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Contents

All about the LIC IPO process.....	2
Hydrogen fuel and Electric Vehicles: All you need to know	3
All about Australia vs Facebook.....	5
All about Saka Nankana Sahib and its history.....	7

All about the LIC IPO process

(Source: [Indian Express](#))

Context: *Decks are being cleared systematically for the mega listing of Life Insurance Corporation of India (LIC), India's largest financial institution with assets of over Rs 32 lakh crore. While the government is clearing the hurdles before the IPO, one after another, market regulator Sebi has relaxed the norms to make the listing process easier and smooth.*

What has Sebi done to smoothen the LIC IPO process?

- Currently, issuers with a post-issue market capitalisation of Rs 4,000 crore are required to offer at least 10 per cent of the post-issue capital to the public and achieve a minimum public holding of 25 per cent within three years.
- Sebi has now said the issuer with a post-issue market capitalisation needs to make an offer of Rs 10,000 crore and five per cent of the incremental amount beyond the Rs one lakh crore.
- The size will ultimately depend on the valuation.

What does the Sebi decision mean?

- The post issue market capitalisation is likely to be around Rs 10 lakh crore on a conservative estimate. It can go up to Rs 15 lakh crore once the embedded valuation is known.
- As per the new Sebi rule, on a Rs 10 lakh crore market capitalisation yardstick, LIC will have to make an issue of Rs 55,000 crore (Rs 10,000 crore plus five per cent of Rs 9 lakh crore).
- If the market capitalisation is expected to be Rs 15 lakh crore, the IPO size would become Rs 80,000 crore.
- If it's Rs 8 lakh crore, the IPO size would be Rs 45,000 crore.
- Still, LIC IPO will be the largest to hit the Indian capital market.

When is the LIC IPO expected?

- The IPO is expected to hit the market in the third quarter. The economy is on the comeback trail and the stock markets are also buoyant, making things easier for the LIC IPO.
- The government has already announced that up to 10 per cent of the IPO issue size would be reserved for its policyholders.
- As LIC currently services almost 30 crore policies across the country, it's expected to be a smooth sailing for the IPO.

What has been the progress on listing formalities so far?

- The government has made the LIC Amendment Act as part of the Finance Bill, thereby bringing the required legislative amendment for launching the IPO.
- Although LIC is currently under the supervision of the Insurance Regulatory Development Authority, it is governed by the LIC Act of 1956 which enables LIC to obtain a special dispensation in several areas including higher stakes in companies.
- The Department of Investment and Public Asset Management (DIPAM), which oversees the government's equity in public sector firms, has already selected actuarial firm Milliman Advisors for ascertaining the embedded value of LIC. Besides, Deloitte and SBI Caps have been appointed as pre-IPO transaction advisors.

How is LIC performing against the backdrop of Covid pandemic?

- The corporation's composite market share in number of policies and first year premium was 67.82 per cent and 70.57 per cent respectively for the period ended September 2020.



- LIC, a contrarian investor, took every available opportunity in the market investing more than Rs 260,000 crore in debt and equity (as of September 2020) as compared to Rs 244,931 crore invested last year during the same period.
- It booked more than Rs 15,000 crore as profits in the capital market till September. LIC has achieved more than Rs 25,000 crore in first year premium income in individual new business performance in the half year as compared to Rs 24,867.70 crore in the same period of last year.
- It also settled more than 82 lakh claims amounting to more than Rs 48,000 crore .

Hydrogen fuel and Electric Vehicles: All you need to know

Context: *Traditionally a slow mover in frontier electric vehicle (EV) technologies, India has made an uncharacteristically early entry in the race to tap the energy potential of the most abundant element in the universe, hydrogen. Less than four months after the United States Department of Energy announced an investment up to \$100 million in hydrogen production and fuel cell technologies research and development, India has announced a National Hydrogen Mission.*

Details:

- A handful of mobility-linked pilots are already under way.
 - In October, Delhi became the first Indian city to operate buses running on hydrogen spiked compressed natural gas (H-CNG) in a six-month pilot project. The buses will run on a new technology patented by Indian Oil Corp for producing H-CNG — 18 per cent hydrogen in CNG — directly from natural gas, without resorting to conventional blending.
 - Power major NTPC Ltd is operating a pilot to run 10 hydrogen fuel cell-based electric buses and fuel cell electric cars in Leh and Delhi, and is considering setting up a green hydrogen production facility in Andhra Pradesh.
 - IOC is also planning to set up a dedicated unit to produce hydrogen to run buses at its R&D centre in Faridabad.
 - As a supporting regulatory framework, the Ministry of Road Transport and Highways late last year issued a notification proposing amendments to the Central Motor Vehicles Rules, 1989, to include safety evaluation standards for hydrogen fuel cell-based vehicles.

Why hydrogen — and its types

- Hydrogen's potential as a clean fuel source has a history spanning nearly 150 years. In 1874, science fiction writer Jules Verne set out a prescient vision in *The Mysterious Island* — of a world where “water will one day be employed as fuel, that hydrogen and oxygen which constitute it, used singly or together, will furnish an inexhaustible source of heat and light, of an intensity of which coal is not capable”.
- In 1937, the German passenger airship LZ129 Hindenburg used hydrogen fuel to fly across the Atlantic, only to explode while docking at Naval Air Station Lakehurst in New Jersey, killing 36 people. In the late 1960s, hydrogen fuel cells helped power NASA's Apollo missions to the moon.
- After the oil price shocks of the 1970s, the possibility of hydrogen replacing fossil fuels came to be considered seriously. Three carmakers — Japan's Honda and Toyota, and South Korea's Hyundai — have since moved decisively in the direction of commercialising the technology, albeit on a limited scale.
- The most common element in nature is not found freely. Hydrogen exists only combined with other elements, and has to be extracted from naturally occurring compounds like water (which is a combination of two hydrogen atoms and one oxygen atom). Although hydrogen is a clean molecule, the process of extracting it is energy-intensive.



- The sources and processes by which hydrogen is derived, are categorised by colour tabs. Hydrogen produced from fossil fuels is called grey hydrogen; this constitutes the bulk of the hydrogen produced today.
- Hydrogen generated from fossil fuels with carbon capture and storage options is called blue hydrogen; hydrogen generated entirely from renewable power sources is called green hydrogen. In the last process, electricity generated from renewable energy is used to split water into hydrogen and oxygen.

The case for green hydrogen

- Green hydrogen has specific advantages. One, it is a clean burning molecule, which can decarbonise a range of sectors including iron and steel, chemicals, and transportation. Two, renewable energy that cannot be stored or used by the grid can be channelled to produce hydrogen.
- This is what the government's Hydrogen Energy Mission, to be launched in 2021-22, aims for. India's electricity grid is predominantly coal-based and will continue to be so, thus negating collateral benefits from a large-scale EV push — as coal will have to be burnt to generate the electricity that will power these vehicles.
- In several countries that have gone in for an EV push, much of the electricity is generated from renewables — in Norway for example, it is 99 per cent from hydroelectric power. Experts believe hydrogen vehicles can be especially effective in long-haul trucking and other hard-to-electrify sectors such as shipping and long-haul air travel.
- Using heavy batteries in these applications would be counterproductive, especially for countries such as India, where the electricity grid is predominantly coal-fired.

How hydrogen fuel cells work

- South Korea and Japan especially, are focussed on moving their automotive markets to hydrogen, and the potential of the fuel cell. What is a fuel cell?
- Hydrogen is an energy carrier, not a source of energy. Hydrogen fuel must be transformed into electricity by a device called a fuel cell stack before it can be used to power a car or truck. A fuel cell converts chemical energy into electrical energy using oxidising agents through an oxidation-reduction reaction.
- Fuel cell-based vehicles most commonly combine hydrogen and oxygen to produce electricity to power the electric motor on board. Since fuel cell vehicles use electricity to run, they are considered electric vehicles.
- Inside each individual fuel cell, hydrogen is drawn from an onboard pressurised tank and made to react with a catalyst, usually made from platinum.
- As the hydrogen passes through the catalyst, it is stripped of its electrons, which are forced to move along an external circuit, producing an electrical current. This current is used by the electric motor to power the vehicle, with the only byproduct being water vapour.
- Hydrogen fuel cell cars have a near zero carbon footprint. Hydrogen is about two to three times as efficient as burning petrol, because an electric chemical reaction is much more efficient than combustion.

FCEVs and other EVs

- Electric vehicles (EVs) are typically bracketed into four broad categories:
 - Conventional hybrid electric vehicles or HEVs such as Toyota Camry combine a conventional internal combustion engine system with an electric propulsion system, resulting in a hybrid vehicle drivetrain that substantially lowers fuel usage. The onboard battery in a conventional hybrid is charged when the IC engine is powering the drivetrain.
 - Plug-in hybrid vehicles or PHEVs such as the Chevrolet Volt too have a hybrid drivetrain that uses an IC engine and electric power for motive power, backed by rechargeable batteries which can be plugged into a power source.



- Battery powered electric vehicles or BEVs such as Nissan Leaf or Tesla Model S have no IC engine or fuel tank, and run on a fully electric drivetrain powered by rechargeable batteries.
- Fuel cell electric vehicles or FCEVs such as Toyota's Mirai, Honda's Clarity and Hyundai's Nexo use hydrogen gas to power an on-board electric motor. FCEVs combine hydrogen and oxygen to produce electricity, which runs the motor. Since they're powered entirely by electricity, FCEVs are considered EVs, but unlike BEVs, their range and refuelling processes are comparable to conventional cars and trucks.
- The major difference between a BEV and a hydrogen FCEV is that the latter enables a refuelling time of just five minutes, compared to 30-45 minutes charging for a BEV. Also, consumers get about five times better energy storage per unit volume and weight, which frees up a lot of space for other things, while allowing the rider to go farther.

The problem of critical mass

- Despite its promise, hydrogen technology is yet to be scaled up. Tesla CEO Elon Musk has called fuel cell technology "mind- bogglingly stupid".
- Globally, there were under 25,000 hydrogen fuel cell vehicles on the road at the end of 2020; by comparison, the number of electric cars was 8 million.
- A big barrier to the adoption of hydrogen fuel cell vehicles has been a lack of fuelling station infrastructure — fuel cell cars refuel in a similar way to conventional cars, but can't use the same station. There are fewer than 500 operational hydrogen stations in the world today, mostly in Europe, followed by Japan and South Korea. There are some in North America.
- Safety is seen as a concern. Hydrogen is pressurised and stored in a cryogenic tank, from there it is fed to a lower-pressure cell and put through an electro-chemical reaction to generate electricity. Hyundai and Toyota say safety and reliability of hydrogen fuel tanks is similar to that of standard CNG engines.
- Scaling up the technology and achieving critical mass remains the big challenge. More vehicles on the road and more supporting infrastructure can lower costs. India's proposed mission is seen as a step in that direction.

All about Australia vs Facebook

(Source: [Indian Express](#))

Context: Morrison has launched a global diplomatic offensive to drum up support for Australia's proposed law to force Internet giants Facebook and Google to pay media companies for the news content that is published on their platforms. He is learnt to have reached out to Canada's Prime Minister Justin Trudeau as well.

Initiative and pushback

- The proposed law, News Media and Digital Platforms Mandatory Bargaining Code Bill 2020, mandates a bargaining code that aims to force Google and Facebook to compensate media companies for using their content.
- The legislation sets a precedent in regulating social media across geographies, and is being closely watched the world over.
- Australia's opposition Labour supported the Bill in the House of Representatives on Wednesday, paving the way for it to clear the Senate and possibly become law soon.
- Meanwhile, even as Google moved to sign a deal with Rupert Murdoch's News Corp, Facebook — which has 17 million users in Australia — retaliated with a news blackout, blocking all news links on its platform.

- In the process, it also ended up silencing some emergency services, and reportedly removed posts from Australia’s Bureau of Meteorology, state health departments, fire and rescue services, charities, and emergency and crisis services.

Australia’s legislation

- Back in 2017, the Australian Competition and Consumer Commission (ACCC) recommended a voluntary code with an aim to address the negotiating skew between major digital platforms and media businesses. Based on these recommendations, the Australian government in 2019 asked various stakeholders and the ACCC to develop this voluntary code.
- The ACCC, however, pointed out in April 2020 that the businesses were not likely to reach an agreement voluntarily. The government then asked it to draft a mandatory code. The draft law was released in July, and the government subsequently introduced the Bill after carrying out some significant amendments.
- The provision requiring Google and Facebook to enter into payment negotiations with media companies — with an arbiter mandated to adjudicate if no agreement is reached — or face heavy fines, has met with resistance. The arbiter is deemed important mainly for smaller publishers who may face a negotiation skew with the platforms.
- Also, while the original code envisaged limiting tech platforms from introducing algorithm changes that affected how a particular publisher’s news is consumed, and notifying these changes to the publishers, the Bill has cut down on the changes that have to be notified to news providers. This opens up the possibility of disrupting the level playing field between small and large news organisations.
- In January, Google threatened to remove its search engine from Australia, and Facebook warned it could block Australian users from posting or sharing news links. Google has now backtracked — but the basic argument of both companies is that the media industry was already benefiting from traffic routed to them by the digital platforms, and that the proposed rules would expose the Internet companies to “unmanageable levels of financial and operational risk”.

Big Tech strategy elsewhere

- Media outlets have reported that Facebook plans to launch its news tab feature (available in the US since 2019) in the UK, with likely tie-ups with The Guardian, The Economist, and The Independent. And that Google is rolling out its news offering platform, Google News Showcase.
- Both these platforms aim to formalise payment pacts with news outlets. In a statement last month, Google said that News Showcase — which features story panels that allow participating publishers to package the stories that appear within Google’s news products — has on board more than 450 publications in a dozen countries, including Le Monde, Le Figaro, and Libération in France; El Cronista and La Gaceta in Argentina; TAG24 and Sachsische Zeitung in Germany; and Jornal do Commercio in Brazil.
- Google has said it will pay news publications in France for using their content online. However, its first response to France adopting the EU copyright rules was to stop displaying news snippets — until the French competition regulator stepped in, in October last year.
- Google also pulled its Google News service in Spain, which made payments to publishers mandatory. In Australia, Google seems to have opted for a more conciliatory position, even as Facebook has decided to go on the offensive.

The core issue

- Paying for news feed in itself appears to be less of an issue for the tech giants, given that Google agreed to pay news publications in France just hours before threatening to remove its search functions in Australia.



- The fight in Australia is in fact, centred on how much control these companies would be able to retain on their payout process — operational aspects such as deciding the quantum of payments for news feed sources, and having to reveal changes in their algorithms.
- European authorities have specifically linked payments to copyright, without putting a forcing device into the agreements. Australia's code, on the other hand, is almost entirely focused on the bargaining power of news outlets vis-à-vis the tech majors, and has some coercive features as well.
- It is more of a competition issue in Australia, of power equations between traditional news outlets and tech platforms, with the question of abuse of dominance by the latter hanging in the balance.

The debate in India

- Policymakers in India have so far focused on the dominance of intermediaries such as Google and Facebook, which are positioned in a way that service providers cannot reach customers except through these platforms.
- A substantial discussion on the impact of intermediary platforms on the health of news media outlets is yet to begin in any meaningful way.
- According to a FICCI-EY report for 2020, there are 300 million users of online news sites, portals and aggregators in the country — making up approximately 46% of Internet users and 77% of smartphone users in India at the end of 2019.
- With 282 million unique visitors, India is the second largest online news consuming nation after China. In India, digital advertising spends in 2019 grew 24% year-on-year to Rs 27,900 crore, according to EY estimates, and are expected to grow to Rs 51,340 crore by 2022.
- Dailyhunt and InShorts are the other major news aggregators in India. According to a January 2020 report by Harvard University's Nieman Lab, publishers were initially paid Rs 5-6 lakh monthly for content hosted on Dailyhunt — but they started to go off the platform after these terms were changed.
- Even without the conversation in India reaching the point where news aggregators are mandated to make payments to publishers, startups such as Dailyhunt and InShorts are yet to find a sustainable revenue model.

All about Saka Nankana Sahib and its history

(Source: [Indian Express](#))

Context: *Nankana Sahib, the birth place of first Sikh guru, Guru Nanak Dev, was also the site of the first big agitation by the SGPC to take back control of gurdwaras from mahants backed by the British. The centenary of Sri Nankana Sahib massacre, which is popularly known as Saka Nankana Sahib, is being marked in an event there on February 21 this year.*

Efforts to free Nankana Sahib

- The SGPC came to existence in November 1920, a month after Sikhs removed partial restrictions on Dalit rights inside Golden Temple in Amritsar.
- It started gurdwara reform movement which was aimed at taking possession of historical Sikh Gurdwaras, which had turned personal property of the priests, who were called mahants. These mahants were also accused of running practices from gurdwaras which were not approved in Sikhism.
- Mahant Narain Das was in control of Gurdwara Nankana Sahib. Newly formed SGPC asked him to improve the administration of gurdwaras in October 1920. However, the mahant took it as challenge to his authority and started equipping himself with arms and fortified the gurdwara.



- SGPC leader Lachman Singh Dharowal was attacked by mahant's men inside gurdwara on birth anniversary of Guru Nanak Dev Ji in presence of British officials in November 1920. But no action was taken against the mahant.
- Sikh leaders made attempts to bring mahant to the negotiation table but their efforts failed.

The February massacre

- Meanwhile, all the mahants and other groups, who were in control of Sikh gurdwaras, also organised themselves and started holding meetings against any move of the SGPC to take control away from them.
- They called "Sikh Sanatan Conference" in Lahore on February 19, 20 & 21, 1921. Some motivated Sikh leaders took it as an opportunity to take control of the Gurdwara Nankana Sahiba as Mahant Narain Das would be busy in Lahore.
- Master Tara Singh and other Sikh leaders tried to stop the Sikh jatha on the way to Nankana Sahib but failed to convince the leaders leading the jatha.
- Mahant Narain Das also came to know about jatha coming to Gurdwara Nankana Sahib as he was all set to leave for Lahore by train and returned back.
- The unarmed Sikh jatha entered inside the gurdwara and with a plan to take possession of gurdwara in a non-violent manner. On the other side, the mahant was all prepared for an armed attack and he leashed his men equipped with fire arms, sticks and sharp-edged weapons on this jaths.
- As the jatha entered the gurdwara, all the gates were closed. Around 60 Sikhs were killed in the main hall. 25 bodied were found in a single room. A 12-year-old survived the attack after he managed to hide under the palanquin on which Guru Granth Sahib was installed.
- Many got bullet shots. Some injured Sikhs were even burnt alive in boiling water during the attack. Others were chased down to a railways track nearby and killed there. Total number of casualties stood between 150 to 200.

Taking control of the gurdwara

- After the incident, Mahant Narain Das ran away, while the British police arrested 26 Pathans and sent them to Lahore in special train. The incident, however, created an impression among Sikhs that the British government had played a hidden part in this massacre.
- All the prominent Sikh leaders reached Nankana Sahib on February 21, 1921. Kartar Singh Jhabbar reached with 2,200 Sikhs. Initially, police and Army tried to stop the jatha, but later Sikhs were allowed to take control of the gurdwara.
- The then Punjab Governor and his council members also reached Nankana Sahib on February 22 and ordered handing over control of gurdwara to Sikhs.
- Mahatma Gandhi reached Nankana Sahib on March 3, 1921. Gandhi said that the British government was part of this massacre. He also said that cruelty of this massacre was more than that of Jallianwala Bagh.
- "I wish to see the bravery of Lachhman Singh and Dalip Singh in Mulshi Peta. Without raising a little finger, these two warriors stood undaunted against the attack of Mahant Narain Das of Nankana Sahib and let themselves be killed," said Gandhi.

SGPC movement takes first political turn

- The British government also arrested Mahant Narain Das. Meanwhile, SGPC formed its own probe team and asked Mahatma Gandhi to be part of it. Gandhi asked Sikh leaders to give support to the non-cooperation movement of the Congress party.
- The SGPC called a meeting on March 6, 1921 and Prof Mota Singh passed a resolution and decided to support the non-cooperation movement being run by Mahatma Gandhi. The resolution said that Sikhs must give all the support to the non-cooperation movement.



- However, the move was not welcomed by some of the SGPC leaders. Jathedar Kartar Singh Jhabbar, Harbans Singh and Bhai Jodh Singh had opposed this resolution as they feared that it would mix a religious movement with a political movement. However, a resolution was passed with a majority vote.

SGPC joining non-cooperation movement angered British

- The British government was not amused with the decision of SGPC leadership to be part of a political movement. Sikh leaders Kartar Singh Jhabbar, Teja Singh Bhuchar, Tara Singh Thethar, Bhai Lakha Singh and others were arrested from Nankana Sahib for allegedly taking illegal control of gurdwaras on March 15, 1921.
- In May 1921, SGPC asked Sikhs to wear black clothes and turbans as protest against British government. At Nankana Sahib, two big utensils were kept which were used to colour the turbans black. Arrested Sikh leaders were released after five months.
- The court found Mahant and his men guilty in just six months and main accused were sentenced to death. Later, death sentence was commuted to life term. Mahant was released from jail in 1930.
- However, Nankana Sahib Gurdwara agitation was just a big leap in Gurdwara Reform movement followed by Guru Ka Bagh Morcha and other agitations till Sikh Gurdwara Act came into existence in 1925.