

Current News Analysis

01-08-2016

A. GS1 Related

B. GS2 Related

1. Retrenched Indians in Saudi Arabia to come back home

<http://www.thehindu.com/todays-paper/retrenched-indians-to-come-back-home/article8925984.ece>

Category: International Relations

Topic: Indian Diaspora

Key points:

- The government is preparing to evacuate a large number of Indian workers facing an uncertain future in Saudi Arabia following widespread layoffs.
- New Delhi is “arranging exit visas for jobless workers”
- Apart from providing food and relief to the hundreds in various labour camps, Indian officials are also in talks with the Saudi authorities to see that the pending salaries are paid to the laid off before they are brought back.
- Embassy of India in Riyadh and the Consulate in Jeddah has arranged for food and relief through community support for the workers who had been living in inhuman conditions in labour camps after losing jobs.
- Falling oil prices have hit the construction sector in the Gulf region with expat workers in Saudi Arabia being among the most affected.

2. Norms eased for foreign tourists visiting Ladakh

<http://www.thehindu.com/news/national/other-states/norms-eased-for-foreign-tourists-visiting-ladakh/article8926048.ece>

Category: Indian Polity

Topic: Freedom of Movement

Key Points:

- Union Ministry of Home Affairs has decided to relax the Protected Area Permit for foreigners visiting various parts of Ladakh and as a consequence foreign tourists will be now able to visit various parts of Nubra Valley

- To boost tourism infrastructure in the State and open up new areas in Kashmir as well as Jammu province for tourists.

3. Chinese Army did recce before entering Chamoli

<http://www.thehindu.com/news/national/chinese-army-did-recce-before-entering-chamoli/article8925822.ece>

Category: International Relations

Topic: National Security

Key Points:

- Ahead of its transgression in the Barahoti area of Uttarakhand, the Chinese People's Liberation Army had conducted a reconnaissance mission using high class aircraft armed with Synthetic Aperture Radar which provides broad-area imaging at high resolution.
- 'TupolovTu 153M' aircraft of the PLA had carried out two to three sorties earlier this year in the middle sector falling in the areas of U.P., Himachal Pradesh and Uttarakhand.

C. GS3 Related

1. Kudankulam plant safest in the world

<http://www.thehindu.com/news/national/kudankulam-plant-safest-in-the-world-says-russian-official/article8925231.ece>

Category: Energy and Infrastructure, Science and technology,

Topic: Nuclear Energy, Non-proliferation and Nuclear Safety

Key Points:

- The Kudankulam Nuclear Power Plant (KKNPP), built with Russian help, is the first in the world to have post-Fukushima safety enhancement requirements implemented and operated successfully
- On India's request, additional safety measures are being enforced in Units 3 and 4 to withstand even higher seismic, climatic and technical impact.
- There are a number of advanced active and passive safety systems which ensure unprecedented design-level nuclear and ecological safety of the plant
- Double localizing and protective containment, passive heat removal system from reactor plant automatically, core catcher, and closed industrial water intake are some of the safety features incorporated.
- Given that a large amount of seawater is drawn in to cool the reactors, measures have been taken to preserve the biological diversity of the Mannar Bay adjacent to Kudankulam. Seawater is supplied from the so-called "bucket" constructed in the sea into the special facilities and systems which ensure that fish and plankton return to sea.

- Russia is awaiting India's decision on another site for setting up additional reactors. According to officials, Andhra Pradesh is the likely location for not only the Russian reactors but also the proposed U.S. ones.

2. Tripura gets Delhi train, now eyes Dhaka

<http://www.thehindu.com/todays-paper/tp-national/tripura-gets-delhi-train-now-eyes-dhaka/article8926016.ece>

Category: Infrastructure, International Relations

Topic: Railways, India-Bangladesh






Key Points:

- Tripura Sundari Express was rolled out by the railways and marked a milestone in establishing connectivity between Agartala, the capital of the northeastern State and New Delhi.
- Foundation stone was also laid for the India-Bangladesh broad-gauge link between Agartala and Akhaura.

3. Upcoming events of significance and their impact on the economy

Category: Economics

Topic: GST, 7th Pay Commission

ECONOMIC TIME-TABLE			
Upcoming events of significance and their impact on the economy			
 <p>Event: New RBI governor</p> <p>Macroeconomic effect</p> <ul style="list-style-type: none"> • With a neutral candidate expected, the institutional framework for flexible inflation targeting and CPI as nominal anchor would remain intact 	 <p>Event: GST passage</p> <p>Macroeconomic effect</p> <ul style="list-style-type: none"> • In the short-term, may temporarily reduce growth, push up inflation and hurt state tax collections • Medium-term impact is unambiguously positive 	 <p>Event: Monetary Policy Committee selection</p> <p>Macroeconomic effect</p> <ul style="list-style-type: none"> • Risk of neutral or dovish external members = bias to ease rates more 	
		 <p>Event: FCNR (B) redemptions</p> <p>Macroeconomic effect</p> <ul style="list-style-type: none"> • Slight pressure on balance of payments, deposit slowdown, higher liquidity cover ratio needs. Manageable transitory impact 	
		 <p>Event: 7th Pay Commission allowance increase</p> <p>Macroeconomic effect</p> <ul style="list-style-type: none"> • To push up CPI (100-150bp) and fiscal deficit (0.2% of GDP) 	

● Generic ● RBI-related

Source: Nomura | Compiled by TCA Sharad Raghavan

4. Excess rainfall poses key risk to inflation outlook

<http://www.thehindu.com/business/Economy/excess-rainfall-poses-key-risk-to-inflation-outlook-report/article8925155.ece>

Category: Economics

Topic: Inflation, Impact of Monsoons

Key Points:

- According to a report by Edelweiss Securities, although monsoon has gathered pace in July after a slow start in June, there is some risk of excess rainfall and floods posing a key risk to the inflation outlook.
- The key risk to benign inflation outlook arises from the possibility of excess rainfall damaging crops. In such a scenario, rural consumption could be hit
- Currently, CPI (excluding pulses) is 5.2 per cent against a headline CPI of 5.8 per cent. The firm expects a 60 basis point dip in CPI if pulses inflation declines to around five per cent.
- Monsoon is only a marginal factor in boosting rural sentiment or spending. It is far more dependent on the behaviour of agricultural prices, construction activity and government's rural spending.
- The report forecasts a lower inflation by September, the correction in international food prices along with expectations of good Kharif output raises hopes on the inflation front but it does not augur well for farm-incomes and rural- spending.

D. GS4 Related

E. Important Editorials

1. **Floods in Assam, Bihar and Urban areas and poor preparedness with regard to mitigation and disaster management.**

<http://www.thehindu.com/opinion/editorial/return-of-the-great-deluge/article8925131.ece>

Category: Disaster Management, Urbanization, Environment, Geography

Topic: Floods, Wetlands conservation, Environment Impact Assessment

Key Points:

- The flood situation remained grim in 12 districts of Bihar. Ghaghara, Bagmati, Koshi, Mahananda and Jhhawa are flowing above the danger mark.
- In Assam, the NDRF has been deployed to respond to the crisis caused by the seasonal swelling of Brahmaputra and its tributaries during monsoons.
- From Assam to Karnataka, heavy rainfall in a short span of time has created paralyzing floods that have taken a heavy toll of life, wiped out crops and destroyed hard-earned assets.
- The NDRF set up under the NDMA Act and the recently approved national disaster management policy provides for huge allocations for disaster management

preparedness. In Assam, there are projects to strengthen the embankments of the heavily silted Brahmaputra.

- Yet, the hundreds of crores of rupees periodically spent on flood preparation, relief and mitigation research in the State have not yielded a protocol that reduces the impact of heavy rain.
- Frequent floods in various parts have been providing fresh insight into the causes, effects and impact of rain and floods in northeastern India and elsewhere, it is time the Centre took a coordinated view in tackling the crisis.
- Urban India is no less traumatized by floods (Gurgaon, Bengaluru and Delhi) but city governments have not learnt too many lessons from devastation and losses.
- Bengaluru is the epitome of governmental indifference to wetlands, most of which have been severely encroached upon or polluted.
- lakes have to be desilted and restored on a war footing. New artificial wetlands may have to be created to compensate for those that have already been built over.
- Environment Ministry needs to realize that it is retrograde to sanction large real estate projects without an environmental impact assessment.
- Some real estate companies have been slapped with penalties by the National Green Tribunal for encroaching upon lakes, but urban planning agencies are equally responsible and must also be called to account for tacitly sanctioning the violations.

2. The South China Sea Dispute

<http://www.thehindu.com/opinion/lead/all-at-the-south-china-sea/article8925134.ece>

Category: International Relations

Topic: Disputes impacting Indian diplomacy

Key Points:

- China sees the U.S. hand ubiquitous in the July 12 award by the Permanent Court of Arbitration on the Scarborough Shoal dispute in the South China Sea
- The Court ruled that China's claims over the waters enclosed by the 'Nine-Dash Line' had no legal basis under the United Nations Convention on the Law of the Sea (UNCLOS), that China had no claim to historic rights to resources there, and that it had aggravated the dispute by building an artificial island on Mischief Reef, besides violating the Philippines's sovereign rights within its Exclusive Economic Zone (EEZ), including its fisheries and petroleum exploitation.

- The ruling has comprehensively rejected China's territorial and sovereignty claims in the disputed area, is dismissive of China's activity in turning reefs, rocks and low-tide elevations into artificial islands, replete with military structures such as airstrips and fortifications in waters that belong to the Philippines
- China has asserted that it would not accept "the so-called award," and has reiterated its commitment to "peacefully settling relevant disputes in the South China Sea through negotiation" with countries directly concerned, "on the basis of respecting historical facts and in accordance with international law".
- In disregarding the ruling, and by its occupation, reclamation, and construction of military facilities on disputed territory, China has acted as a practitioner of hard power.
- In defence of China's rejection of the ruling, Chinese commentators have cited the U.S. dismissal of the 1986 judgment of the International Court of Justice awarding reparations to Nicaragua for "Military and Paramilitary Activities in and against Nicaragua" by the U.S., and the U.K.'s rejection of this year's ruling by an expert group under the UN Commission on the Limits of the Continental Shelf in favour of Argentina in the context of Malvinas.
- ASEAN claimants include Brunei, Malaysia, the Philippines, and Vietnam. China, furthermore, has effectively divided ASEAN on this issue. The group is unable to adopt a common position concerning a territorial dispute directly involving four of its 10 members.
- China prefers to settle these disputes on a bilateral platform and rejects any outside interference.
- Although the provisions of the UNCLOS make the Award "final and binding," the absence of any enforcement mechanism limits the choice for the Philippines.
- Chinese pressure, exerted through Cambodia and Laos, prevented an ASEAN declaration expressing "serious concerns" over the South China Sea disputes
- By following the U.S. and U.K. playbook on Nicaragua and Malvinas, China has shown it is no different from other imperial powers. Moreover, China's dismissal of the ruling does not show a "win-win" attitude, propagated by it to create "communities of common destiny" from Asia to Eurasia, and through the maritime silk route that has the ASEAN countries at its centre.

The Business Line

1. It's time for Iran

(<http://www.thehindubusinessline.com/todays-paper/tp-opinion/its-time-for-iran/article8925904.ece>)

Category: International Relations

Topic: India and its neighborhood- relations

Key points:

- Iran stands out as the next big market for European merchandise, Chinese infrastructure and Indian services.
- India might have a tightrope walk ahead, trying to enlist US support for its ambitions, like permanent membership of the UNSC and entry into the Nuclear Suppliers Group.
- Either way (Hillary or Trump), Iran does not seem better placed with its US relations in the post-Obama scenario.
- With a population of 80 million, a strong customer sentiment and moderates dominating the political space, Iran is too good a market to miss for the beleaguered global economy.

2. Too cagey about sharing geospatial data

(<http://www.thehindubusinessline.com/todays-paper/tp-opinion/too-cagey-about-sharing-geospatial-data/article8925897.ece>)

Category: Polity and Governance

Topic: Government Initiatives

Key points:

- The Geospatial Information Regulation Bill has aroused a spate of controversies and discussions around its impact on big companies such as Google and Apple, businesses such as Uber, and for consumers using certain apps.
- India contributes a huge student population to the US, many of whom get PhDs and work in academia as scientists. However, the absence of high quality data prevents many scientists and academics from contributing to knowledge in their home country.
- Since the current Bill is highly restrictive in the use of geospatial data of any form, it leads to loss of knowledge.
- For example, the Bill says, “no person shall disseminate or allow visualisation of any geospatial information of India either through internet platforms or online services, or publish or distribute any geospatial information of India in any electronic or physical form”.
- Geospatial information can be extremely useful in disease surveillance, detecting patterns, and predicting outbreaks of certain types.

- In many situations, public and private hospitals run a surveillance system to track where their patients are coming from and then identify the population at risk within those catchments — this relies on being able to collect location data.
- Mobile health is another emerging area that harnesses the use of location information to track health indicators such as breast cancer screening or cervical cancer screening, number of antenatal care visits made by women, and patient outcomes.
- For a resource-constrained developing country such as India, with an enormous population that lacks access to basic government services, limiting the use of geospatial data for informed policy related decision-making, is like aiming the axe on one's own foot.

F. Concepts-in-News: Related Concepts to Revise/Learn:

Geospatial Information Regulation Bill

UNSC

Kudankulam Nuclear Power Plant (KKNPP)

CPI

ASEAN

Tags

UNCLOS

Kudankulam Nuclear Power Plant (KKNPP)

CPI

ASEAN

Practice Questions

Date: 1st August, 2016

Category: Geography

Topic: Various Parts of the World

Source: The Hindu

Difficulty level: Moderate

Type: Factual

1] With which geographical region is the nine-dash line associated with?

- a) South China Sea
- b) Indian Ocean
- c) Atlantic Ocean
- d) Sea of Japan

Ans a)

Date: 1st August, 2016

Category: Disaster Management

Topic: Institutions

Source: The Hindu

Difficulty level: Moderate

Type: Factual

2] Consider the following statements,

1. The National Disaster Response Force and Civil Defence come under the Ministry of Home Affairs, Govt. of India.
2. On 23 December 2005, the Government of India enacted the Disaster Management Act, which envisaged the creation of National Disaster Management Authority (NDMA), headed by the Prime Minister, and State Disaster Management Authorities (SDMAs) headed by respective Chief Ministers, to spearhead and implement a holistic and integrated approach to Disaster Management in India.

Which of the above are correct?

- | | |
|------------------|---------------------|
| (a) 1 Only | (b) 2 Only |
| (c) Both 1 and 2 | (d) Neither 1 nor 2 |

Ans) c)

Date: 1st August, 2016

Category: Geography

Topic: Human Geography

Source: The Hindu

Difficulty level: Difficult

Type: Factual

3] Consider the following statements,

- 1) The Garo Hills is predominantly inhabited by the Garos, belonging to the Bodo family of the Tibeto-Burman race, said to have migrated from Tibet.
- 2) The traditional Khasi male dress is "Jymphong" or a longish sleeveless coat without collar, fastened by thongs in front.

Which of the above statement(s) is/are correct?

- | | |
|------------------|---------------------|
| (a) 1 Only | (b) 2 Only |
| (c) Both 1 and 2 | (d) Neither 1 nor 2 |

Ans) c)

Date: 1st August, 2016

Category: Geography

Topic: Physical Geography of India

Source: The Hindu

Difficulty level: Moderate

Type: Factual

4] Consider the following statements regarding,

1. The seven States of the North Eastern Region barring Sikkim are linked to the rest of India through the 26 km long Siliguri Corridor commonly known as Chicken's neck. They therefore form an integrated geographical unit.
2. 98% of NER's border is bounded by India's international neighbours.

Which of the above statement(s) is/are correct?

- | | |
|------------------|---------------------|
| (a) 1 Only | (b) 2 Only |
| (c) Both 1 and 2 | (d) Neither 1 nor 2 |

Ans) c)

Date: 1st August, 2016

Category: Science and Technology

Topic: Nuclear Energy

Source: The Hindu

Difficulty level: Moderate

Type: Factual

5] Consider the following statements,

1. The Kudankulam Nuclear Power Plant (KKNPP), built with Russian help, is the first in the world to have post-Fukushima safety enhancement requirements implemented and operated successfully.

2. There are a number of advanced active and passive safety systems which ensure unprecedented design-level nuclear and ecological safety of the plant.

Which of the statements is/are correct?

- | | |
|------------------|---------------------|
| (a) 1 Only | (b) 2 Only |
| (c) Both 1 and 2 | (d) Neither 1 nor 2 |

Ans) c)

Current News Analysis

02-08-2016

A. GS1 Related

B. GS2 Related

1. Soft on Saudi Arabia's war on Yemen

<http://www.thehindu.com/opinion/editorial/soft-on-saudi-arabias-war-on-yemen/article8929307.ece>

Category: International Relations

Topic: Conflict and Humanitarian assistance

Key Points:

- Saudi Arabia's ongoing war on Yemen, 16 months after a Saudi-led coalition started bombing rebels in the poor Arab country, doesn't seem to have met any of the declared objectives of the war.
- The Shia Houthi rebels still control huge swathes of territory and President Abd Rabbuh Mansur Hadi, on whose behalf Saudi Arabia intervened in Yemen, hasn't established credible authority even in territories technically ruled by his government.
- Saudi Arabia has repeatedly come under international criticism for its brute use of force and lack of interest in finding a settlement to the civil war.
- Numbers suggest that Yemen is facing one of the worst humanitarian crises in its modern history.
- Saudi Arabia may have its strategic goals behind the war, such as defeating Houthi rebels who Riyadh perceives to be proxies of Iran.

2. India readies business card for SAARC businessmen

<http://www.thehindu.com/news/national/india-readies-business-card-for-saarc-businessmen/article8929863.ece>

Category: International Relations

Topic: SAARC

Key Points:

- India has decided to roll out the 'India Business Card' announced by Prime Minister Narendra Modi two years ago for seamless travel of prominent businessmen across the SAARC region.

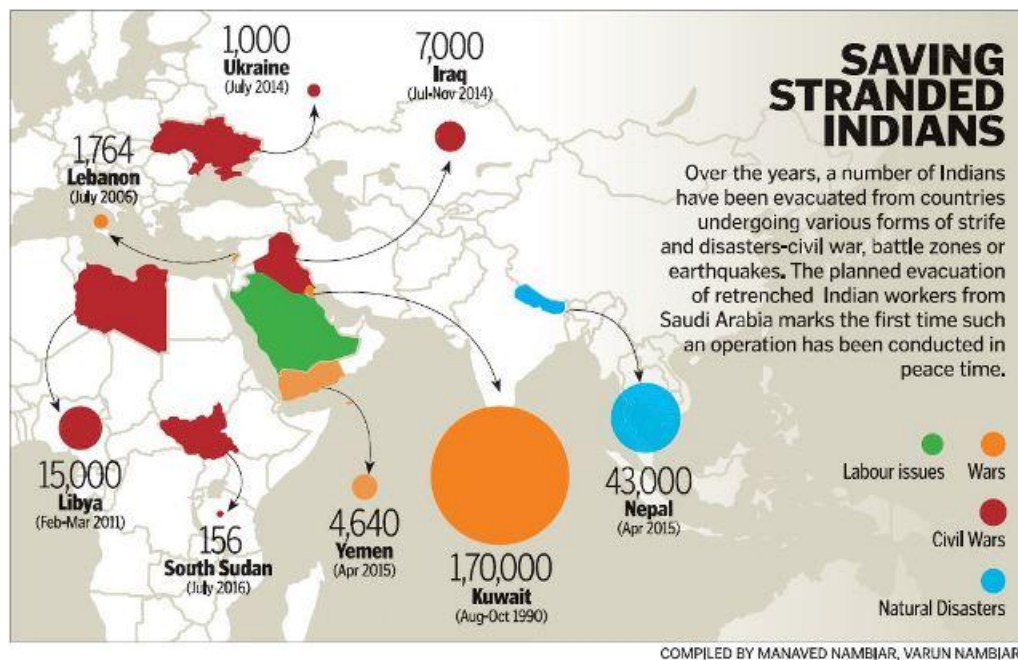
- Its likely to unveiled at the Home Ministers' conference of South Asian Association for Regional Cooperation (SAARC) being held at Islamabad.
- The Business Card had initially hit a design hurdle with agencies differing on the "security features". Intelligence agencies had expressed apprehension over easing visa restrictions on businessmen from Pakistan but government decided to implement it to bring normalcy in the region.
- The business card will be given only to prominent businessmen of the eight SAARC countries and will have to be carried with a passport. It will have all the passport details as well as the travel history of the businessmen. It is being issued to facilitate trade and commerce among the SAARC nations.
- The SAARC countries are also working on a "uniform visa application form and software"

3. India's evacuation efforts from crisis hit regions

<http://www.thehindu.com/news/national/vk-singh-for-riyadh-to-help-laidoff-indians/article8929421.ece>

Category: International Relations

Topic: Indian Diaspora



C. GS3 Related

1. No ark for Kaziranga's rhinos as 13 drown, conservation groups fight battle to save wildlife

<http://www.thehindu.com/todays-paper/no-ark-for-kazirangas-rhinos-13-drown/article8930076.ece>

Category: Environment

Topic: Wildlife Conservation and Endangered species

Key Points:

- The floods in Assam have swept away at least 13 of Kaziranga National Park's iconic Great Indian one-horned Rhinoceros.
- It is listed as Vulnerable on the IUCN Red List.
- The preferred habitat of an Indian Rhinoceros is alluvial flood plains and areas containing tall grasslands along the foothills of the Himalayas. Formerly, extensively distributed in the Gangetic plains, today the species is restricted to small habitats in Indo- Nepal terai and North Bengal, and Assam. In India rhinos are found in Kaziranga, Orang, Pobitara, Jaldapara, and Dudhwa.
- Rhinos have been widely slaughtered for their horn, a prized ingredient in traditional Asian medicines.

2. Rajya Sabha set to approve GST legislation tomorrow

<http://www.thehindu.com/news/national/parliament-proceedings-rajya-sabha-set-to-approve-gst-legislation-tomorrow/article8929449.ece>

Category: Economics, Polity

Topic: Taxation, Constitutional Amendment

Key Points:

- The Bill to amend the Constitution, paving the way for the biggest, long-pending and much awaited indirect tax reform, is all set to be approved by the Rajya Sabha.
- Union Finance Minister will move four key amendments to the Constitution (122nd Amendment) Bill.

THE FOUR AMENDMENTS	
The government is keen to bring about four key amendments in the upcoming GST Bill	
<ul style="list-style-type: none">➔ The scrapping of the controversial 1 per cent entry tax➔ Providing States full compensation for five years for any revenue losses arising from the shift to the new taxation system	<ul style="list-style-type: none">➔ Rephrasing the language for setting up of an independent dispute resolution mechanism in the GST Council➔ To introduce a fresh assurance in the amendment that the GST rate will neither lead to revenue losses for the States nor hurt the consumers

- The Bill cannot be passed in the Upper House without support from the Congress as a constitutional amendment needs the support of two-thirds of the members voting.

3. NASA to explore asteroid during close encounter

<http://www.thehindu.com/sci-tech/science/nasa-to-explore-asteroid-bennu-during-its-close-encounter-with-earth/article8929351.ece>

Category: Science and Technology

Topic: Asteroid, NASA exploration

Key Points:

- A near-Earth asteroid named Bennu that is coming towards our planet after being dislodged by a gravitational pull can indeed strike us and cause massive destruction. Although the chances are very remote.
- The OSIRIS-REx Mission, headed by NASA and the University of Arizona, plans to launch an unmanned spacecraft on September 8 in the efforts to reach Bennu in August 2018.
- It will orbit the Sun for a year and then use Earth's gravitational field to assist it on its way to Bennu.
- In August 2018, OSIRIS-REx's approach to Bennu will begin. It will use an array of small rocket thrusters to match the velocity of Bennu. The spacecraft will begin a detailed survey of the asteroid two months after slowing to encounter Bennu. The spacecraft will briefly touch the surface of Bennu to retrieve a sample.
- The sampling arm will make contact with the surface for about five seconds, during which it will release a burst of nitrogen gas. This will cause rocks and surface material to be stirred up and captured in the sampler head.

D. GS4 Related

E. Important Editorials

1. Child labour by other means

<http://www.thehindu.com/opinion/editorial/child-labour-by-other-means/article8929306.ece>

Category: Polity and governance

Topic: Government initiatives for the weaker sections

Key points:

- The amendments to the Child Labour (Prohibition and Regulation) Act, 1986, passed by Parliament recently, demonstrate a lack of national commitment to abolishing all forms of child labour.
 - Parliament has allowed children up to the age of 14 to be employed in ‘family enterprises’, and created a new category of ‘adolescents’ (the 14-18 age group) who can be employed in ‘non-hazardous’ occupations.
 - In the name of acknowledging the socio-economic realities of India, the amendments tweak the law in such a way that children are in some form or other available for employment.
 - The only concession to their educational rights is that they are permitted to work in family enterprises only outside school hours and during vacations.
 - Curiously, the main amendment — to ban children up to the age of 14 in any occupation — is being touted as a progressive leap from the earlier ban limited to some occupations and processes.
 - It should not be forgotten that with the passage of the Right of Children to Free and Compulsory Education Act, 2009, a statutory obligation to ensure that every child completes elementary education, is already in place. The exemption to family enterprises effectively retains conditions under which children are made to contribute economically while studying. Working outside of school hours and earning valuable income for the family will surely have a deleterious effect on the children’s health as well as their aptitude for learning.
 - Regulation is going to be a big challenge, as it will be difficult to determine whether a particular family is running an enterprise, or whether some faceless owner has employed a single family to circumvent the law.
 - International Labour Organization Convention 138 mandates compulsory schooling till the age of 15, but permits countries with inadequate education facilities to reduce it to 14.
 - International Labour Organization Conventions 182 prohibits employment of children “in the worst forms of labour”.
- Bare compliance with international norms is not enough. Children from the poor and marginalized sections, especially Dalits, are still in danger of being deprived of both the joys of childhood and their constitutional right to education

2. The dynamic nature of poverty

<http://www.thehindu.com/opinion/lead/the-dynamic-nature-of-poverty/article8929309.ece>

Category: Indian Polity

Topic: Poverty and social security schemes

Key Points:

- Concept of poverty today is fundamentally different from that of poverty three decades ago, and that safety nets need to be tailored to meet the needs of a society in transition.
- Most of our anti-poverty policies rely on identifying the poor by using Below Poverty Line (BPL) Censuses. The ambiguity and flawed methodologies involved in identifying the poor has led to inefficient implementation of most of the social sector initiatives.
- Poverty is dynamic in nature, poor households may move out of poverty and the non-poor may become poor over a period of time, this forces us to question the veracity of our fundamental assumptions about poverty.
- Ironically, in spite of a decline in poverty, the proportion of the population receiving welfare benefits has risen sharply. The IHDS shows that between 2004-05 and 2011-12, the proportion of the population deemed to be poor fell from 38 per cent to 22 per cent. But the proportion of households receiving any of the benefits under different government schemes, such as old age pension, widow pension, and the Janani Suraksha Yojana, or scholarships and other benefits, grew from 13 per cent in 2004-05 to 33 per cent in 2011-12. The same trend holds good for PDS and MGNREGA.
- The more the number of schemes, the greater is the likelihood of leakage and inefficiency. Moreover, our country has the tendency to initiate schemes without setting aside enough funds to successfully implement them, thereby almost willing them to failure.
- The Rashtriya Swasthya Bima Yojana (RSBY) covers hospital costs but not outpatient services. Consequently, many patients delay treatment until the severity of their medical conditions forces them into hospitalization, which, in turn adversely affects their health and increases public expenditure.
- Is there another way of providing social safety nets that would circumvent these problems while genuinely taking care of the people's needs? Fundamentally restructuring social safety nets necessitates meeting three key challenges:
 - identifying those in need of assistance in the context of rapid economic changes;
 - efficiently delivering this assistance to prevent unintended consequences which may pervert the very purpose of social safety nets; and
 - ensuring that this assistance is meaningful rather than simply tantamount to applying a bandage to a cancer.

The Financial Express

1. How India can become a water surplus countr

<http://www.financialexpress.com/fe-columnist/how-india-can-become-a-water-surplus-country/335559/>

Category: Resources

Topic: Water management

Key points:

- Ocean's hold 96.5% of the water yet over one in ten people around the world don't have access to safe water as per Water.org
- Israel has found a cost efficient new-age technology solution to water woes. The new desalination techniques have turned the country which has had over a decade of drought into a water surplus nation.
- They have developed a system using porous lava stones to increase the efficiency of desalination plants. The plant works by pushing water through membranes containing microscopic pores. But microorganisms in seawater stick to the membranes thereby blocking the pores, leading to cyclical costly and chemical-intensive cleaning. Lava stones capture the microorganisms before they can reach the membrane thus creating a chemical-free solution to membrane blocking.
- Though India has been using desalination techniques, the country can certainly learn from the Israel experience which draws 55% of its water from desalination.
- Over 75 million people in India do not have access to safe water, the desalination process would not only increase the availability of water, but also reduce the cost for Indians who pay more than a rupee per litre.

F. Concepts-in-News: Related Concepts to Revise/Learn:

India Business Card

IUCN Red List

Asteroid Bennu

Desalination

Child Labor (Prohibition and Regulation) Act

Tags

SAARC

OSIRIS-REx Mission

IUCN Red List

GST

Operation Raahat

Practice Questions

Date: 2nd August, 2016

Category: Environment

Topic: Endangered species and conservation

Source: The Hindu and WWF

Difficulty level: Moderate

Type: Factual

1] With regard to the great Indian one horned rhinoceros which of the following are correct?

- I. It is listed as critically endangered on the IUCN Red List.
 - II. Alluvial flood plains with tall grasslands are their preferred habitat.
- a) Only i
 - b) Only ii
 - c) Both i and ii
 - d) Neither i nor ii

Ans. B

Date: 2nd August, 2016

Category: International Relations

Topic: SAARC

Source: The Hindu

Difficulty level: Moderate

Type: Factual

2] Consider the following statements with regard to SAARC

1. Its main mandate is to promote regional and economic integration.
2. SAARC maintains permanent diplomatic relations at the UN as an observer and has developed links with multilateral entities, including the EU.

Which of the above are correct?

- a) 1 Only
- b) 2 Only
- c) Both 1 and 2
- d) Neither 1 nor 2

Ans. C

Date: 2nd August, 2016

Category: Indian Polity

Topic: Constitutional Amendment

Source: The Hindu

Difficulty level: Moderate

Type: Factual

3] Consider the following statements with regard to constitutional amendment under Article 368

1. The Bill must be passed in each House by a majority of the total membership of that House and by a majority of not less than two-thirds of the members of that House present and voting.
2. There is provision for a joint sitting in case of disagreement between the two Houses.

Which of the above statement(s) is/are correct?

- a) 1 Only
- b) 2 Only
- c) Both 1 and 2
- d) Neither 1 nor 2

Ans. A

Date: 2nd August, 2016

Category: Science and Technology

Topic: Desalination

Source: The Hindu

Difficulty level: Difficult

Type: Logical

4] Consider the following statements,

1. Desalinating sea water is generally more costly than fresh water from rivers or groundwater
2. Israel produces a higher proportion of its potable water via desalination than any other country.

Which of the above statement(s) is/are correct?

- a) 1 Only
- b) 2 Only
- c) Both 1 and 2
- d) Neither 1 nor 2

Ans. C

Date: 2nd August, 2016

Category: International Relations

Topic: Indian Diaspora

Source: The Hindu

Difficulty level: Moderate

Type: Factua

5] Operation Raahat was the codename for the evacuation of Indian citizens from which of the following conflict ridden countries?

- a) Yemen
- b) Kuwait
- c) Libya
- d) Lebanon

Ans A

Current News Analysis

03-08-2016

A. GS1 Related

B. GS2 Related

1. UGC amends anti-ragging regulations

<http://www.thehindu.com/news/national/ugc-amends-antiragging-regulations/article8934161.ece>

Category: Indian Polity

Topic: Education

Key Points:

- Students can henceforth be expelled for ethnic, regional, linguistic insults on campuses.
- Harassing a student from the north-east on the basis of ethnicity or a Bihari student on the basis of regional background can now lead to expulsion or rustication, among other punishments, in higher educational institutions.
- Regulations to include physical or mental abuse on grounds of ethnicity, caste, religion, colour, regional background, linguistic identity, nationality and sexual orientation.
- The changes are incorporated in the Curbing the Menace of Ragging in Higher Educational Institutions (third amendment), Regulations, 2016, which have come into force.

2. AYUSH drugs to get trial guidelines

<http://www.thehindu.com/news/national/ayush-drugs-to-get-trial-guidelines/article8934267.ece>

Category: Indian Polity

Topic: Education

Key Points:

- To bring research on Ayurvedic drugs and formulations closer to practices in Western medicine, the Indian Council of Medical Research has released a set of guidelines concerning standards that must be adhered to in testing medicines from AYUSH
- The draft guidelines say that research on traditional and folk medicines and patented and proprietary varieties of traditional medicines involving human

participants must be done using the same ethical principles under which drug trials are conducted.

- That means the adverse effects of such drugs and a system whereby the potency and safety of the investigational drug can be measured ought to be in place. Compensation should be provided to the affected persons.
- the legitimate rights/share of the tribe or community from which the knowledge was gathered should be taken care of appropriately while applying for Intellectual Property Rights and patents for the product
- Specify that all participants be made aware of the risks and not be offered undue inducements to participate in the trial of a new drug.
- This is a positive step and is important for traditional Indian formulations to be able to access international markets
- India has frequently seen controversies over the improper conduct of clinical trials and there is a proposed amendment to the Drug and Cosmetics Act that seeks to impose stricter penalties for those found violating clinical trial guidelines.

3. Prachanda to be next Prime Minister of Nepal

<http://www.thehindu.com/todays-paper/tp-international/prachanda-to-be-next-prime-minister-of-nepal/article8934839.ece>

Category: International Relations

Topic: Nepal

Key points:

- The leader of Nepal's Maoist party, Pushpa Kamal Dahal 'Prachanda' appeared certain to be the next Prime Minister after the deadline for nominations expired
- Lawmakers in the Himalayan nation are due to elect a new Prime Minister on Wednesday after K.P. Sharma Oli resigned last week, minutes before facing a no-confidence motion in Parliament.
- Prachanda has served as Prime Minister once before, after the Maoists won elections in 2008
- If elected, Prachanda faces the twin challenges of rebuilding the country after a devastating earthquake and resolving simmering unrest over a divisive new constitution adopted last September.
- The new Constitution, the first drawn up by elected representatives, was meant to bolster Nepal's transformation to a democratic republic after decades of political instability.

C. GS3 Related

1. Rajnath to press for SAARC terror desk The facility, set up in Colombo in 1995, is yet to become operational

<http://www.thehindu.com/news/national/saarc-terrorist-offences-monitoring-desk-rajnath-to-press-for-saarc-terror-desk/article8934554.ece>

Category: Internal Security

Topic: Counter Terrorism, SAARC

Key Points:

- Home Minister Rajnath Singh will press for bringing into operation the SAARC Terrorist Offences Monitoring Desk (STOMD) when he visits Islamabad on Wednesday to take part in the conference of Home Ministers.
- The desk was established in Colombo in 1995 to collate, analyze and disseminate information on terror offences, tactics, strategies and methods in the SAARC region.

2. Stage set for roll-out of GST regime

<http://www.thehindu.com/news/national/monsoon-session-of-parliament-rajya-sabha-proceedings-stage-set-for-rollout-of-gst-regime/article8934269.ece>

Category: Economics, Polity

Topic: Taxation, Constitutional Amendment

Key differentiators *Proposed amendments to the 2014 Bill in the Lok Sabha that have been incorporated in the 2016 Bill*

	2014 Bill	2016 proposed amendment
Dispute resolution	2014 Bill (Clause 12): GST Council may decide upon modalities to resolve disputes	The GST Council shall establish a mechanism to adjudicate any disputes
Entry Tax	2014 Bill (Clause 18): An additional tax of 1% on supply of goods will be levied by the Centre on inter-State trade or commerce	Deletes the provision
Compensation to States	2014 Bill (Clause 19): Parliament may by law, provide compensation to States for any loss of revenues up to five years.	Parliament shall , by law provide for compensation to States for any loss.

Source: PRS Legislative Research

Key Points:

- Parliament shall, by law, provide for compensation to states for any loss of revenues, for a period which may extend to five years,” PRS Legislative said in a note. “This would be based on the recommendations of the GST Council. This implies that (i) Parliament must provide compensation; and (ii) compensation cannot be provided for more than five years, but allows Parliament to decide a shorter time period.
- The removal of the one per cent additional tax was an amendment welcomed by industry and parliamentary opposition alike. The point of GST is to create a common market in the country and remove supply chain distortions arising from different tax rates in different States; the 1 per cent tax would have continued the distortions. Removing it addresses industry concerns

3. Centre to meet diplomats for boosting food products trade

<http://www.thehindu.com/business/Industry/centre-to-meet-diplomats-for-boosting-food-products-trade/article8934172.ece>

Category: Indian Economy

Topic: Food processing

Key Points:

- The Centre will hold a meeting with ambassadors and high commissioners in the country to attract foreign direct investment into trading of food products.
- On June 20 the Centre allowed 100 per cent FDI under government approval route (through Foreign Investment Promotion Board) for trading, including through e-commerce, of food products manufactured or produced in India to give a fillip to the food processing sector.
- The meeting is likely to be attended by ambassadors and high commissioners to India from as many as 18 countries, including Japan, Thailand, the U.K., the U.S. and South Korea etc.
- Through a liberal policy, the government aims to ensure greater value addition to farm produce, bring down wastage of perishables, curb inflation and price fluctuation of food items, raise farmers' income, generate more employment and to ensure that India attracts the latest technologies in the food processing sector.
- The move to allow 100 per cent FDI in trading of food products manufactured or produced in India, will help drastically reduce post-harvest losses and ensure that farmers get better prices. It will also result in the strengthening of backend infrastructure and lead to a direct purchase by retailers

D. GS4 Related**E. Important Editorials****1. Vocational Training: Bridging the skill gap**

<http://www.thehindu.com/opinion/op-ed/vocational-training-bridging-the-skill-gap/article8934038.ece>

Category: Indian Economy

Topic: Employment

Key points:

- Financing technical vocational education and training (VET) is costlier than general education due to its technical nature. Pre-service training requires the installation of equipment and trained instructors to train youth. This raises the cost of training, and remains a factor preventing pre-service training from expanding more rapidly.
- There are four places where VET is imparted in India:

- in secondary/higher secondary schools and polytechnics;
 - industrial training institutes (ITIs, both public and private);
 - private vocational training providers publicly financed and incubated by National Skill Development Corporation (NSDC); and
 - In-firm, enterprise training (either of government-funded apprentices or large firms conducting training for their own new recruits).
- There are four ways in which technical vocational education and training (TVET) is financed in at these four locations:
 - General tax revenues, used to fund public and private vocational training providers;
 - In-firm financing and provision of training by and for a firm conducting such training;
 - Corporate Social Responsibility (CSR) requirements by the government, mandating a certain proportion of CSR funds to be spent on vocational training; and
 - Levy on firms by the government, held in a special fund, resources from which are earmarked for vocational training.
 - In India, only the first two forms of financing have been used. Even the NSDC is funded with general tax revenues. However, its scale is too small, training too short, and it is being expanded too rapidly at the cost of quality/employability of trainees.
 - One outcome of the rising need for skilled personnel on the one hand and limited financing available for skill development on the other is that the wages and salaries of skilled and highly skilled staff have been rising sharply in the past decade.
 - Hence firms are facing rising input costs on account of human resources. another outcome of rising skilled labour costs is that large firms decide to invest in machinery, substituting capital for labour, thus reducing the potential for increasing jobs.
 - CSR funds for skill development: The CSR Act encourages companies to spend at least 2 per cent of their average net profit in the previous three years on CSR.
 - However, the provision in the Act is 'indicative', not mandatory. Putting skill development in the category of CSR may enable such companies to transfer the costs of normal skill development activities the firm is running in any case as CSR activities now. While CSR could be used as a means of enhancing financing for skill development, the Government of India has to be careful that it does not end up subsidizing activities by the firm that it might have undertaken in any case.
 - With regard to financing for skill development, 62 countries of the world have adopted an option that seems to have served them well. A tax is levied on companies that goes into an earmarked fund meant exclusively for TVET purposes. Firms can be reimbursed

the costs of training from such a fund. A second objective such a fund would serve is to provide a stipend to students who receive TVET, given that the demand for TVET is lower than for general academic education.

- Levies can provide a steady and protected source of funding for training, particularly in the context of unstable public budgets.

2. Pawns in the great forest game

<http://www.thehindu.com/opinion/columns/compensatory-afforestation-fund-bill-pawns-in-the-great-forest-game/article8934040.ece>

Category: Environment,

Topic: Forest Rights, Tribal Rights and Conservation

Key Points:

- In the context of Project Tiger- the efforts usually mean increasing vigilance against poaching of tigers and their prey, expanding existing tiger reserves, notifying new tiger reserves, and the likely relocation of people out of forests as a consequence of expansion of forests under state protection.
- Forests are as much cultural and social places as they are a habitat for wildlife. Forests are home to one in eight Indians, and tiger conservation has come at a terrible human cost, they are prone to exclaim, recounting several instances of injustice where tribals have been forced out of forests, uprooted from their social and cultural context, deprived of education, development and livelihoods, plunged into poverty, and remained either unwilling or unable to integrate into the mainstream.
- That conservation of the tiger and other wildlife should not be at the cost of the fundamental rights of our citizenry is a common refrain.
- In the last two decades or so, elected governments in India have sanctioned the cutting down of forests to build highways, flattened forests for coal and other minerals, and drowned out forests for dams, significantly devastating wildlife and forest dwellers alike.
- The last decade has also seen monumental efforts to assure legal rights to bona fide forest dwellers through the passing of the Forest Rights Act (FRA). The FRA recognises historical injustice meted out to forest dwellers, and seeks to undo this travesty by granting land and management rights in forests where they live.
- Strengthening of the Panchayati Raj (Extension to Scheduled Areas) Act, or PESA, ensures that any developmental activity that destroys forests must have the prior approval and consent of gram sabhas.

- Both the FRA and PESA have been met with severe opposition from conservationists and the forest department largely because of mistrust, fears of misuse, and fear of the dilution of existing powers.
- Rajya Sabha passed the Compensatory Afforestation Fund Bill, thereby paving the way for disbursement of funds from to individual States' forest departments. This fund, established in 2009, is the repository of monies levied upon any entity (government or private) as the charge for destroying forests based on their net present value.
- The Bill passed because a key condition that gram sabha consultation is required for fund utilisation was removed at the last moment.
- This move is likely to rankle both conservationists and tribal rights activists alike, since it puts too much money (and power) in the hands of the forest department, and because it bypasses democratic institutions like the gram sabha.

F. Concepts-in-News: Related Concepts to Revise/Learn:

AYUSH

National Skill Development Corporation

Forest Rights Act

Food Processing Industries

Traditional Knowledge Digital Library

Tags

SAARC

GST

Nepal

Clinical Trials

Practice Questions

Date: 3rd August, 2016

Category: Polity

Topic: Health

Source: The Hindu

Difficulty level: Moderate

Type: Factual

1] Consider the following statements?

- i. AYUSH is a department under the Ministry of health and family welfare.
- ii. The Traditional Knowledge Digital Library (TKDL) aims to prevent grant of "bed" patents on traditional knowledge and biopiracy.

- a) Only i
- b) Only ii
- c) Both i and ii
- d) Neither i nor ii

Ans (b)

Date: 3rd August, 2016

Category: International Relations

Topic: Multi Lateral Organisations

Source: The Hindu

Difficulty level: Moderate

Type: Factual

2] The Regional Anti-Terrorist Structure(RATS) is a part of which multi-lateral grouping?

- (a) SAARC
- (b) ASEAN
- (c) NATO
- (d) SCO

Ans) d)

Date: 3rd August, 2016
Category: Indian Economy
Topic: Skill Development
Source: The Hindu
Difficulty level: Moderate
Type: Factual

3] Consider the following statements,

- 1) The National Skill Development Corporation, (NSDC) is a Public Private Partnership under the Ministry of Skill Development & Entrepreneurship.
- 2) NSDC provides funding to build scalable, for-profit vocational training initiatives.

Which of the above statement(s) is/are correct?

- | | |
|------------------|---------------------|
| (a) 1 Only | (b) 2 Only |
| (c) Both 1 and 2 | (d) Neither 1 nor 2 |

Ans(c)

Date: 3rd August, 2016
Category: Indian Economy
Topic: Food Processing
Source: The Hindu
Difficulty level: Moderate
Type: Factual

4] Consider the following statements,

1. The Scheme of Mega Food Park aims at providing a mechanism to link agricultural production to the market by bringing together farmers, processors and retailers so as to ensure maximizing value addition, minimizing wastages, increasing farmers' income and creating employment opportunities particularly in rural sector..
2. The Mega Food Park Scheme is based on "Cluster" approach.

Which of the above statement(s) is/are correct?

- | | |
|------------------|---------------------|
| (a) 1 Only | (b) 2 Only |
| (c) Both 1 and 2 | (d) Neither 1 nor 2 |

Ans) c)

Date: 3rd August, 2016
Category: Indian Polity
Topic: Decentralization
Source: The Hindu
Difficulty level: Moderate
Type: Factual

5] Consider the following statements,

- 1) PESA is a law enacted by the Government of India to cover the "Scheduled areas", which are not covered in the 74th amendment act.
- 2) PESA was enacted to enable Gram Sabhas to self govern their natural resources.

Which of the above statement(s) is/are correct?

- | | |
|------------------|----------------------|
| (a) 1 Only | (b) 2 Only |
| (c) Both 1 and 2 | (d) Neither 1 nor 2m |

Ans) b)

Current News Analysis

04-08-2016

A. GS1 Related

B. GS2 Related

1. Reforms and the disabled

<http://www.thehindu.com/opinion/columns/javid-abidi-column-on-reforms-and-the-disabled/article8938965.ece>

Category: Polity and Governance

Topic: Government Initiatives

Key Points:

- Curiously, the history of codification of the rights of people with disabilities coincides more or less with the commencement of the era of economic reforms.
- The landmark Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995, stipulated specific provisions concerning equal opportunities to basic education, employment, and accessibility.
- India is home to 26.8 million people with disabilities, whereas other estimates put the figure at about thrice that number.
- The 2011 Census shows that 54.5 per cent of people with disabilities in India are literate — a 5.2 percentage point improvement over the previous decade.
- The Government of India has ratified the UN Convention on the Rights of Persons with Disabilities and corresponding domestic legislation is in the making.
- Initiatives such as the Sugamya Bharat Abhiyan, which are designed to bridge physical barriers, are steps in the right direction.
- Women with disabilities are most vulnerable to exploitation, as also people with psycho-social impairments and those hard of hearing.
- The revised National Building Code of India and the corresponding revision of State bylaws, have the potential to break many of these barriers, provided elements of universal design are incorporated.

2. Saudi promises help, free passage to jobless

<http://www.thehindu.com/news/national/saudi-promises-help-free-passage-to-jobless/article8938991.ece>

Category: International Relations

Topic: Indian Diaspora

Key points:

- The Government of Saudi Arabia has promised free passage and humanitarian support to Indian workers affected by widespread lay-offs.
- The issue was limited to one company that has violated Saudi laws.
- The Government of Kingdom of Saudi Arabia has taken serious note of this lapse and has taken immediate action to ensure all camps where Indian workers were staying are provided facilities like medical, food, hygiene and sanitation.
- The meeting between Dr. Haqbani (Saudi Minister of Labour and Social Development) and Gen. Singh focussed on multiple options to solve the problem of unemployment the workers faced.

3. Prachanda is new Nepal PM

<http://www.thehindu.com/news/international/prachanda-elected-nepal-prime-minister/article8938066.ece>*Category: International Relations*

Topic: India and its neighborhood- relations



Key points:

- Pushpa Kamal Dahal, the Maoist chief who is better known as 'Prachanda' (the fierce one), was elected as Nepal's Prime Minister for a second time.
- He has also become the first communist leader to become the Prime Minister twice.
- The Prime Minister's post had been left vacant since last month after CPN-UML chairman K.P. Sharma Oli tendered his resignation.

C. GS3 Related

1. Centre's flagship initiatives likely to get additional funds

<http://www.thehindu.com/business/Industry/centres-flagship-initiatives-likely-to-get-additional-funds/article8938892.ece>

Category: Polity and Governance

Topic: Government Initiatives



Key Points:

- In terms of additional Budgetary allocation, National industrial corridors, 'Make In India,' 'Start-up India' and the national Intellectual Property Rights (IPR) policy may get a major fillip.
- The Department of Industrial Policy and Promotion (DIPP) has begun work on revamping its schemes and is likely to propose additional Budgetary support this fiscal, for implementing the above mentioned schemes.
- This proposal would be made in the 'Supplementary Demands for Grants'.
- Effective implementation of IPR policy by boosting the research and innovation ecosystem is crucial to ensure the success of Make In India and Start-up India programmes.

D. GS4 Related

E. Important Editorials

1. Good sense triumphs on the GST

<http://www.thehindu.com/opinion/editorial/editorial-on-the-passing-of-amended-gst-bill-in-rajya-sabha-good-sense-triumphs-on-the-gst/article8938956.ece>

Category: Indian Economy

Topic: Taxation

Key points:

- Eleven years after it was first mooted in Parliament, the Rajya Sabha has finally adopted a goods and services tax.
- Parliament's stamp is historic as the proposed tax will alter the powers of taxation that States enjoyed under the Constitution and usher in a uniform consumption-based tax structure across the land for almost all goods and services.
- Only potable alcohol is proposed to be excluded from the GST's ambit.
- The GST will usher in a nationwide common market and subsume a multiplicity of Central and State taxes.
- Among the tasks ahead is the drafting of the specific Central and State GST laws that will again need to be passed in Parliament and State legislatures.
- Important decisions, such as the setting of a proposed revenue-neutral standard rate, remain; these can have far-reaching cost and price implications for producers and consumers. These would also have revenue ramifications for governments.

2. Taking on the IS in Libya

<http://www.thehindu.com/opinion/editorial/editorial-on-airstrikes-against-islamic-state-militants-taking-on-the-is-in-libya/article8938958.ece>

Category: International Relations

Topic: Effect of policies and politics of developed and developing countries on India's interests

Key Points:

- The United States has scaled up its involvement in the Libyan civil war.
- The U.S.'s deepening involvement points to the rising threat perception from Libya.
- The U.S. and its European allies must share some blame for the country's present crisis.
- Qadhafi's regime, on hindsight could be looked upon as a unifying force among the country's diverse ethnic and tribal groups.
- NATO launched a disastrous war, the after-effects of which are still felt in Libya.
- There was little effort on the part of the invaders to reconstitute the Libyan state post Qadhafi.

3. The age of GST dawns

<http://www.thehindu.com/opinion/lead/ajit-ranade-on-the-gst-regime-the-age-of-gst-dawns/article8938962.ece>

Category: Economy

Topic: Taxation

Key Points:

- The introduction of a unified goods and services tax (GST) across the nation is the most important indirect tax reform since Independence.
- Without the GST, there are multiple points of taxation, and multiple jurisdictions.
- Interstate commerce has been hampered due to the dead-weight burden on Central sales tax and entry taxes, which have no offsets.
- Adoption of GST is an example of what PM Modi has called "cooperative federalism".
- Once the GST is in place, it means a unified, un-fragmented national market for goods and services, accessible to the smallest entrepreneur.
- By their very nature, indirect taxes are regressive because they affect the poor more than the rich.
- India's ratio of indirect to direct tax collection is 65:35. This is exactly the opposite of the norm in most developed countries.
- India's ratio of direct tax to GDP is one of the lowest in the world.

- The third issue is of tax litigation.
- Around Rs.1.5 lakh crore is stuck in litigation related to Central excise and service taxes.
- The fourth issue in implementing the GST is the governance within the GST Council.
- The GST is obviously not a panacea for all ills of India's economy. It is nevertheless a revolutionary and long-pending reform. It promises economic growth and jobs, better efficiency and ease of doing business, and higher tax collection.

F. Concepts-in-News: Related Concepts to Revise/Learn:

GST

Libyan civil war

Cooperative Federalism

GST Council

Department of Industrial Policy and Promotion (DIPP)

Tags

GST

Libyan civil war

Cooperative Federalism

GST Council

Department of Industrial Policy and Promotion (DIPP)

National industrial corridors

Make In India

Start-up India

National Building Code of India

Practice Questions

Date: 4th August, 2016

Category: Polity and Governance

Topic: Government Initiatives

Source: The Hindu

Difficulty level: Moderate

Type: Factual

1. Consider the following statements?

- I. The Department of Industrial Policy and Promotion (DIPP) is the nodal agency for National industrial corridors, 'Make In India,' 'Start-up India'.
- II. The DIPP is also in charge of the Indian Leather Development Programme (ILDPP), Industrial Infrastructure Upgradation Scheme (IIUS), Industrial Development of Backward and Remote Areas (including North East Industrial and Investment Promotion Policy (NEIIPP), Transport Subsidy Scheme, and Special package for Jammu & Kashmir, Himachal Pradesh & Uttarakhand).

- a) Only I
- b) Only II
- c) Both I and II
- d) Neither I or II

Ans. C

Date: 4th August, 2016

Category: Economy

Topic: Taxation

Source: The Hindu

Difficulty level: Moderate

Type: Mix

2. By their very nature, indirect taxes are regressive because they affect the poor more than the rich.

India's ratio of direct tax to GDP is one of the lowest in the world.

Which of the above statement(s) is/are correct?

- a) Only I
- b) II Only
- c) Both I and II
- d) Neither I or II

Ans C

3. Consider the following statements,

1. Without the GST, there are multiple points of taxation, and multiple jurisdictions.
2. Interstate commerce has been hampered due to the dead-weight burden on Central sales tax and entry taxes, which have no offsets.
3. Once the GST is in place, it means a unified, un-fragmented national market for goods and services, accessible to the smallest entrepreneur

Which of the above statement(s) is/are correct?

- a) 1 and 2 Only
- b) 2 and 3 Only
- c) All, 1, 2 and 3
- d) Neither 1 nor 2

Ans. C

Date: 4th August, 2016

Category: Geography

Topic: Various parts of the world

Source: The Hindu

Difficulty level: Moderate

Type: Factual

4. Consider the following statements,

1. The Tropic of Cancer passes through Libya.
2. Libya shares a coastline with the Mediterranean Sea.

Which of the above statement(s) is/are correct?

- a) 1 Only
- b) 2 Only
- c) Both 1 and 2
- d) Neither 1 nor 2

Ans C.

Date: 4th August, 2016

Category: Geography

Topic: Various Parts of the World

Source: The Hindu

Difficulty level: Moderate

Type: Factual

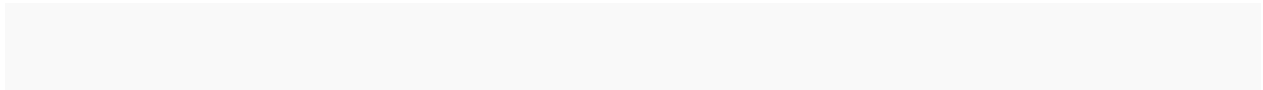
5. Consider the following statements,

1. The five Indian states that share a land border with Nepal are Uttarakhand, Uttar Pradesh, Bihar, West Bengal, and Sikkim.
2. The Tropic of Cancer passes through Nepal.

Which of the above statement(s) is/are correct?

- a) 1 Only
- b) 2 Only
- c) Both 1 and 2
- d) Neither 1 nor 2

Ans. A



Current News Analysis

05-08-2016

A. GS1 Related

B. GS2 Related

1. Gujarat HC strikes down quota ordinance

<http://www.thehindu.com/news/national/other-states/gujarat-hc-quashes-ordinance-on-10-quota-for-upper-castes/article8942121.ece>

Category: Indian Polity

Topic: Affirmative Action, Article 16

Key Points:

- The Gujarat High Court on Thursday quashed an ordinance providing 10 per cent reservation for the economically backward among the upper castes in education and government jobs.
- The court held that no quota can be granted on the basis of economic criteria because it is not provided for in the Constitution, which allows quotas on socially backward castes and Scheduled Castes and Tribes.
- The court observed that the ordinance promulgated by the State government is against the spirit of the Constitution and fundamental rights.
- The ordinance was in “direct conflict” with the judgment of the apex court that a State cannot provide more than 50 per cent reservation, and that reservation could only be allowed on “ground of social and educational backwardness and not poverty per se”.
- Before granting reservation to the economically weaker sections, The State authorities have to identify and measure quantifiable data by showing backwardness of the economically weaker sections (EWS) in general category and inadequacy of representation of a class in public employment under the state.

2. HC says L-G is Delhi’s administrative head

<http://www.thehindu.com/todays-paper/blow-to-aap-as-hc-says-lg-is-delhis-administrative-head/article8945216.ece>

Category: Indian Polity

Topic: Education

Key Points:

- The Delhi High Court has held that the Lieutenant Governor is the “administrative head” of Delhi and that it “continues to be a Union Territory.
- The High Court also set aside the AAP government’s contention that the L-G was supposed to act “only on the aid and advice of the Ministers”
- The Bench interpreted Article 239 A, 239AA of the Constitution and the provisions of the Government of National Capital Territory of Delhi Act and the Transaction of Business Rules to rule that Delhi continues to be a Union Territory even after the Constitution (69th Amendment) Act, 1991 inserting Article 239AA making special provisions with respect to Delhi.

3. Securing the Indus water treaty

<http://www.thehindu.com/opinion/op-ed/brhma-chellaney-on-indus-treaty-securing-the-indus-treaty/article8943790.ece>

Category: International Relations

Topic: India-Pakistan, Indus Water Treaty

Key points:

- Water sharing, transparency and collaboration are the pillars on which the unique Indus Waters Treaty was erected in 1960.
- Islamabad’s plan to haul India again before an international arbitral tribunal is a testament to how water remains a source of discord for Pakistan despite a treaty that is a colossus among existing water-sharing pacts in the world.
- In Asia, most of the transnational river basins have no water-sharing arrangement or any other cooperative mechanism. India, however, has water-sharing treaties with both the countries located downstream to it, Pakistan and Bangladesh (on Indus and Ganges respectively). India’s treaties with Pakistan and Bangladesh are the only pacts in Asia with specific water-sharing formulas on cross-border flows. The 1996 Ganges treaty set a new standard in international water law by guaranteeing delivery of specific water quantities in the critical dry season.
- The Indus treaty stands out as the world’s most generous water-sharing arrangement by far, in terms of both the sharing ratio and the total volume of basin waters for the downstream state. It is the first and only treaty that goes beyond water sharing to partitioning rivers. It drew a virtual line on the map of India to split the Indus Basin into upper and lower parts, limiting India’s full sovereignty rights to the lower section and reserving for Pakistan the upper rivers of Jammu and Kashmir — the so-called “western rivers.”
- Given that water is J&K’s main natural resource and essential for economic development, the gifting of its river waters to Pakistan by treaty has fostered popular grievance there. Demands in the J&K legislature for revision or abrogation of the Indus treaty are growing since a resolution seeking a treaty review was passed in 2003. This has prompted New Delhi to embark on several modestly sized, run-of-the-river hydropower projects in J&K to address chronic electricity shortages.

- Run-of-the-river projects are permitted by the Indus treaty within defined limits. But Pakistan wants no Indian works on the three “western rivers” and seeks international intercession by invoking the treaty’s dispute-settlement provisions, which permit a neutral-expert assessment or the constitution of a seven-member arbitral tribunal. By capitalizing on this Pakistan wishes to further its strategy to foment discontent and violence there.
- Pakistan dragged India into international arbitration on the Kishenganga and Baglihar Hydro power projects and has potentially affected the commercial viability of all future run-of-the-river projects in J&K.
- In 1960, India thought it was trading water for peace by signing the treaty. Within five years of the treaty’s entry into force, Pakistan launched a war to grab the Indian part of J&K in 1965 and now it is pushing for new arbitration proceedings over the Kishenganga and Ratle projects.
- Pakistan’s water relationship with India is becoming murkier due to China’s construction of dams in Pakistan-held Kashmir.
- Pakistan, by waging a constant propaganda battle against India on the waters issue, risks undermining the Indus treaty.

C. GS3 Related

1. Golden rice isn’t ready yet

<http://www.thehindu.com/opinion/columns/aniket-aga-on-agriculture-golden-rice-isnt-ready-yet/article8943788.ece>

Category: Indian Economy

Topic: Agriculture

Key Points:

- Golden Rice is an orange-yellow-coloured rice, genetically modified to produce beta-carotene, the precursor of Vitamin A.
- Advocates claim it is a powerful way to combat Vitamin A deficiency, the cause of diseases like childhood blindness, and deaths, particularly among the poor in Africa, South and Southeast Asia.
- Golden Rice was first developed around 1999 by two European scientists, Ingo Potrykus and Peter Beyer.
- The transnational agribusiness corporation Syngenta currently holds commercial rights to it. Moved apparently by humanitarian sentiments, Syngenta decided in 2004 to sub-license it free of charge (subject to several conditions, not all of which are straightforward) to agricultural research institutions in developing countries.
- The project of taking Golden Rice to developing countries is housed within the International Rice Research Institute (IRRI) in Philippines.
- As IRRI itself admits on its website, Golden Rice is not ready for farmers, yet.

- At least two conditions need to be met for Golden Rice to work as hoped:
 1. it should be suitable for cultivation by farmers; and
 2. it should be bio-available, that is, the digestive system should be able to extract the beta-carotene and make it available to the body, thus improving Vitamin A levels.

2. Online platform soon to help resolve concerns of SEZs

<http://www.thehindu.com/business/Industry/online-platform-soon-to-help-resolve-concerns-of-sezs/article8943844.ece>

Category: Indian Economy

Topic: SEZ's , e-governance

Key Points:

- The Commerce Ministry will shortly roll out an online platform for SEZs to help developers and units raise all their concerns on doing business, including a withdrawal or reduction of minimum alternate tax (MAT) imposed on Special Economic Zones (SEZ).
- The imposition of 18.5 per cent MAT on SEZ units & developers in the FY'12 Budget was the main factor that led to a fall in investments in SEZs. Finance Ministry had rejected various requests to reconsider it on the ground that MAT exemption would lead to revenue loss.
- The web-based platform will help SEZ units and developers raise such concerns with the concerned authorities so that there is a constant dialogue and transparency in the resolution of issues.
- The online platform would be similar to the Project Monitoring Group in the Cabinet Secretariat.
- The issue of utilization of available SEZ capacity by allowing SEZ units to carry out job works for units in Domestic Tariff Area (or DTA, area outside the SEZ) has also been taken up and the Commerce Ministry has raised with the Finance Ministry the proposal to allow exports from special economic zones to DTA at the concessional tariff rates as given to India's free trade agreement partner countries.

3. India to run short of high-tech minerals

<http://www.thehindu.com/sci-tech/india-to-run-short-of-hightech-minerals/article8943915.ece>

Category: Science & Technology

Topic: Strategic and High Tech Minerals

Key Points:

- India will be woefully short of critical minerals necessary for developing clean-energy applications, infrastructure for its solar mission and for manufacturing high-technology products in the future. The country will be heavily dependent on China in the coming years to source these materials for its manufacturing sector.
- 12 minerals out of 49 that were evaluated have been identified as ‘most critical’ for India’s manufacturing sector by 2030. These are beryllium, chromium, germanium, limestone, niobium, graphite, rare earths, rhenium, strontium, tantalum and zirconium. Other minerals like limestone and graphite, while currently abundantly available in India, are deemed ‘critical’ because extractable resources could be scarce in the future.
- India is 100 per cent import-dependent for seven out of 12 identified critical minerals and does not have any declared resources for them, except light rare-earths (found along with monazite sands) and beryllium. Rare earths are a group of 17 minerals necessary for making everything from nuclear reactors to flat-screen televisions, and, China currently controls 94 per cent of their global supply.
- India thus needs to firm up diplomatic trade channels and long-term supply contracts.
- Though India is endowed with vast mineral resources — it is among the top five nations with reserves of rare-earth minerals — its potential is untapped.
- Many of these high tech minerals are generally recovered as a by-product during the processing of primary ores. India has high production for these primary metals, yet no sign of by-product recovery [except tin] is evident so far. This is a lost opportunity, and demands suitable R&D interventions and policy support.
- National Mineral Exploration Policy, 2016 (NMEP) also talks about these shortages and possible solutions.

D. GS4 Related

E. Important Editorials

1. Giving India a global-scale bank

<http://www.thehindu.com/opinion/editorial/proposed-merger-of-state-bank-of-india-and-bharatiya-mahila-bank-giving-india-a-globalscale-bank/article8943793.ece>

Category: Indian Economy

Topic: Banking Consolidation, Mergers

Key Points:

- The proposed merger of the State Bank of India with its five associate banks and the BharatiyaMahila Bank is a long-delayed and welcome move on the path to banking consolidation.

- SBI's takeover of its five subsidiaries and the three-year-old niche provider of banking services for women will, once completed, vault the merged entity higher up the rankings ladder on the global banking stage.
- **Merits:**
 - The increased balance sheet size will enable the bank to obtain better pricing on both internationally sourced funds and domestic deposits, thus helping it lower lending rates and improve profitability.
 - The added branch network and customer base will also help it expand reach and enable the lender to rationalize resources across the board.
 - It will also lead to potential cost savings and reduction in cost-to-income ratio.
 - The lender's increased size, in terms of assets, will also give it the requisite muscle to take on new competition from larger banking entities that are likely to be created by consolidation in the banking industry.
- **Challenges:**
 - The scale of the task is substantial given the total staff strength. With more than two lakh employees, the parent will add close to one-fifth that number by way of additions posing a huge test in terms of integration of roles, salary, perquisite and pension structures and, no less importantly, work cultures.
 - Customers of the smaller, community or regional market-focussed subsidiaries such as the State Bank of Travancore may be discomfited by having to deal with a larger, more impersonal lender, one where the size of their accounts may be viewed as comparatively marginal.
 - For regulators, the new entity will throw up interesting oversight issues. Already identified by the Reserve Bank of India as the country's key Domestic Systemically Important Bank, or too big to fail in simple terms, the enlarged SBI's capital adequacy norms will climb and may require far more by way of infusion of funds than the Centre has committed so far.

But such challenges must not be used to undermine the obvious benefits of merger.

Indian Express

1. GST is one of the boldest reforms in post-Independence India

<http://indianexpress.com/article/opinion/columns/gst-bill-passed-entry-52-abolished-2952243/>

Category: Indian Economy

Topic: GST

Key Points:

- GST regime heralds truly transformational reform in India. It will not only aid the ease of doing business but also re-engineer business processes of companies.
- The abolition of Entry 52 of List II (Under Schedule VII) of the constitution would do away with entry tax. This, combined with the abolition of octroi and purchase tax, would create a truly common market.
- There will be a free movement of goods and services across the country. It would also have the effect of expanding the market
- The impact of this would be similar to the impact that the de-materialisation of shares had on the capital markets: By eliminating the hassle of material transfer of shares, the move encouraged more investors to enter the share market.
- GST would most positively impact the organised manufacturing and the Make in India campaign for goods. It is likely to bring down the present incidence of taxation on goods from 26.5 percent to 15-20 per cent. The removal of the inter-state barriers facilitating the free flow of goods and services is likely to reduce the logistics costs faced by the industry.
- Negative protectionism faced by Indian industry will come down as the countervailing duty is likely to fully compensate the domestic duties faced by the Indian industry.
- As a destination-based tax, GST has an equity dimension. The developing states of India being consumption -oriented are likely to benefit from the introduction of the tax. This will aid in bringing greater investments in the social and economic sectors.
- GST will also have a political dimension: It will bring the Centre and states together in new arrangements of fiscal engagement by creating organisational structures in the form of a GST secretariat in each state which will bring together senior officers of the Central Board of Excise and Customs and state tax officers.

F. Concepts-in-News: Related Concepts to Revise/Learn:

Indus Water Treaty

Golden Rice

Rare Earth Minerals and Strategic Minerals

National Mineral Exploration Policy, 2016

SEZ, MAT and Domestic Tariff Area (DTA)

Tags

Special Economic Zone (SEZ)

National Mineral Exploration Policy, 2016 (NMEP)

Reservations and Article 16

Indus Water Treaty

Practice Questions

Date: 5th August, 2016

Category: Polity

Topic: Fundamental Rights

Source: The Hindu

Difficulty level: Moderate

Type: Factual

1] Consider the following statements?

- i. Article 16 of the Constitution provides for economic status as one of the criteria's for providing reservation.
- ii. Constitution provides quotas only for socially backward castes, Scheduled Castes and Tribes.

Which of the statements is/are correct?

- a) Only i
- b) Only ii
- c) Both i and ii
- d) Neither i nor ii

Ans (b)

Date: 5th August, 2016

Category: International Relations

Topic: Water Sharing

Source: The Hindu

Difficulty level: Moderate

Type: Factual

2] Consider the following statements?

- i. India has water-sharing treaties with two downstream located countries, Pakistan and Bangladesh.
- ii. China, despite its unrivalled international status as the source of river flows to more than a dozen countries, stands out for not having a single water-sharing arrangement with any co-riparian state.

Which of the statements is/are correct?

- a) Only i
- b) Only ii
- c) Both i and ii
- d) Neither i nor ii

Ans) c)

Date: 5th August, 2016

Category: Indian Economy

Topic: Agriculture, Science, GM crops

Source: The Hindu

Difficulty level: Moderate

Type: Factual

3] Consider the following statements,

- 1) Golden Rice is genetically modified to produce beta-carotene, the precursor of Vitamin A.
- 2) Golden Rice is claimed to combat Vitamin A deficiency, the cause of diseases like childhood blindness, and deaths, particularly among the poor in Africa, South and Southeast Asia.

Which of the above statement(s) is/are correct?

- | | |
|------------------|---------------------|
| (a) 1 Only | (b) 2 Only |
| (c) Both 1 and 2 | (d) Neither 1 nor 2 |

Ans(c)

Date: 5th August, 2016

Category: Indian Economy

Topic: Mining Policy

Source: The Hindu

Difficulty level: Moderate

Type: Factual

4] Consider the following statements,

1. National Mineral Exploration Policy, 2016 has proposed that private entities engaged in carrying out regional and detailed exploration would get a certain share in revenue (by way of

royalty or premium accruing to the State government) in mining operation from the successful bidder after the e-auction of the mineral block.

2. Selection of private explorer is proposed to be done on a first come first serve basis.

Which of the above statement(s) is/are correct?

- | | |
|------------------|---------------------|
| (a) 1 Only | (b) 2 Only |
| (c) Both 1 and 2 | (d) Neither 1 nor 2 |

Ans) a)

Date: 5th August, 2016

Category: Indian Economy

Topic: SEZ

Source: The Hindu

Difficulty level: Moderate

Type: Factual

5] Consider the following statements,

- 1) Minimum Alternate Tax (MAT) is not applicable to units located in a SEZ.
- 2) Domestic Tariff Area (DTA) means an area within India that is outside the Special Economic Zones.

Which of the above statement(s) is/are correct?

- | | |
|------------------|---------------------|
| (a) 1 Only | (b) 2 Only |
| (c) Both 1 and 2 | (d) Neither 1 nor 2 |

Ans) b)

Current News Analysis

06-08-2016

A. GS1 Related

B. GS2 Related

1. What is Special Category Status

<http://www.thehindu.com/news/national/special-category-status-explained/article8949556.ece>

Category: Indian Polity

Topic: Centre-State Relations

Key Points:

- There has been a growing clamor for Special Category Status in Andhra Pradesh and it has witnessed State-wide protests and heated debates in Parliament.
- Constitution has no provision for categorization of any State in India as a Special Category Status (SCS) State.
- Some regions in the country have been historically disadvantaged in contrast to others and by recognizing that, the Central plan assistance to SCS States has been granted in the past by the erstwhile Planning Commission body, National Development Council (NDC). This status had been granted by the NDC based on a number of features of the States which included:
 - hilly and difficult terrain,
 - low population density or the presence of sizeable tribal population,
 - strategic location along international borders,
 - economic and infrastructural backwardness and
 - non-viable nature of State finances.
- Block grants were given to the SCS States based on the Gadgil-Mukherjee formula, which effectively allowed for nearly 30 per cent of the Total Central Assistance to be transferred to SCS States as late as 2009-10.
- Following the constitution of the NITI Aayog (after the dissolution of the Planning Commission) and the recommendations of the Fourteenth Finance Commission (FFC), Central plan assistance to SCS States has been subsumed in an increased devolution of the divisible pool to all States (from 32% in the 13th FC recommendations to 42%) and do not any longer appear in plan expenditure.
- The FFC also recommended variables such as “forest cover” to be included in devolution criteria and which could benefit north-eastern States that were previously given SCS assistance.

- Apart from Andhra Pradesh which is in the news lately, Bihar and Odisha had recently demanded SCS status but they have not been granted the same as they did not meet the criteria.
- Following the bifurcation of A.P., Andhra lost a large volume of its revenue due to Hyderabad remaining the capital of Telangana.
- Then Prime Minister Manmohan Singh had said that SCS would be “extended to the successor State of Andhra Pradesh ... for a period of five years.” This oral submission by the then PM has been the basis for A.P.’s claim to the status.

2. China to revamp party’s youth league

<http://www.thehindu.com/todays-paper/tp-international/china-to-revamp-partys-youth-league/article8950393.ece>

Category: International Relations

Topic: China

Key Points:

- As part of a return-to-the-grassroots programme marshalled by President Xi Jinping, the Communist Party of China (CPC) is downsizing and reorienting the leadership of its auxiliary reserve force — the Communist Youth League (CYL).
- Analysts say that the CPC’s directive is a follow up on Mr. Xi’s consolidation of power, and his attempts to deepen CPC’s legitimacy.
- “President Xi has already won the power struggle through his anti-corruption campaign in all organs of the state including the military. Now, he is attempting to expand the CPC’s legitimacy especially among the youth.

3. Pak. must act against all terror groups, says U.S.

<http://www.thehindu.com/news/international/us-asks-pakistan-to-act-against-terror-groups-targeting-neighbours/article8947274.ece>

Category: International Relations

Topic: India-Pakistan-US, Counter-Terrorism

Key points:

- In a strong message, the U.S. has asked Pakistan to act against terror groups targeting its neighbours and not just the ones that pose a threat to it, virtually endorsing the stand taken by India at the SAARC ministerial meet.
- The US has exhorted that it must also close all safe havens for terror groups and that Pakistan was going after terror groups “selectively”.
- It has advocated closer cooperation between India and Pakistan in order to deal with the terror threat in both the countries.

- Pentagon has decided to withhold \$300 million military aid to Pakistan after Defence Secretary Ashton Carter declined to give a certification to the Congress that Islamabad is taking sufficient action against Haqqani network.

C. GS3 Related

1. Fly on rails: Global tenders floated to induct Maglev trains

<http://www.thehindu.com/news/national/fly-on-rails-global-tenders-floated-to-induct-maglev-trains/article8949604.ece>

Category: Indian Economy

Topic: Infrastructure

Key Points:

- The Indian Railways plans to introduce Maglev trains that can run at a top speed of 500 km an hour, in a bid to lure passengers from airlines.
- Railways last week floated an expression of interest (EoI) for calling of a global tender to develop trains and tracks that operate on the principle of magnetic levitation (Maglev)
- As the trains are propelled by magnetic forces, friction is eliminated, making transportation free of noise and vibration.

2. Centre seeks industry inputs on ease of doing business

<http://www.thehindu.com/business/Industry/centre-seeks-industry-inputs-on-ease-of-doing-business/article8949307.ece>

Category: Indian Economy

Topic: Export Promotion

Key Points:

- The Centre is working along with all states for the last two years on as many as 10 parameters including starting a business, construction permits, getting electricity and conducting trade across borders.
- Based on these parameters, the World Bank ranks nations on ease of doing business.
- Currently India is ranked 130 out of 189 nations and the government is hopeful that India will improve its position in this year's World Bank ease of doing business rankings.
- The government has pro-actively emphasized on improving the ease of doing business active and is in pursuit of the new Bankruptcy Code.
- The Bankruptcy Code is still on the works as the infrastructure to implement it is in the process of being established.

3. GST beneficial in long-term, says Kaushik Basu

<http://www.thehindu.com/business/Industry/gst-beneficial-in-longterm-says-basu/article8949303.ece>

Category: Indian Economy

Topic: GST

Key Points:

- World Bank Chief Economist and former Chief Economic Advisor to the Ministry of Finance has said that the Goods and Services Tax (GST) is a “hugely beneficial reform” which will cut both transaction costs and double taxation and its long-term benefits far outweigh the likely short-term impact such as a price rise.
- All indirect taxes currently levied will be subsumed under GST, including excise duties and service tax. It will be levied on consumption rather than production.
- Mr. Basu said adding that India was now a front runner in World Bank’s chart of major emerging economies. Propelled by three growth-drivers – well-conducted fiscal and monetary policies and the good fortune of declining oil prices – India’s growth surpassed China’s in 2015.
- He was of the opinion that India needed to improve its ease of doing business and also ensure private sector participation in higher education.

4. Centre affirms 4% inflation goal

<http://www.thehindu.com/business/Economy/centre-affirms-4-inflation-goal/article8949296.ece>

Category: Indian Economy

Topic: Inflation

Key Points:

- The 4 per cent inflation goal that the government and the Reserve Bank of India (RBI) had earlier agreed to target has been formally reaffirmed by the Centre.
- As part of the formal notification of the statutory and institutionalised framework for a Monetary Policy Committee (MPC), an upper limit of 6 per cent and lower limit of 2 per cent has been set by the government as the bounds that monetary authorities need to aim at while taking policy actions.
- This target will be effective till March 31, 2021.
- The key advantage of a range around a target is that it allows the MPC to recognise the short run trade-offs between inflation and growth but enables it to pursue the inflation target in long run over the course of business cycle.

- The government also notified what would constitute a failure of monetary policy, and the actions to be taken following such a failure.
- It is a good idea to have a band in a country where food is such a large part of the inflation basket and is so volatile. It gives enough flexibility to the central bank.
- The RBI had in June kept benchmark interest rates unchanged citing among other factors influencing its policy stance, “a sharper-than-anticipated upsurge in inflationary pressures emanating from a number of food items.
- The government has specified that if retail inflation remains outside the 2-6 per cent range for three consecutive quarters, then this would constitute a failure to achieve the inflation target. Where RBI fails to meet the inflation target, in terms of the provisions of RBI Act, it shall set out a report to the Central Government stating the reasons for failure to achieve the inflation target; remedial actions proposed to be taken by RBI; and an estimate of the time-period within which the inflation target shall be achieved pursuant to timely implementation of proposed remedial actions.
- The RBI has to coordinate with the fiscal authorities. Inflation is an outcome of global factors, fiscal factors, and monetary factors. These are not something the RBI can fully determine on its own. Hence, the RBI must work in tandem with the government.

5. New energy policy also aims at air quality issues

<http://www.thehindu.com/business/Industry/new-energy-policy-also-aims-at-air-quality-issues/article8949300.ece>

Category: Indian Economy

Topic: Energy, Air Pollution

Key Points:

- The new National Energy Policy, likely to be finalized over the next ten weeks, is also considering the air quality in the country that has triggered judicial interventions such as the ban on diesel vehicles of certain engine capacities in the capital.
- The NDA government had promised in the President’s address to Parliament, in June 2014, to replace the integrated energy policy introduced by the UPA government with a new National Energy Policy.
- The government has taken a hard look at air quality concerns in the policy, not just because of one fuel or another – as it is not one sector’s responsibility alone, transport, power generation and the use of solid fuels for cooking, among other things, contribute to the air pollution.
- The energy policy will outline an overarching strategy to address air quality concerns over the long-run. It addresses issues such as energy efficiency, the new alternatives

created by technology and will include a Vision 2040 with a possible roadmap to cleaner air.

- The policy also examines whether India should pay more attention to global emission norms or focus on our own problem which has to do with the high particulate matter.
- The existing integrated energy policy needed a fresh look as the cost dynamics have changed dramatically for energy sources like gas and renewable energy. Solar energy has become more affordable and gas prices have also come down significantly since 2006, so both these sources for power will now get their due pride of place in the new policy
- The NITI Aayog is also setting up a dedicated energy data agency with the help of its U.S. counterpart, the Energy Information Administration (EIA). The external affairs ministry has approved the signing of a pact between the U.S. agency and the NITI Aayog.
- Presently, different ministries such as petroleum, coal and power have their own databases, but there's no holistic energy data source in the country. Separately, a new geospatial map is being created to help investors identify sites in the country with high solar radiation levels, as well as power transmission lines and sub-stations and demand centres with their estimated energy requirements.

D. GS4 Related

E. Important Editorials

1. Retrofitting the Reserve Bank

<http://www.thehindu.com/opinion/lead/pulapre-balakrishnan-on-monetary-policy-by-the-reserve-bank-of-india-retrofitting-the-reserve-bank/article8949438.ece>

Category: Indian Economy

Topic: RBI, Monetary Policy

Key points:

- Reserve Bank of India (RBI) is widely admired as arguably the last institution standing up to the machinations of the political class. It has certainly helped that every Indian to have headed it has represented the highest traditions of public service and personal integrity.
- However, a certain degree of morphing of the RBI has occurred of late, some of it deliberately intended and some of it perhaps in the form of collateral damage.
- The Finance Bill, 2016 has finally succeeded in making inflation targeting the sole objective of monetary policy.

- It, however, overlooks two possibilities that are surely of relevance in the context. First, whether the focus on inflation may imply a loss in certain other areas of the economy. And, second, whether inflation is fully within its control anyway.
- First issue is whether focussing on inflation can lead to preventing a rise in employment. In economies with unemployed resources, an increase in aggregate demand may be expected to lead to a rise in output and a rise in prices if there is a shortage of some inputs into production. The increase in output may be expected to lead to an increase in employment as goods require labour for their production. Thus we have an increase in output, employment and prices. In a situation of ongoing inflation, we may even witness a rise in its rate.
- This price rise can be dealt with one of the two approaches –
 - Under so-called inflation targeting the central bank raises the rate of interest. When this is passed on by the commercial banks, it reduces the demand for credit, lowers investment and output growth. There is a concomitant reduction in the demand for labour and the offending material inputs whose price rise constituted the inflation.
 - The second approach is via an expansion of the supply shortfall through either imports or increased production. We would then have tackled inflation at source — that is, directly, not indirectly, by restricting aggregate demand, as under a policy of inflation targeting.
- As a defence of the latter is offered the idea that the central bank can influence inflation expectations by signalling its intent to lower inflation in the future. But why should agents buy this when they know that the bank cannot influence the food supply, which is the source of inflation? Their expectation of inflation is likely to remain high if they do not perceive in the offing a radical change in the supply position.
- By suggesting via the Finance Bill now that inflation targeting becomes the sole objective of monetary policy in India, the Government of India has not just oversimplified the problem of inflation control, it has also shut out of the reckoning an assault on India's weak agricultural supply-side. The importance of a strong supply position in combatting inflation can be seen from the history of the U.S. and the U.K.
- the adoption of inflation targeting as the sole objective of the RBI is contestable in ways that have been indicated here. It also ignores a serious lesson from the recent global financial crisis, which is that an inflation-targeting central bank can lose control of the financial system.
- In India the Financial Stability and Development Council has taken the task of financial regulation outside the RBI. This is unwise, as the interest rate mechanism can prove to be a double-edged sword. While it may curb inflation when raised, it may at the same

time threaten financial stability by tipping indebted entities into insolvency. There is no case for monetary policy and financial regulation to be under the same authority.

F. Concepts-in-News: Related Concepts to Revise/Learn:

Special Category Status

Maglev Trains

Inflation Control : Monetary vs Fiscal Tools

CPI Index

National Energy Policy

Tags

FSDC

Inflation

RBI

Ease of Doing Business

Air Quality Index

Practice Questions

Date: 6th August, 2016

Category: Polity

Topic: Centre-State Relations

Source: The Hindu

Difficulty level: Moderate

Type: Factual

1. Consider the following statements?

- I. Constitution has no provision for categorization of any State in India as a Special Category Status State.

II. Bihar and Odisha have been granted the Special Category Status.
Which of the above statements is/are correct?

- a) Only i
- b) Only ii
- c) Both i and ii
- d) Neither i nor ii

Ans. A

Date: 6th August, 2016
Category: Science and Tech
Topic: Maglev Trains
Source: The Hindu
Difficulty level: Moderate
Type: Factual

2. Maglev trains achieve high speeds by the principle of reducing

- a) Friction
- b) Surface Tension
- c) Torque
- d) Drag

Ans. D

Date: 6th August, 2016
Category: Internal and National Security
Topic: Organised crime
Source: The Hindu
Difficulty level: Moderate
Type: Factual

3. Consider the following statements,

- I. **Golden Crescent** is the name given to one of Asia's two principal areas of illicit opium production.
- II. It comprises Afghanistan, Iran, and Iraq

Which of the above statement(s) is/are correct?

- a) 1 Only
- b) 2 Only
- c) Both 1 and 2
- d) Neither 1 nor 2

Ans. A

Date: 6th August, 2016
Category: Environment
Topic: Air Pollution
Source: The Hindu
Difficulty level: Moderate
Type: Factual

4. Consider the following statements,

Which of the following Pollutants are not considered in the Air Quality Index?

- a) NO_2
- b) SO_2
- c) NH_3
- d) CO_2

Ans. D

Date: 6th August, 2016
Category: Indian Economy
Topic: Inflation
Source: The Hindu
Difficulty level: Moderate
Type: Factual

5. Consider the following statements,

- I. CPI measures changes over time in general level of prices of goods and services that household acquire for the purpose of consumption
- II. CPI is also used for indexing dearness allowance to employees for increase in prices.

Which of the above statement(s) is/are correct?

- a) 1 Only
- b) 2 Only
- c) Both 1 and 2
- d) Neither 1 nor 2

Ans. C

Current News Analysis

07-08-2016

A. GS1 Related

B. GS2 Related

1. Venkaiah launches Swachhata app to help improve hygiene

<http://www.thehindu.com/todays-paper/tp-national/venkaiah-launches-swachhata-app-to-help-improve-hygiene/article8954162.ece?textsize=large&test=1>

Category: Polity and Governance

Topic: Government Interventions

Key Points:

- Urban Development Minister Venkaiah Naidu coined a new abbreviation 'MODI' — "Making of developed India".
- Mr. Naidu launched a helpline number and a mobile app to increase people's participation in the Swachh Bharat Mission.

How will this app help?

- The mobile app called "Swachhata" would enable people to share "photos of unhygienic places in urban areas; they will be informed of action taken by the respective urban local bodies in a specific time period".

2. Indo-Russian project to replace An-32 in limbo

<http://www.thehindu.com/news/national/indorussian-project-to-replace-an32-in-limbo/article8953537.ece>

Category: International Relations

Topic: Agreements involving India and/or affecting India's interests

Key Points:

- Medium transport aircraft is the planned replacement for the An-32 transport aircraft.
- But, the fate of this Medium transport aircraft which is to be jointly developed by India and Russia, seems uncertain.
- The Medium transport aircraft is a 20-tonne aircraft.
- An inter-governmental agreement was signed in 2007- to develop and produce the Medium transport aircraft that would replace the An-32 transport aircraft.
- The issue of a new aircraft gains a degree of urgency in the light of the recent An-32 aircraft that went missing over the Bay of Bengal.

3. India's avoidable rabies burden

<http://www.thehindu.com/opinion/op-ed/indias-avoidable-rabies-burden/article8953475.ece>

Category: Polity and Governance

Topic: Government Initiatives



Key Points:

- Rabies kills nearly 20,000 people in India every year,
- The rabies deaths in India account for a third of the global deaths caused due to the disease.

Certain facts about Rabies:

- It is an almost 100 per cent fatal disease but also 100 per cent preventable.
- A majority of patients do not receive rabies vaccination on time.
- Most often, patients do not receive all five doses.

C. GS3 Related

1. Country gets its first tiger repository

<http://www.thehindu.com/sci-tech/energy-and-environment/india-gets-its-first-tiger-repository/article8953924.ece>

Category: Environment and Ecology

Topic: Biodiversity



Key Points:

- The Wildlife Institute of India (WII) will house the country's first repository on tigers.
- This repository on tigers will be housed under its new 'Tiger Cell'.

How will the Tiger Cell help?

- The Tiger Cell will assist in population assessment of tigers.
- Law Enforcement

- Wildlife Forensics
- Infrastructural Development and Mitigation
- Smart patrolling and advisory role in policy formulation

2. An insulin pill that could make you drop the needle

<http://www.thehindu.com/opinion/op-ed/weekend-being-an-insulin-pill-that-could-make-you-drop-the-needle/article8953495.ece>

Category: Science and Technology

Topic: Health



Key Points:

- Diabetes is a condition which afflicts one in 11 worldwide.
- Diabetes is a complex disorder that results from the body unable to properly manage insulin.

- Insulin is a hormone, made in the pancreas. Insulin is necessary to ensure that the cells of the body get adequate glucose and hence energy to survive.
- Type 2 diabetic patients are insulin resistant, meaning they require more insulin to carry out the work of a non-diabetic patient.
- This puts a lot of strain on the beta cells (which produce insulin) in the pancreases.

3. What is 'Earth Overshoot Day'?

<http://www.thehindu.com/opinion/op-ed/this-week-in-health-news-around-the-world/article8953466.ece>

Category: Polity and Governance

Topic: Government Initiatives

Key Points:

- 'Earth Overshoot Day' marks the date when humanity's annual demand on nature exceeds what earth can regenerate in that year.
- This occurs when more Carbon-dioxide is emitted than what can be absorbed by our oceans and atmosphere, and depletion of fisheries and forests happen faster than they can be replenished.

D. GS4 Related

E. Important Editorials

F. Concepts-in-News: Related Concepts to Revise/Learn:

Earth Overshoot Day

Wildlife Forensics

Swachhata

Swachh Bharat Mission

Wildlife Institute of India (WII)

Tiger Cell

Tags

Earth Overshoot Day

Wildlife Forensics

Swachhata

Swachh Bharat Mission

Wildlife Institute of India (WII)

Tiger Cell

Practice Questions

Date: 7th August, 2016

Category: Environment and Ecology

Topic: Conservation Initiatives

Source: The Hindu

Difficulty level: Moderate

Type: Factual

1. Consider the following statements?

- I. 'Earth Overshoot Day' marks the date when humanity's annual demand on nature exceeds what earth can regenerate in that year.
 - II. This occurs when more Carbon-dioxide is emitted than what can be absorbed by our oceans and atmosphere, and depletion of fisheries and forests happen faster than they can be replenished.
- a) Only I
 - b) Only II
 - c) Both I and II
 - d) Neither I nor II

Ans

Date: 7th August, 2016

Category: Science and Technology

Topic: Health

Source: The Hindu

Difficulty level: Moderate

Type: Mix

1. Insulin is a hormone, which is made in the pancreas.

2. Insulin is necessary to ensure that the cells of the body get adequate glucose and hence energy to survive
3. Type 2 diabetic patients are insulin resistant, meaning they require more insulin to carry out the work of a non-diabetic patient.

Which of the above statement(s) is/are correct?

- a) 1 and 2 Only
- b) 2 and 3 Only
- c) All 1, 2 and 3
- d) 1 Only

Ans. C

Date: 7th August, 2016

Category: Environment and Ecology

Topic: Conservation

Source: The Hindu

Difficulty level: Moderate

Type: Factual

3. 'Tiger Cell' was recently in the news. How will this initiative help?

1. Law Enforcement
2. Wildlife Forensics
3. Infrastructural Development and Mitigation
4. Smart patrolling and advisory role in policy formulation

Which of the above statement(s) is/are correct?

- a) 1 and 2 Only
- b) 2, 3 and 4 Only
- c) All, 1, 2, 3 and 4
- d) 2 and 4 Only

Ans. C

Date: 7th August, 2016

Category: Geography

Topic: Various parts of the world

Source: The Hindu

Difficulty level: Moderate

Type: Factual

4. Consider the following statements

1. The Kamchatka Peninsula is located in the Russian Far East.
2. The Trans-Siberian Railway connects Moscow and Vladivostok.

Which of the above statement(s) is/are correct?

- a) 1 Only
- b) 2 Only

- c) Both 1 and 2
- d) Neither 1 nor 2

Ans. C

Date: 7th August, 2016

Category: Environment and Ecology

Topic: Conservation

Source: The Hindu

Difficulty level: Moderate

Type: Factual

5. Consider the following statements

1. The Wildlife Institute of India (WII) is an autonomous institution of the Ministry of Environment, Forest and Climate Change, Government of India.
2. The institute is based in Dehradun, India.

Which of the above statement(s) is/are correct?

- a) 1 Only
- b) 2 Only
- c) Both 1 and 2
- d) Neither 1 nor 2

Ans. C