule out smaller competitors.
- **Significant entities:** The Bill proposes that for certain **“core digital services”** like **search engines, and social media sites**, the Competition Commission of India (CCI) should designate companies as **“Systematically Significant Digital Enterprise (SSDE)”** depending on various **quantitative and qualitative parameters such as turnover, user base, market influence etc.**
 - ♦ Entities that don't fall under these parameters can still be designated as SSDEs if the CCI believes that they have a significant presence in any given core digital service.
 - ♦ Entities which are designated as SSDEs, have been **prohibited from engaging in practices such as self-preferencing, anti-steering, and restricting third party applications.**
 - ♦ If they violate these requirements, they can be **fined up to 10% of their global turnover.**
- **Associate Digital Enterprises:** Understanding the role that data collected by one company of a major technology group can play in benefitting other group companies, the Bill proposes to **designate associate digital enterprises (ADEs).**

- ♦ If an entity of a group is determined to be an associate entity, they would have the same obligations as SSDEs depending on the level of their involvement with the core digital service offered by the main company.

- **Enforcement of provisions:** The draft Bill empowers the **Director General**, appointed under the 2002 Act, to investigate any contraventions when directed by the CCI.

Need for the Bill

- The big tech companies have shown a **history of engaging in anti-competitive practices**, and a presumptive framework would work better to address this.
 - ♦ Last year, Google was fined Rs 1.337 crore by the CCI for its anti-competitive conduct in the Android ecosystem.
- There is also concern that in the last decade or so, a **majority of the innovation** has been confined to within the stables of a handful of big tech companies, mostly from the US.
 - ♦ Officials believe that a big reason for this are the **high market barriers for new entrants in the sector** — in the online market.

Criticism of the Draft Bill

- **Compliance Burden:** For big tech companies, an ex ante framework with its strict prescriptive norms could lead to **significant compliance burden**, and **shift focus from innovation and research**.
 - ♦ As a result, the tech giants are calling for the current competition law to be strengthened rather than moving towards an ex ante framework.
- **Broad Definition of Entities:** Companies are also understood to be concerned about the broad definition — both quantitative and qualitative — of who a significant platform could be.
 - ♦ Unlike EU's DMA which specifically names the 'gatekeeper' entities, that decision in India's draft law has been left to the **discretion of the CCI.**
 - ♦ Companies believe that could lead to **arbitrary decision making**, which could potentially also impact start-ups.

Conclusion

- Ex-ante regimes tell businesses precisely how to behave, or what to do.
- Under the current ex-post regime of the Competition Act, companies are only required to ensure that their conduct in the market is not anti-competitive.

- An overlapping ex-ante regime proposed under the digital competition Bill will **force tech companies to comply with parallel legislation and undertake measures for additional compliance.**

Source: IE

DEBATE OVER GST ON HEALTH INSURANCE

Context

- Opposition parties in India are demanding the withdrawal of Goods and Services Tax (GST) on life insurance and health insurance premiums.

Background

- GST replaced all **indirect taxes** like **service tax and cess** from **2017**.
- Since GST encapsulates service tax, which applies to the insurance industry, its introduction has resulted in an increase in premium amounts.
- GST on health and life insurance policies is fixed at **18%**.
 - ♦ Prior to GST, life insurance premiums were subject to **15% service taxes**, comprising **Basic Service Tax, Swachh Bharat cess, and Krishi Kalyan cess.**
- The increase from **15% to 18%** impacted the end consumer (policyholders) by raising their premium amounts.

Argument in favor of imposing the tax

- GST is applicable to all insurance policies since insurance is a service, and policyholders pay tax on their insurance premium.
- Insurance policies allow certain deductions while computing income tax. The tax-saving deductions, particularly on life insurance premiums, are **Sections 80C and 80D of the Income Tax Act, 1961.**
 - ♦ Under **Section 80C**, a customer can avail deductions of up to Rs 1.5 lakh on the overall insurance premium, including the GST applicable on them.

Argument for withdrawing the GST on the Premium

- The GST on insurance in India is the highest in the world and that the situation needs to be addressed in order to attain the goal of **“Insurance for All by 2047”**, which was endorsed by the **Standing Committee on Finance in its 66th report.**
 - ♦ This report had recommended rationalization of the GST rate on insurance products, especially health and term insurance.

- The high rate of GST results in a **high premium burden**, which acts as a **deterrent to getting insurance policies.**
- The Committee, with a view to make insurance more affordable, recommend that GST rates applicable to health insurance products, particularly retail policies for senior citizens and microinsurance policies (up to limits prescribed under PMJAY, presently Rs 5 lakh), and term policies may be reduced.

Goods and Services Tax (GST)

- GST is a **unified tax system** that replaced multiple indirect taxes levied by both the Central and State Governments.
- The GST system follows a dual structure, comprising **Central GST (CGST) and State GST (SGST)**, levied concurrently by the Central and State governments, respectively.
- Additionally, an **Integrated GST (IGST) is levied on interstate supplies and imports**, which is collected by the Central Government but apportioned to the destination state.

Goods and Services Tax (GST) Council

- The Goods and Services Tax (GST) Council is a **constitutional body established under Article 279A** of the Indian Constitution through the **101st Amendment Act of 2016.**
- **The Union Finance Minister** is the Chairperson of the GST Council.
- The GST Council makes recommendations to the Union and the States on key GST-related issues, including:
 - ♦ Taxes, cesses, and surcharges to be subsumed under GST
 - ♦ Goods and services to be subject to or exempt from GST
 - ♦ Model GST laws, principles of levy, and apportionment of IGST
 - ♦ Tax rates, thresholds, special provisions, and any other matter relating to GST
- **Dispute resolution:** The Council also serves as a platform to resolve disputes between the Centre and the States or among the States themselves on GST-related matters.
- The Centre has one-third of the total voting power, while the States collectively have two-thirds.

Source: IE

NEWS IN SHORT

BOILERS BILL, 2024

Context

- The Boilers Bill, 2024 was introduced in Rajya Sabha. The Boilers Bill, 2024 repeals the Boilers Act, 1923.

About

- The Boilers Act, 1923**, a pre-constitution Act, deals with the safety of life and property.
- It was amended in the year 2007 by the **Indian Boilers (Amendment) Act, 2007** wherein **inspection and certification by independent third party** inspecting authorities was introduced.

The salient features of the Bill

- The similar provisions which are at different places in the **Boilers Act, 1923** have been grouped together in **six chapters** for better understanding of the Act.
- Out of the seven offenses, to ensure safety of boilers and personnel dealing with boilers, **in four major offenses which may result in loss of life and property, criminal penalties are retained.**
 - For other offenses, provision is being made for fiscal penalties.
- Moreover, for all non-criminal offenses **'fine' has been converted into 'penalty'** to be levied through executive mechanism instead of courts as existed earlier.
- The proposed bill will enhance safety as specific provisions have been made in the Bill to ensure the safety of persons working inside a boiler and that repair of boilers is undertaken by qualified and competent persons.

Source: PIB

PHYSICS OF PRESSURE

Context

- There are billions of atoms and molecules around us in the air and they hit us continuously all the time, creating what we call air pressure.

Pressure

- Pressure is the force applied perpendicular to the surface of an object per unit area over which that force is distributed.
 - Hence Pressure is the average force spread over any area.

- Pressure is a **scalar quantity** and the SI unit of pressure is **Pascal (Pa)**.

Applications of Pressure in daily life

- Car Brakes:** Hydraulic brakes use the pressure of a fluid to stop vehicles.
- Pressure Cookers:** Utilize steam pressure to cook food faster and more efficiently.
- Blood Pressure Monitoring:** Measuring blood pressure helps diagnose and monitor health conditions.
- Weather Prediction:** Barometers measure atmospheric pressure to help forecast the weather.
- Vacuum Cleaners:** Create a low-pressure area to suck up dirt and debris from floors and surfaces.

Source: TH

MALWA CANAL PROJECT

Context

- The Punjab government faces a serious funds crunch, and some experts have raised questions over the technical viability of the **Malwa canal project.**

About

- The proposed **149.53-km canal** is named after **Malwa**, the biggest and politically most important of the **three geographical and cultural regions of Punjab**, which sprawls across the entire southern part of the state.
- The proposed **50-foot wide and 12-foot deep canal** will originate at the Harike Headworks on the **Sutlej river** in Ferozepur district, and will carry 2,000 cusecs of water. (A cusec is flow equivalent to 1 cubic foot per second.)
- The canal is expected to take five years to build, and is projected to **irrigate 2 lakh acres of land in seven districts.**

Source: IE

YEN CARRY TRADE

In News

- Low rates incentivized global investors to borrow yen cheaply and invest in other countries for better returns.

About Yen Carry Trade

- Investors borrow money in a country with low interest rates and invest it in countries with higher interest rates.

- ◆ Example: Borrowing yen (from Japan) with low rates and investing in countries like Brazil, Mexico, or India where rates are higher.
- **Bank of Japan's Policy:** Between 2011 and 2016, Japan's interest rates were at zero, and since 2016, they have been even lower (-0.10%) to stimulate economic activity in Japan.
- ◆ From mid-March to July, the Bank of Japan raised rates from -0.10% to 0.25%.
- ◆ The increase in Japanese interest rates led to a stronger yen.
- **Impact:** Investors who had borrowed yen and invested in other currencies started selling their international assets.
- ◆ The yen strengthened against other currencies like the US dollar, Brazilian real, Indian rupee, and Mexican peso.

Source: IE

