

## **1. Saa᳚thi App**

### **Why in News?**

- Securities and Exchange Board of India (SEBI) has recently launched Saa᳚thi – a mobile app on investor education. ‘R’ represents ‘᳚’.

### **Highlights:**

- It aims to create awareness among investors about the basic concepts of the securities market. The app will also explain about KYC process, trading and settlement, Mutual Funds (MF), recent market developments, investor grievances redressal mechanism, etc.
- A recent surge is seen in individual investors entering the market, and more importantly a large proportion of trading being mobile phone based.
- According to NSE (National Stock Exchange) data, the share of Individual investors increased to 45% in 2021 from 39% in 2020.
- The NSE is India's Largest Financial Market.
- Securities are financial instruments issued to raise funds.
- The primary function of the securities markets is to enable the flow of capital from those that have it to those that need it.
- Securities markets provide channels for allocation of savings to investments and thereby decouple these two activities.
- As a result, the savers and investors are not constrained by their individual abilities, but by the economy's abilities to invest and save respectively, which inevitably enhances savings and investment in the economy.
- Securities and Exchange Board of India (SEBI) is a statutory body established on 12th April 1992 in accordance with the provisions of the Securities and Exchange Board of India Act, 1992.
- Its basic function is to protect the interests of investors in securities and to promote and regulate the Securities Market.

## **2. Antrix -Devas Deal**

### **Why in News?**

- Recently, the controversial deal between Indian Department of Space's commercial entity Antrix and Bengaluru-based startup Devas Multimedia has been under the scanner for more than a decade now.

## Highlights:

- The International Telecommunication Union granted India S-band spectrum in the 1970s.
- By 2003, there was a fear that the spectrum would be lost if not used effectively; 40 MHz of S-band was given to the Department of Telecom (DoT) for terrestrial use.
- 70 Mhz was to be put to efficiently used by the Department of Space (DoS) or in effect to be used by Indian Space Research Organisation (ISRO).
- Global Negotiations for Growth of Communication Systems: Initially, an MoU was signed by Forge (a US Consultancy) and Antrix in July 2003 for use of the satellite spectrum for the growth of communication systems in India, but later a start-up was envisaged, and Devas Multimedia was floated.
- In 2005, the deal was signed to provide multimedia services to mobile users using the leased S-band satellite spectrum.
- Under the deal, ISRO would lease to Devas two communication satellites (GSAT-6 and 6A) for 12 years.
- In return, Devas would provide multimedia services to mobile platforms in India using S-band transponders on the satellites.
- As a result of the deal, Devas introduced and utilised technologies like never before and was a huge revenue generator for Antrix.
- The deal was Cancelled in 2011 on the ground that the auction of the broadband spectrum was mired in Fraud.
- The decision was taken in the midst of the 2G scam and allegations that the Devas deal involved the Handing over of communication spectrum valued at nearly Rs 2 lakh crore for a pittance.
- The Government also held that it needed the S-band satellite spectrum for national security and other Social Purposes.
- Meanwhile, in August 2016, the Central Bureau of Investigation (CBI) filed a charge sheet against officials from Devas, ISRO and Antrix linked to the deal for “being party to a Criminal Conspiracy”.
- Amongst them, were the former ISRO chairman G Madhavan Nair and former Antrix executive director K R Sridharamurthi.
- International Tribunal Arbitration: Devas Multimedia initiated arbitration against the annulment at the International Chambers of Commerce (ICC).

- Two separate arbitrations were also initiated under the Bilateral Investment Treaty (BIT) by Mauritius investors in Devas Multimedia under the India-Mauritius BIT and by Deutsche Telekom -- a German company -- under the India- Germany BIT.
- India lost all three disputes and has to pay a total of USD 1.29 billion in damages.
- Due to the Indian Government not paying the compensation, a French court has recently ordered the freezing of Indian government property in Paris, to enforce a USD 1.3 billion arbitration award.
- Recently, the Supreme Court reiterated the Government's 2011 stance and directed the winding up of Devas Multimedia business in India.
- The Supreme Court also upheld the previous award by the National Company Law Appellate Tribunal (NCLAT) and National Company Law Tribunal (NCLT).
- Antrix filed a plea in the NCLT in January 2021 for the liquidation of Devas in India, which it said was incorporated in a fraudulent manner.
- These tribunals directed the winding up of Devas Multimedia and appointed a provisional liquidator for the purpose.

### **3. High Tariffs on The Import of Electronics Components**

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

- A report by the Indian Cellular and Electronics Association (ICEA) has recently said that India's policy of adopting high tariffs on the import of electronics components may prove to be counterproductive.

#### **Highlights:**

- ICEA is the apex industry body of the mobile and electronics industry comprising Manufacturers. India has adopted high tariffs on the import of electronics components to reduce risks from global competition and save Domestic Companies.
- However, it may prove to be counterproductive to its schemes aimed at increasing domestic production of electronic products.
- India vs Other Nations: All the countries have tried to encourage the domestic production of electronic goods in their geographies by adopting almost similar strategies such as attracting Foreign Direct Investment (FDI), improving domestic capabilities and competitiveness, increasing exports and then linking their markets with global value chains.

- China: Since 1980 China has improved its ranking in terms of office and telecom equipment export from 35 to 1, while Vietnam, which did not export any such electronic products up until 1990s has climbed the ladder to become the eight largest export in just 20 years.
- Mexico: Similarly, Mexico, which was 37th in terms of electronics product export in the 1980s has steadily risen through the ranks to gain 11th place, a position it has maintained over the last two decades.
- Thailand ranked 45 in 1980, has also consolidated its position in the top 15 electronic product exporters, according to the report.
- India, which started at 40th position in the 1980s has gained and lost positions to reach 28th position by 2019.
- Though all the countries followed nearly the same policy to boost domestic electronics manufacturing, one major difference between India and the rest of the countries was heavy reliance on tariffs.
- It is due to such high tariffs that investors and electronic component makers from global markets shy away from India as a market since the participation of the country in global value chains has remained low.
- Further, despite the size of the Indian economy, its participation in exports and international trade has remained low.
- Even for the domestic markets, the assumption that it will be beneficial to most companies since it is large and growing is wrong.
- For example, in the case of mobile phones, where one of the largest PLI schemes is currently operational, the size of the domestic market is expected to increase to USD 55 billion by 2025-26, whereas the global market is expected to reach USD 625 billion by the same time.
- Thus, at present, the Indian domestic market is about 6.5% of the global market, with a possibility of growing to 8.8%, if the growth forecasts are reasonably robust.
- At present, India's market share is not attractive enough for FDI to choose India as a location primarily on the basis of its domestic market per se, especially if India's policies result in cost inefficiencies which create obstacles to accessing a much larger global market.