

## **1. Algo Trading**

### **Why in News?**

- the Securities and Exchange Board of India (SEBI) has recently issued a discussion paper on regulating Algorithmic or Algo Trading, or trades generated out of automatic execution and logic.

### **Highlights:**

- There is a need to create a regulatory framework for algo trading.
- All orders emanating from an APIs (Application Programming Interface), should be treated as an algo order and be subject to control by stock broker and the APIs to carry out algo trading should be tagged with the unique algo ID provided by the stock exchange Granting approval for the algo.
- An API is an interface that can be used to program software that interacts with an existing application.
- Each algo strategy, whether used by broker or client, has to be approved by exchange and as is the current practice, each algo strategy has to be certified by Certified Information Systems Auditor (CISA)/ Diploma in Information System Audit (DISA) auditors.
  - ✓ Stock exchanges have to develop a system to ensure that only those algos which are approved by the exchange and having unique algo ID provided by the Exchange are being deployed.
  - ✓ All algos developed by any entity have to run on the servers of brokers wherein the broker has control of client orders, order confirmations and margin information.
  - ✓ Two factor authentication should be built in every such system which provides access to an investor for any API/algo trade.
  - ✓ It will ensure that the interest of retail investors is protected and it will boost investors' confidence to undertake algo trading.
  - ✓ With a set of rules in place, there won't be any price manipulations and the investors will not incur any heavy losses in the process.
  - ✓ Additionally, it might be a blessing in disguise for brokers to scale up their technological prowess and expand their clientele.

### About Algo Trading:

- Almost everything in the digital world is based on algorithms. Algorithms leverage user data, behaviour and usage patterns, and take in pre-specified instructions to achieve certain goals.
- Algo trading refers to orders generated at superfast speed by the use of advanced mathematical models that involve automated execution of trade.
- Even a split-second faster access is considered capable of bringing huge gains to a trader.
- The algo trading system automatically monitors the live stock prices and initiates an order when the given criteria are met.
- This frees the trader from having to monitor live stock prices and initiate manual order placement.
- It's like asking a broker to buy or sell shares at a specific time or at a certain price, except that algorithmic trading is faster – computers analyse a lot more data than a human can in a given time and have less scope for error.
- Also, significant price changes can be avoided because orders are executed within seconds.
- Thus, investors can execute more trades faster since less time is required to manually monitor, select, buy, sell, initiate order placements and so on.

## **2. Right to Be Forgotten**

### Why in News?

- The Union Government has recently informed the Delhi High Court that the international legal concept of the Right to Be Forgotten is evolving in India and it comes under the Right to Privacy.

### Highlights:

- As per Supreme Court Judgement the Right to privacy includes the Right to Be Forgotten (RTBF) and the right to be left alone.
- : In Puttaswamy v. Union of India case, 2017, the Right to Privacy was declared a fundamental right by the Supreme Court.
- Right to privacy is protected as an intrinsic part of the right to life and personal liberty under Article 21 and as a part of the freedoms guaranteed by Part III of the Constitution.

- Right to be Forgotten is the right to have publicly available personal information removed from the internet, search, databases, websites or any other public platforms, once the personal information in question is no longer necessary, or relevant.
- The RTBF gained importance after the 2014 decision of the Court of Justice of the European Union (“CJEU”) in the Google Spain case.
- In the Indian context, the Supreme Court in Puttaswamy v. Union of India, 2017 noted that the RTBF was a part of the broader right of privacy.
- The RTBF emerges from the right to privacy under Article 21 and partly from the right to dignity under Article 21.
- Right to be Left Alone doesn’t mean that one is withdrawing from society. It is an expectation that society will not interfere in the choices made by the person so long as they do not cause harm to others.
- The existence of RTBF in a given situation depends on its balancing with other conflicting rights such as the right to free expression or other publication rights.
- For example, a person may want to de-link information about his criminal records and make it difficult for people to access certain journalistic reports when they google him.
- This brings the person’s right to be left alone, derived from Article 21, directly in conflict with the rights of the media to report on issues, flowing from Article 19.
- Enforceability Against Private Individuals: The RTBF will normally be claimed against a private party (a media or news website).
- This raises the question of whether fundamental rights can be enforced against the private individual, which is generally enforceable against the state.
- Only Article 15(2), Article 17 and Article 23 provides protection against a private act of a private party that is challenged based on its violation of the Constitution.

### **3. Biological Diversity (Amendment) Bill, 2021**

#### **Why in News?**

- The Biological Diversity (Amendment) Bill, 2021 was recently tabled in the Parliament.

#### **Highlights:**

- The amendments seek to decriminalise certain provisions and bring more foreign investments in the chain of biological resources, including research, patent and commercial utilisation, without compromising the National Interest.

- However, opposition parties have cited concerns over the bill and it is being referred to a select committee. They demanded the bill to be referred to the Parliament standing committee
- The bill looks to relax certain rules in the Biological Diversity Act, 2002. The 2002 Act imposed a heavy “compliance burden” on Indian medicine practitioners, seed sector, industry & researchers and made it hard to conduct collaborative research and investments.
- **Simplify Research Process:** The amendments also streamline the process of Patenting for Indian researchers to Encourage Patenting.
- For this, regional patenting centres will be opened across the country.
- **Boosting Indian Medicine System:** It seeks to give a fillip to “Indian system of medicine”, and facilitate fast-tracking of research, patent application process, transfer of research results while utilising the biological resources available in India.
- It seeks to empower local communities to be able to utilise resources, particularly of medicinal value, such as seeds.
- The Bill looks to encourage farmers to increase cultivation of medicinal plants.
- These objectives to be achieved without compromising the objectives of the United Nations Convention on Biological Diversity.
- **Decriminalising Certain Provisions:** It seeks to decriminalise certain provisions in the chain of biological resources.
- These changes were brought in consonance with India’s ratification of Nagoya Protocol (access to genetic resources and the fair and equitable sharing of benefits arising from their utilisation) in 2012.
- **Allowing Foreign Investments:** It also allows for foreign investment in research in biodiversity. However, this investment will necessarily have to be made through Indian companies involved in Biodiversity Research.
- For foreign entities the approval from the National Biodiversity Authority is necessary.
- **Exempting AYUSH Practitioners:** The Bill seeks to exempt registered AYUSH medical practitioners and people accessing codified traditional knowledge, among others, from giving prior intimation to State biodiversity boards for accessing biological resources for Certain Purposes.

#### **4. The challenge of achieving 9.5% growth rate**

##### **Why in News?**

- The National Statistical Office (NSO) released the second quarter gross value added (GVA) and gross domestic product (GDP) numbers on November 30, 2021, indicating the pace of Economic Recovery in India after the two COVID-19 waves.

##### **Strong Growth Momentum Required to exceed pre-COVID-19 Levels:**

- The real GVA for the first half of 2021-22 at ₹63.4 lakh crore has remained below the level in the first half of 2019-20 at ₹65.8 lakh crore by (-)3.7%.
- This difference is even larger for GDP which at the end of first half of 2021-22 stood at ₹68.1 lakh crore, which is (-) 4.4% below the corresponding level of GDP at ₹71.3 lakh crore in 2019-20.
- As the base effect weakens in the third and fourth quarters of 2021-22, a strong growth momentum would be needed to ensure that at the end of this fiscal year, in terms of Magnitude, GVA and GDP in real terms exceed their corresponding pre-COVID-19 levels of 2019-20.
- Domestic demand including private final consumption expenditure (PFCE) in the first half of 2021-22 remains below its corresponding level in 2019-20 by nearly ₹5.5 lakh crore.
- This indicates that investment as well as consumption demand have to pick up strongly in the remaining two quarters to ensure that the economy emerges on the positive side at the end of 2021-22 as compared to its pre-COVID-19 level.

##### **Annual Growth Prospects:**

- Required rate in second half of 2021-22: To realise the projected annual growth at 9.5% for 2021-22 given both by the Reserve Bank of India (RBI) and the International Monetary Fund (IMF), we require a growth of 6.2% in the second half of 2021-22.
- This will have to be achieved even as the base effect weakens in the third and fourth quarters since GDP growth rate in these quarters of 2020-21 was at 0.5% and 1.6%, respectively.
- Thus, achieving the projected growth rate of 9.5% is going to be a big challenge.
- What should be the policy to achieve higher growth rate:
- Fiscal support: The policy instrument for achieving a higher growth may have to be a strong fiscal support in the form of Government Capital Expenditure.

- The Centre's gross tax revenues have shown an unprecedented growth rate of 64.2% and a buoyancy of 2.7 in the first half of 2021-22.
- The Centre's incentivisation of state capital expenditure through additional borrowing limits would also help in this regard. According to available information, 11 States in the first quarter and seven States in the second quarter qualified for the release of the additional tranche under this window.
- Even as Central and State capital expenditures gather momentum, high frequency indicators reflect an ongoing pick-up in private sector economic activities.

### **Robust Growth in Centre's gross Tax Revenue:**

- The Growth in the Centre's GTR in the first half of 2019-20 was at 1.5% and there was a contraction of (-)3.4% for the year as a whole.
- In the face of such weak revenues, the Central government could not mount a meaningful Fiscal Stimulus in 2019-20 even as real GDP growth fell to 4.0%.
- In contrast, the government is in a significantly stronger position in 2021-22 since the growth in GTR in the first half is 64.2% and the full-year growth is expected to be quite robust.

## **5. Biological Diversity Amendment Bill, 2021**

### **Why in News?**

- The Government has introduced the Biological Diversity (Amendment) Bill, 2021 which seeks to facilitate access to biological resources and traditional knowledge by the Indian traditional medicine sector.

### **Biological Diversity Act, 2002: A Quick Recap:**

- The BDA, 2002 was enacted for the conservation of biological diversity and fair, equitable sharing of the monetary benefits from the commercial use of biological resources and Traditional Knowledge. The main intent of this legislation is to protect India's rich biodiversity and associated knowledge against their use by foreign individuals.
- It seeks to check biopiracy, protect biological diversity and local growers through a three-tier structure of central and state boards and local committees.
- The Act provides for setting up of a National Biodiversity Authority (NBA), State Biodiversity Boards (SBBs) and Biodiversity Management Committees (BMCs) in local bodies.



- The NBA will enjoy the power of a civil court.

### **What are the Proposed Amendments?**

- The bill seeks to reduce the pressure on wild medicinal plants by encouraging the cultivation of medicinal plants. The bill:
- Biological Resources Sharing: Exempts Ayush practitioners from intimating biodiversity boards for accessing biological resources or knowledge (Vaidis and Hakims)
- Research Promotion: Facilitates fast-tracking of research, simplify the patent application process

### **Decriminalization: Decriminalizes certain offences**

- Bring in foreign investment: Seeks to bring more foreign investments in biological resources, research, patent and commercial utilisation, without compromising the national interest

### **Need for the Amendment:**

- **Simplifying Process:** Concerns were raised by Ayush medicine, seed, industry and research sectors urging the government to simplify, streamline the profession.
- **Easing compliance:** They urged govt to reduce the compliance burden to provide for a conducive environment for collaborative research and investments.
- Access and Benefit-sharing: It also sought to simplify the patent application process, widen the scope of access and benefit-sharing with local communities.
- **Exemptions:** Ayush practitioners have been exempted from the ambit of the Act, a huge move because the Ayush industry benefits greatly from biological resources in India.
- Certain offences: Violations of the law related to benefit-sharing with communities, which are currently treated as criminal offences and are non-bailable, have been proposed to be made Civil Offences.
- Imbibing Nagoya Protocol: This bill provides to reconcile the domestic law with free prior informed consent requirements of the 2010 Nagoya Protocol on ABS.

### **Criticisms of the Bill:**

- **No consultation:** The bill has been introduced without seeking public comments as required under the pre-Legislative consultative Policy.
- **No profit-sharing:** There are ambiguous provisions in the proposed amendment to protect, conserve or increase the stake of local communities in the sustainable use and conservation of biodiversity.

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- **Commercialization:** Activists say that the amendments were done to “solely benefit” the AYUSH Ministry.
  - **Loopholes to Biopiracy:** The Bill would mean AYUSH manufacturing companies would no longer need to take approvals.
  - **Ignoring Bio-utilization:** The bill has excluded the term Bio-utilization which is an important element in the Act. Leaving out bio utilization would leave out an array of activities like characterization, incentivisation and bioassay which are undertaken with Commercial Motive.
  - **Exotic Plants Cultivation:** The bill also exempts cultivated medicinal plants from the purview of the Act but it is practically impossible to detect which plants are cultivated and which are from the wild.
  - **De-licensing:** This provision could allow large companies to evade the requirement for prior approval or share the benefit with local communities.

