# CURRENT AFFAIRS: 18.05.2026

## DFS launches Bharat Maritime Insurance Pool for Indian vessels amid risk to operations on West Asia crisis

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Recently, the Department of Financial Services (DFS) launched the **Bharat Maritime Insurance Pool (BMIP)** to ensure uninterrupted maritime insurance coverage amid rising geopolitical risks linked to the **West Asia crisis.**

- **Purpose:** BMIP aims to provide a **continuous and reliable stream** of **maritime insurance coverage** for Indian shipping operations and reduce dependence on foreign insurers.
- **Coverage:** The pool covers hull, cargo, Protection & Indemnity (P&I), and war-related maritime risks for **Indian-flagged or India-owned vessels,** and cargo with origin or destination in India. It provides coverage of up to $1.5 billion per loss, backed by a sovereign guarantee of ₹12,980 crore.
- **Management: General Insurance Corporation of India (GIC Re)** has been appointed as the manager of the sovereign-backed BMIP. The pool has been established for an initial period of **10 years, extendable by another five years.**
- **Claim Mechanism:** BMIP can service claims up to $100 million independently using internal reserves, member contributions, and reinsurance, while claims exceeding $100 million will invoke the **sovereign guarantee as a last-resort backstop**.
- **Significance:** With nearly **95% of India's trade** moving through maritime routes, BMIP is expected to reduce insurance costs, lower forex outflows, strengthen trade resilience and **enhance India's strategic autonomy** amid geopolitical disruptions.

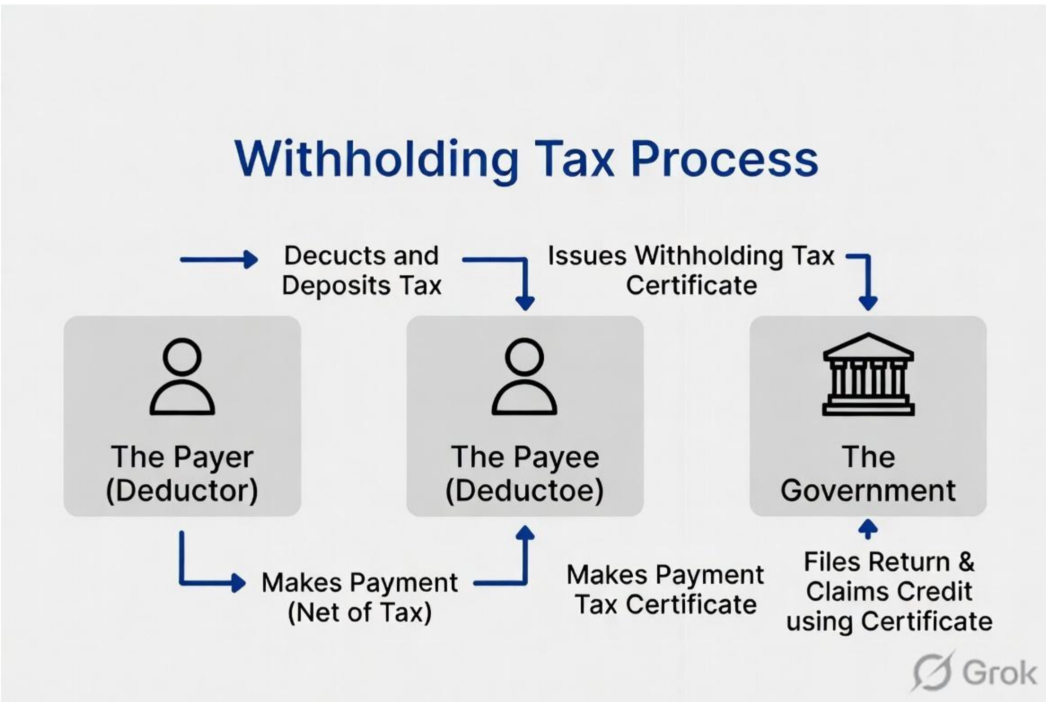
# Withholding Tax on FPIs

The government is considering a sharp reduction in the **Withholding Tax (WHT)** on **foreign portfolio investors (FPIs)** from 20% to the previous concessional rate of **5%**.

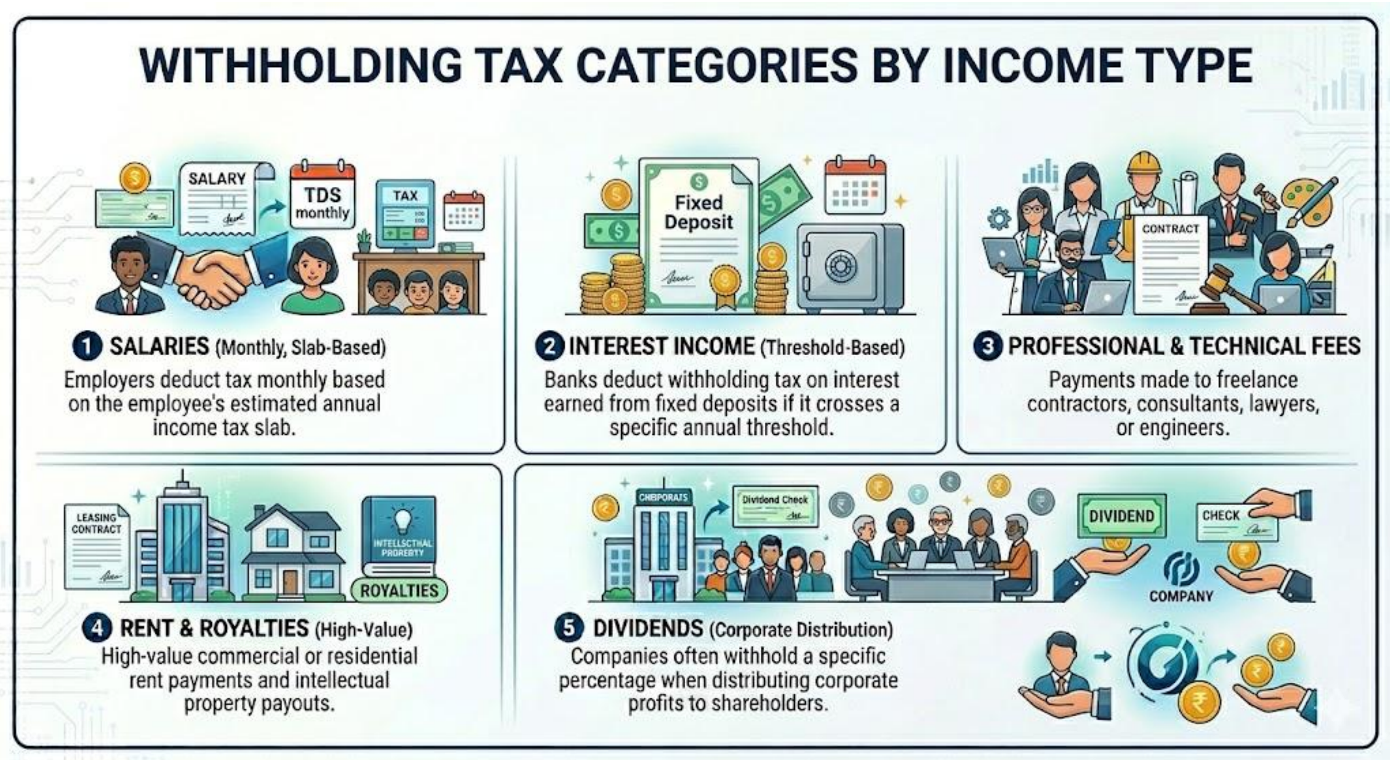
- It aims to arrest capital outflows that have eroded India's **foreign exchange reserves** by nearly **USD 38 billion** since March 2026.
- **Yield Compression and Capital Flight:** A high 20% WHT **lowers the net risk-adjusted returns for FPIs**, complicates long-term compounding, creates short-term liquidity bottlenecks, and increases compliance burdens associated with claiming **Double Taxation Avoidance Agreement (DTAA)** relief.
- **Significance:** Reducing WHT is expected to improve **post-tax returns for FPIs**, make Indian debt and other financial assets more **attractive**, support India's inclusion in **global bond indices**, and potentially unlock **USD 45–50 billion** of stable inflows over **2 years** from long-term institutional investors such as pension funds and endowments.

**Withholding Tax**

- **About:** WHT, also known as **Tax Deducted at Source (TDS)** in India, is a tax deducted at the source of income **before the payment** is **remitted** to the investor.
  - For FPIs, it applies to i**nterest earned** on **government securities** and certain rupee-denominated bonds. This ensures advance tax collection and **reduces compliance risk**.
- **Working of Withholding Tax:**



- **Withholding Tax Payer Categories:**




- **International Withholding Tax:** It refers to the **tax deducted** at source by a payer in **one country** on payments made to a **non-resident** recipient in **another country**. It is a key mechanism used by governments to tax income that has its source within their jurisdiction.

| Aspect | FDI | FPI | FII |
|---|---|---|---|
| **Definition** | Investment in physical assets like infrastructure in a foreign country. | Investment in financial assets like stocks, bonds, of a foreign country. | Institutional investors like mutual funds, pension funds, or investing in financial markets of another country. |
| **Nature of Investment** | **Long-term** investment aimed at acquiring management control. | **Short-term** investment primarily for financial gains. | Typically **longer than FPI but not like FDI,** aimed at portfolio diversification/profit-making. |
| **Control** | Provides **significant control** and influence over the management | Does **not** provide control over the company or | **No management control**; focuses on portfolio returns. |

| | | | |
|---|---|---|---|
| | of the invested company. | management. | |
| **Risk Involved** | **High risk** due to long-term commitment and exposure to market and regulatory conditions. | Comparatively **lower risk** due to ease of entry and exit. | Risk **depends on market conditions** and capital flow policies. |
| **Impact on Economy** | Leads to job creation, technology transfer, and infrastructure development. | Provides **liquidity to the financial market** | Boosts **stock market liquidity**; impact limited to financial market activities. |
| **Regulation in India** | Governed by FDI Policy, controlled by Department for Promotion of Industry and Internal Trade (DPIIT). | Regulated by the **Securities and Exchange Board of India (SEBI).** | Registered with **SEBI** and must follow FII norms. |
| **Liquidity** | **Low liquidity** due to the physical nature of assets and long-term involvement. | **High liquidity** as financial assets can be easily sold. | **High liquidity** similar to FPIs. |

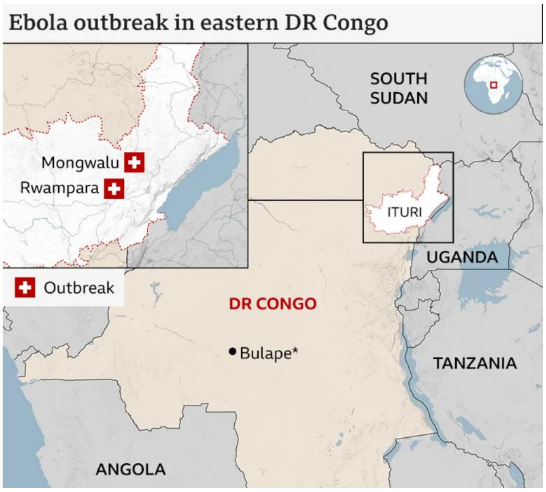
***All FIIs are FPIs but not all FPIs are FIIs.***

# African public health agency announces new Ebola outbreak in Congo, 65 suspected deaths

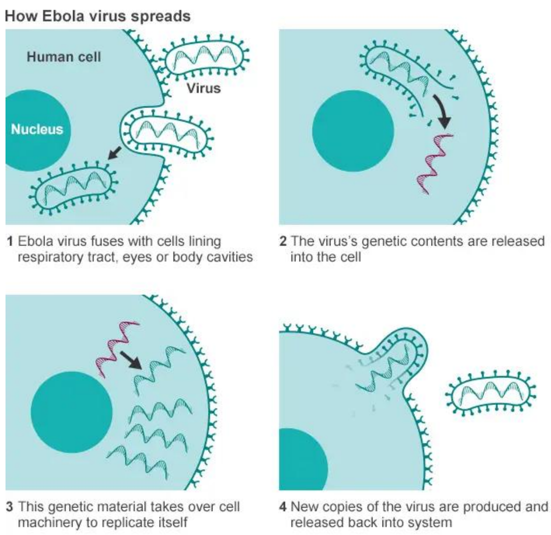
**The agency said initial findings suggested the presence of a non-Zaire strain of the virus, with sequencing ongoing to further characterise it**

The **Africa Centres for Disease Control and Prevention (Africa CDC)** and the **World Health Organization (WHO)** have confirmed the **17th Ebola Virus Disease (EVD) outbreak** in the **Democratic Republic of Congo (DRC)**, marking a critical public health challenge due to the emergence of a rare **non-Zaire strain**.

- **The Strain Complexity:** Genomic sequencing indicates a **non-Zaire strain** of the virus complicates medical countermeasures because current **Ebola vaccines and therapeutics** were specifically engineered to target the **Zaire ebolavirus strain**.
- **Geographical and Cross-Border Risks:** The **Africa CDC** has warned of high regional transmission risks to neighbouring **Uganda and South Sudan,** driven by intense population mobility, urban density in Bunia, and migrant **mining activities** in the affected zones.
- **Global Health Response:** The **WHO** has deployed an emergency field team and released **USD 500,000 from its Contingency Fund for Emergencies (CFE)** to finance rapid contact tracing, cross-border surveillance, and laboratory testing.




**Ebola Virus Disease (EVD)**



- **About:** EVD (formerly known as Ebola haemorrhagic fever) is a severe, often fatal infectious illness affecting humans and other primates.
  - Ebola disease is caused by viruses belonging to the ***Orthoebolavirus genus*** of the ***Filoviridae family.***
  - Six species of Orthoebolaviruses have been identified so far, of which three are known to cause major outbreaks***:***
    - ***Ebola virus (EBOV) causing Ebola virus disease (EVD).***
    - ***Sudan virus (SUDV) causing Sudan virus disease (SVD).***
    - ***Bundibugyo virus (BDBV) causing Bundibugyo virus disease (BVD).***
- **Origin:** The virus was first identified in **1976** during two simultaneous outbreaks one in Yambuku (DRC) near the **Ebola River** (from which the disease takes its name), and the other in **Nzara (South Sudan).**
- **Transmission:**
  - **Animal-to-Human (Zoonotic):** Fruit bats of the *Pteropodidae* family are considered the natural hosts of the Ebola virus.
    - It **transmits to humans** through close contact with the blood, secretions, organs, or bodily fluids of infected animals (like bats, chimpanzees, gorillas, and monkeys).
  - **Human-to-Human:** Spreads via **direct contact** (through broken skin or mucous membranes) with the blood or bodily fluids of a person who is sick with or has died from Ebola, or objects contaminated with such fluids (like bedding or clothing).
- **Symptoms:**
  - **Initial:** Fever, extreme fatigue, muscle pain, headache, and sore throat.
  - **Advanced:** Vomiting, diarrhoea, rash, impaired kidney and liver function, and in some cases, severe internal and external bleeding.
- **Fatality Rate:** EVD is **highly lethal,** with average case fatality rates hovering around **50%**, though past outbreaks have seen rates varying from **25% to 90%** depending on the virus strain and the medical response.
- **Treatment:** Early supportive care (rehydration with oral or intravenous fluids) and symptomatic treatment significantly improve survival rates.
  - **Monoclonal antibody treatments** (Inmazeb and Ebanga) exist for the *Zaire* strain.