Prelim Bits 17-02-2022 | UPSC Daily Current Affairs

Attukal Pongala Festival

The Attukal Pongala festival in Kerala will be a muted affair this year with strict Covid-19 protocols limiting rituals to the temple and homes.

- The Attukal Pongala of Kerala is the world's largest congregation of women for a festival.
- It is a famous festival celebrated annually at **Attukal Bhagavathy Temple**, Thiruvananthapuram in Kerala.
- It is a 10 days event commencing on the Karthigai star of the Malayalam month of Makaram or Kumbham and closing with the sacrificial offering known as Kuruthitharpanam at night.
- On the 9th day of the festival the Attukal Pongala Mahotsavam takes place.
- Pongala, which means 'to boil over', is the ritual in which women prepare sweet payasam (a pudding made from rice, jaggery, coconut and plantains cooked together) and offer it to the Goddess or 'Bhagavathy'.
- This ritual can **only be performed by women**.

Attukal Bhagavathi is believed to be an incarnation of Kannaki, the central character of the Tamil epic 'Silappathikaaram'.

Reference

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2. https://www.keralatourism.org/event/attukal-pongala-festival/30
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Initial Public Offering

- An Initial Public Offering (IPO) refers to the process of offering shares of a private corporation, or a company owned by the government such as LIC, to the public or to new investors in a new stock issuance.
- These IPOs are used by the company to **raise capital and other funds** by offering shares through the primary market.
- Following the IPO, the company is listed on the stock exchange.
- While coming with an IPO, the company has to file its offer document with the Securities and Exchange Board of India (SEBI).
- **Conditions** - In order to protect investors, the SEBI has laid down rules that require companies to meet certain criteria before the issue IPO.
- Among other conditions, the company must have
    1. Net tangible assets of at least Rs 3 crore, and net worth of Rs 1 crore in each of the preceding 3 full years, and

    2. A minimum average pre-tax profit of Rs 15 crore in at least 3 of the immediately preceding 5 years.

- **Proceeds** - If the issue raises fresh capital, the proceeds of the IPO go to the company, and can be utilised for future growth, debt reduction, etc.
- If the issue involves offer for sale by promoters or existing investors, the money goes to them and not to the company.
- In the case of LIC, the issue is an offer for sale by the government, and the IPO proceeds will go to the Government of India.
- **Fixing the price in an IPO issue** - The market regulator, SEBI, does not play a role in price fixation of securities.
- The per-share price of the public issue is fixed by the issuer in consultation with the merchant banker.
- They arrive at the total valuation of the company based on parameters such as assets, revenues, profits, and future cash flow projections.
- Then, the total value of the company is then divided by the post-offer shares outstanding to arrive at the price of each share.
- **Investors -** There are various categories of investors who can invest in an IPO. This includes,
    - Qualified Institutional Buyers (QIBs) like foreign portfolio investors (FPIs), mutual funds, commercial banks, insurance companies, pension funds, etc.
    - All individuals who invest up to Rs 2 lakh in an issue are classified as retail investors.
    - Retail investors investing above Rs 2 lakh are classified as high net worth individuals.
- An investor has to be 18 years of age. A brokerage account is needed to invest, and you have to be at least 18 years old to have one.
- **Factors to be looked for before investing** - The credibility of the promoter should be the top consideration.
- But investors must also do a financial analysis of the company, and compare it with peers in the same sector before investing in the IPO.
- Investors must follow QIBs, who are perceived to have the expertise for assessment and evaluation, and a greater ability to do due diligence.

Advantages of listing a company

- While listing on the stock exchange calls for additional disclosures by companies on a regular basis, leading thereby to more stringent compliance requirements.
- It may help a company raise capital, and diversify and broaden its shareholder base.
- Listing provides an exit to existing investors of the company.
- A listed company can raise share capital for growth and expansion in the future through a Follow-on Public Offering (FPO).

Reference

1. https://indianexpress.com/article/explained/everyday-explainers/everyday-economics-ipo-initial-public-offering-7775437/
2. https://www.investopedia.com/terms/i/ipo.asp

Organisation of the Islamic Cooperation

India has lashed out at the Organisation of the Islamic Cooperation for being "communal minded" amid the Karnataka hijab row.

- The Organisation of the Islamic Cooperation (OIC) is the world’s second largest multilateral body after the United Nations.

- It was established by a charter in the 1st Islamic Summit Conference held in Morocco in 1969.
- It was founded to marshal the Islamic world after an act of arson at the Al-Aqsa Mosque in Jersualem in 1969.
- The OIC counts 57 members, all of which are Islamic countries or Muslim majority members.
- The objective of the OIC is "to safeguard and protect the interests of the Muslim world in the spirit of promoting international peace and harmony among various people of the world".
- The Central African Republic, Russia, Thailand, Bosnia & Herzegovina, and the unrecognised Turkish Cypriot "state", have Observer status.

Reference

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2. https://www.britannica.com/topic/Organization-of-the-Islamic-Cooperation
3. https://www.icnl.org/resources/civic-freedom-monitor/oic

New India Literacy Programme

Ministry of Education (MoE) has approved the 'New India Literacy Programme' for the period FYs 2022-2027, to cover all the aspects of Adult Education to align with the National Education Policy (NEP).

> Instead of 'Adult Education,' the ministry has decided to use 'Education for All' as the previous term did not represent all non-literates in the age group of 15 years and above across all state and union territories.

- The 'New India Literacy Programme' will cover non-literates of the age of 15 years and above in all state/UTs in the country.
- **Objectives** of the scheme is to impart not only foundational literacy and numeracy but also to cover other components such as
    1. Critical life skills like financial & digital literacy, commercial skills, health care, child care & education, and family welfare;
    2. Vocational skills development with a view towards obtaining local employment;
    3. Basic education including preparatory, middle, and secondary stage equivalency;
    4. Continuing education including engaging holistic adult education courses, as well as other topics of interest or use to local learners, such as more advanced material on critical life skills.
- **Implementation** - The scheme will be implemented via online mode through volunteerism.
- The students of the schools registered under Unified District Information System for Education (UDISE) and around 50 lakh teachers of government, aided and private schools will participate as volunteers.
- Training, orientation, workshops of volunteers might be organized through face-to-face mode.
- All the resources and materials shall be provided through digital modes like TV, radio, cell phone-based free, open-source apps, portals, etc.
- **Salient features -** School will be Unit for implementing the scheme.
- Schools to be used for conducting survey of beneficiaries and Voluntary Teachers (VTs)
- Foundational Literacy and Numeracy will be imparted through Critical Life Skills to all non-literates in the age group of 15 years and above
- Performance Grading Index (PGI) for State/UT at district level
- CSR/Philanthropic Support may be received by hosting ICT support, providing volunteer

support
- **Target** - For FY 2022-27, the target for Foundational Literacy and Numeracy is 5 crore learners using Online Teaching, Learning and Assessment System (OTLAS) in collaboration with NIC, NCERT, NIOS.

Reference

1. https://pib.gov.in/PressReleasePage.aspx?PRID=1798805
2. https://www.financialexpress.com/education-2/ministry-of-education-approves-new-india-literacy-programme-aligned-with-nep/2436588/#:~:text=The%20scheme%20will%20cover%20non,National%20Education%20Policy%20(NEP).
3. https://www.ndtv.com/education/centre-approves-new-india-literacy-programme-adult-education-now-education-for-all

Employee Stock Option Plan

Udaan, a B2B e-commerce platform, has announced an employee stock option plan (ESOP) policy covering all its employees with significant changes including the removal of 'cliff' vesting period for all ESOPs.

> The one year 'cliff' period is a widely prevalent industry practice that requires employees to wait for one year for their ESOPs to start vesting.

- Employee stock option plans are offered by companies to their employees as equity compensation plans.
- These grants come in the form of regular **call options** and give an employee the right to buy the company's stock at a specified price for a finite period of time.
- ESOPs can have **vesting schedules** that limit the ability to exercise.
- ESOs are taxed at exercise and stockholders will be taxed if they sell their shares in the open market.
- They can have significant time value even if they have zero or little intrinsic value.
- To know more about the Employee Stock Option Plan, click here.

Employee Stock Option Plan (ESOP) vs Employee Stock Purchase Plan (ESPP)

DIFFERENCE BETWEEN AN ESOP AND ESPP

ESOP	ESPP
ESOPs offer employees stock In the company without need to purchase shares.	ESPPs offer employees to use after-tax wages to purchase discounted shares.
ESOPs common when an owner transfers ownership to employees.	ESPP programs are common in public companies.
The money in an ESOP account is not taxed until the employee retires.	In ESPP employees purchase stock with after-tax dollars and capital gains taxed when selling shares.
The participants of an ESOP do not have access to their balances until retirement/resignation, like 401(k) plans.	ESPP participants can exercise when their options vest, normally after one or two years of service.
ESOPs cost a lot more to start and administer when compared with ESPP.	ESPPs cost less to start and administer when compared with ESOP.

Reference

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