SPACE X

On May 27, NASA's SpaceX Demo-2 test flight will lift off for International Space Station (ISS), becoming the first crewed flight to launch from American soil since the conclusion of the space shuttle era in 2011.

What is the mission?

The Demo-2 mission is part of NASA's Commercial Crew Program, and will fly two astronauts on SpaceX's Crew Dragon spacecraft.

This mission is essentially a flight test to certify if SpaceX's crew transportation system can be used to ferry crew to and from the space station regularly.

This is the final flight test for the system and intends to validate its different components, including the spacecraft (Crew Dragon), the launch vehicle (Falcon 9), the launch pad (LC-39A) and the operations capabilities.

The Commercial Crew Program:

The main objective of this program is to make access to space easier in terms of its cost, so that cargo and crew can be easily transported to and from the ISS, enabling greater scientific research.

Boeing and SpaceX were selected by NASA in September 2014 to develop transportation systems meant to transfer crew from the US to the ISS.

Significance of the program and the need for private participation:

By encouraging private companies such as Boeing and SpaceX to provide crew transportation services to and from low-Earth orbit, NASA intends to focus on building spacecraft and rockets meant for deep space exploration missions.

SpaceX's Dragon has docked successfully with International Space Station.

In a decision fraught with geopolitical and economic ramifications, the Indian government amended its foreign direct investment (FDI) policy to put a blanket ban on investments through the automatic route by entities from countries that share a border with India.

The move is seen as an attempt to ward off the threat of "opportunistic" Chinese takeover of Indian companies, whose valuations have been badly hit by the coronavirus pandemic.

The curbs, which were already in force for investments from Pakistan and Bangladesh, will extend to entities where Chinese citizens have "beneficial ownership" to ensure that the restrictions are not circumvented by routing investments via Hong Kong, Singapore or other countries.

Why Automatic route of FDI flows restricted:

The Indian government's move, cleared by the Union Cabinet, comes days after it emerged that the People's Bank of China has increased its stake in HDFC Bank, the country's largest private lender, to over 1%.
But while the PBOC investment came through the portfolio investment route, the FDI move is more strategic and is aimed at blocking any attempt to restrict entities from across the border to acquire a significant beneficial interest.
Stock market regulator SEBI is separately keeping tabs on investments from China and some other countries.
The latest move by the department for promotion of industry and internal trade, the agency responsible for FDI policy, will not just impact new investments but also equity infusion in existing companies in India, where Chinese entities have equity stakes.
Most FDI flows into India are under the automatic route, which means companies only need to inform authorities after the investment is made.
The latest move signals a growing worry within government that China might seek to acquire Indian companies by exploiting their financial vulnerability.
The stunning move is in stark contrast to the restraint the Indian government has exercised in not joining the global chorus of indignation over China's attempt to conceal the outbreak of the pandemic in Wuhan — a lapse that has been widely adjudged to have been a major contributor to the enormity of the public health emergency that has already claimed over 1.5 lakh lives globally and crippled economies and markets.

Significance of restricting Investments:

Sources said the government had explored the option of putting a general ban on foreign investment through the automatic route, but decided against it due to wariness of being seen as having turned protectionist and insular.

Putting FDI from all countries under the approval route would have also slowed down inflows, which are critical at this time.

With the threat of Chinese capital moving in appearing serious, the authorities decided to be specific in a turn away from the cautiousness that has defined New Delhi's approach towards Beijing.

Sources said that during the deliberations one school of thought had favoured a more nuanced approach, arguing that greenfield investments should be let in, but the leadership decided to go the whole hog.

Counter argument from China to revised FDI norms:

The additional barriers set by Indian side for investors from specific countries violate WTO's principle of non-discrimination, and go against the general trend of liberalisation and facilitation of trade and investment.
The Chinese embassy not only cited its investments but also the "donations" made by Chinese companies to help fight the Covid-19 pandemic.
As of December 2019, China's cumulative investment in India has exceeded 8 billion US dollars, far more than the total investments of India's other border-sharing countries. The impact of the policy on Chinese investors is clear.
Chinese investment has driven the development of India's industries, such as mobile phone, household electrical appliances, infrastructure and automobile, creating a large number of jobs in India, and promoting mutual beneficial and win-win cooperation.
Chinese enterprises actively made donations to help India fight COVID-19 epidemic.
China also accused India of not conforming "to the consensus of G20 leaders and trade ministers to realize a free, fair, non-discriminatory, transparent, predictable and stable trade and investment environment, and to keep our markets open."
Therefore, Without the appropriate legal and regulatory sanction, India might experience reciprocal measures.
In order to protect India's unicorn, there is need to devise a scheme of preferential or special shares which a unicorn can issue to foreign investor.
These shares will preserve the decision making by Indian innovators, while also providing them access to foreign capital.
Need to find a strong separation between Commerce and National Security:

Beyond the question of accountability for the spread of the coronavirus, many countries are rethinking the very nature of their commercial engagement with China.
On a host of issues ranging from trade and investment to intellectual property protection, there is an inescapable sense that China has gamed the global system for unilateral gains. India certainly has had a longer learning curve than the West in recognising the relationship between commerce and national security.
Since the early 1990s, India bet that expanding economic cooperation with China will help mitigate political disputes. But the differences have only become intractable even as China became stronger economically.
India gave China an easy pass into the WTO. It let cheap imports from China undermine India's manufacturing sector and run up a massive trade surplus. India allowed massive Chinese penetration of its telecom, digital and other advanced sectors only to discover the multiple negative consequences.
The last few years have seen a new approach that has seen India oppose China's Belt and Road Initiative and walk out of the RCEP negotiations citing the trade imbalance with China.
The decision on Chinese FDI can be seen as one of that piece. But the puzzle of dealing with a rising China's strategic economic onslaught will test India for a long time.

Conclusion:

There is a need for India to develop new legal and institutional tools. As the ones employed by US and EU member states such as data protection laws or revised mergers and acquisitions rules, and institutional bodies.

The Chinese have already restarted manufacturing when the rest of the world still grappling with coronavirus.

China has several months' advantage over all other major economies and can therefore secure significant benefits.

After each crisis in recent years, China has consolidated itself. Indian government is trying to pre-empt acquisitions. Countries need to strengthen their domestic capabilities to meet the Chinese challenge.