

04 Sep 2019: UPSC Exam Comprehensive News Analysis

TABLE OF CONTENTS

A. GS1 Related

B. GS2 Related

POLITY AND GOVERNANCE

1. [Supreme Court to study plea for food for all](#)
2. [Four more States join ration card portability](#)

HEALTH

1. [India faces higher mortality from cardiovascular diseases](#)

INTERNATIONAL RELATIONS

1. [India, Japan to hold 2+2 dialogue on Indo-Pacific cooperation](#)
2. [No water storage projects in Tibet, says China](#)

C. GS3 Related

ENVIRONMENT AND ECOLOGY

1. [Cabinet approves higher procurement price for ethanol](#)

SECURITY

1. [IAF inducts eight U.S.-made Apache attack helicopters](#)

ECONOMY

1. [Task force recommends online loan sale platform](#)

D. GS4 Related

E. Editorials

ECONOMY

1. [Economic Slowdown](#)

INTERNATIONAL RELATIONS

1. [Putting the skids under border trade](#)
2. [A life in the balance: On Kulbhushan Jadhav](#)

F. Tidbits

1. [GST return form too complex to meet filing deadline](#)

G. Prelims Facts

H. UPSC Prelims Practice Questions

I. UPSC Mains Practice Questions

A. GS1 Related

Nothing here for today!!!

B. GS2 Related

Category: POLITY AND GOVERNANCE

1. Supreme Court to study plea for food for all

Context:

The Supreme Court has asked the Centre to file its reply to the petition seeking setting up of community kitchens pan-India, to eradicate hunger, malnutrition and starvation deaths prevalent in the country.

Concerns:

- The petitioners relied on various census and statistical reports to assert that malnutrition and hunger were soaring at an alarming rate in the country, threatening the 'Right to Food' and inadvertently, the 'Right to Life', enshrined under Article 21 of the Constitution.
- The UN World Food Programme, UN WHO: Global Database on Child Growth and Malnutrition, 2006, UN Food and Agriculture Organization: SOFI 2006 Report, it has been reported that 7000 persons (including children) die of hunger every day and over 25 Lakh persons (including children) die of hunger, annually.

Issues:

- Food and Agriculture Report, 2018 stated that India houses 195.9 million of the 821 million undernourished people in the world, accounting for approximately 24% of the world's hungry.
- Prevalence of undernourishment in India is 14.8%, higher than both the global and Asian average.
- The most alarming figure revealed is that approximately 4500 children die every day under the age of five years in our country resulting from hunger and malnutrition, amounting to over three lakh deaths every year owing to hunger, of children alone.
- The figures for availability of food in India clearly point towards widespread hunger of people and animals in India. And every available statistical indicator confirms the prevalence of hunger.
- Various schemes run by government to address the problem of hunger are futile in as much as there are eligible persons who have not been issued cards requisite to avail subsidies and benefits and then there is a segment of persons who are homeless and outside the grid of these schemes for the mere reasons that they do not possess a roof on their head.
- PDS system in India which accounts for distribution of wheat and rice, only, does not account for proteins and other components of a well-balanced diet, in turn leads to malnutrition.

What are Community Kitchens?

- Community kitchens are institutions that provide cheap or free nutritious food as a service to the general public usually run by religious institutions or by the state.
- These are viewed as a complement to the existing schemes of the Government for combating hunger and malnutrition in India.

Details:

- A Bench led by Justice N.V. Ramana issued notice to the government on the petition filed jointly by activists Anun Dhawan, Ishann Dhawan and Kunjana Singh.
- The plea seeks to establish state-funded or Public Private Partnership (PPP) community kitchens pan-India, to eradicate hunger, malnutrition and starvation deaths prevalent in the country.
- It urged the court to direct the Chief Secretaries across the country to formulate schemes for the implementation of community kitchens.
- It called for the creation of a national food grid by the Centre that would be beyond the scope of the Public Distribution Scheme (PDS).
- It has sought Direct the National Legal Services Authority to formulate a scheme to further the provisions of Article 51A of the Constitution of India in order to mitigate deaths resulting from hunger, malnutrition and starvation.
- It has also been suggested by the Petitioners that these establishments could be set up in the form of Public Private Partnership (PPP) to effectively utilize funds under Corporate Social Responsibility as per Section 135 of the Companies Act, 2013.
- The Petitioners also clarified that they did not seek replacement of any of the existing government schemes and rather anticipated these establishments as an added mechanism for provision of nutritious food.

Success stories:

- The plea sets out the success stories of various community kitchens established by certain states in India viz. Amma Unavagam in Tamil Nadu, Anna Canteen in Andhra Pradesh, Ahaar Centre in Odisha, etc.
- Rajasthan's Annapurna Rasoi, Indira Canteens in Karnataka, Delhi's Aam Aadmi Canteen, Jharkhand Mukhyamantri Dal Bhat are successful in combating starvation and malnutrition crisis.
- The "soup kitchens" in the U.S. and Europe feed the poor by serving a limited menu of nutritious cooked food at below the market price.

Conclusion:

In spite of the existence of a plethora of schemes aimed at eradicating hunger, malnutrition, starvation deaths, and allied issues, the country is still grappling with the said problems on a large scale, leaving scope for newer radical solutions to combat the same.

2. Four more States join ration card portability

Context:

Food Minister Ram Vilas Paswan has announced that beginning from October 2019, Ration card holders in Kerala and Karnataka, Rajasthan and Haryana, will be able to buy subsidised food from ration shops in the neighbouring State.

Details:

- With effect from October 1, 2019, these two new clusters will join the existing State pairs of Andhra Pradesh and Telangana, as well as Maharashtra and Gujarat as pioneers in inter-State portability of ration cards.
- Paswan was laying out the roadmap for the One Nation One Ration Card system of complete nationwide portability, which the Centre hopes to implement by June 2020.
- By January 1, 2020, the Centre hopes the eight States in these initial experimental clusters, as well as Jharkhand, Punjab and Tripura, can be clubbed into a single grid.
 - The migrants from these 11 States can access their rations guaranteed under the National Food Security Act in any of the other State within the grid.
 - These 11 States have already achieved the first step of implementing intra-State portability, where NFSA beneficiaries can use their ration cards in any ration shop within their own State, not just the shop where the card is registered.
- By March 2020, intra-State portability will be implemented in another 13 States and Union Territories: Tamil Nadu, Goa, Odisha, Chhattisgarh, Madhya Pradesh, Himachal Pradesh, Uttar Pradesh, Uttarakhand, West Bengal, Sikkim, Jammu and Kashmir, Daman and Diu, and Dadra and Nagar Haveli.
 - These are mostly States where almost all ration shops have electronic point of sale machines.

Benefits of One Nation- One Ration card:

- One Nation One Ration Card (RC) which will ensure all beneficiaries especially migrants can access PDS across the nation from any PDS shop of their own choice.
- The biggest beneficiary of this would be migrant labourers who move to other States to seek better job opportunities.
- This will provide freedom to the beneficiaries as they will not be tied to any one PDS shop and reduce their dependence on shop owners and curtail instances of corruption.

- The objective is to ensure that this is implemented nationally in a time-bound manner.
- The process also aims to do away with manual recordings of transactions, thereby ensuring clarity of record keeping.

Way forward:

- 10 States are lagging behind and the focus must be on these states.
 - There is only 70% coverage of ePOS in West Bengal, 33% in Uttarakhand and 15% in Bihar.
 - In the north-east, in Meghalaya, Manipur, Arunachal Pradesh, Nagaland, Mizoram and Assam, [as well as in Delhi], there is no coverage at all.
- Apart from ePOS coverage, Aadhaar authentication and online supply depot management are also critical for the implementation of the system.
- Measures must be taken to prevent misuse of the portability system.
- Allowing partial lifting of rations, where a maximum of 50% of the ration can be picked up at one time will prevent one member of a household lifting the entire ration at one location, depriving other members of the family who use the same ration card in a different location is a measure to prevent the misuse of the system.

Category: HEALTH

1. India faces higher mortality from cardiovascular diseases

Context:

A research paper shows that in low income countries, including India, death from cardiac disease was three times that of cancer.

Issue:

- The PURE study, found that the mortality was highest in the Low Income Countries (LIC) despite lower risk factors, and lowest in the High Income Countries (HIC).
- The study also presented at the European Society of Cardiology Congress, tracked over 1,62,000 individuals, aged 35-70 years, living in 21 countries across five continents, over about 9.5 years.

Details:

- Cardiovascular disease (CVD) continues to be the leading cause of death across the world, but there are significant variations between rich and poor nations.
- While in high income countries, death from cancer is twice that of CVD, in low income countries, death from cardiac disease was three times that of cancer.
- Additionally, indoor or household air pollution has been identified as a key cause of CVD.
- The HIC in the study were Canada, Saudi Arabia, Sweden and United Arab Emirates. The middle-income countries (MIC) were Argentina, Brazil, Chile, China, Columbia, Iran, Malaysia, Palestine, Philippines, Poland, Turkey and South Africa. The LIC were Bangladesh, India, Pakistan, Tanzania and Zimbabwe.
- The study establishes that though risk factors are lower in low income countries, factors such as access to quality health care and lack of insurance have a play, leading to the mortality.
- It is believed that the high mortality in poorer countries is not due to a higher burden of risk factors, but likely other factors including lower quality and less health care.

Way forward:

- With better insurance and improving hospital standards, it is possible for LIC to head towards better outcomes.
- Researchers have established indoor air pollution as an emerging source of risk for cardiovascular disease in LIC and MIC. Concrete measures must be taken to modify this particular risk factor.

Category: INTERNATIONAL RELATIONS

1. India, Japan to hold 2+2 dialogue on Indo-Pacific cooperation

Context:

India and Japan have decided to hold their first Foreign and Defence Ministerial Dialogue (2+2) ahead of the Japan-India annual summit this year

Details:

- The Prime Ministers of Japan and India, in their vision statement in October 2018, had reiterated their commitment to working together towards a free and open Indo-Pacific.
- The dialogue is planned for “advancing cooperation towards peace and prosperity of the Indo-Pacific region”.
- Accord on the meeting was reached by Defence Minister Rajnath Singh and his Japanese counterpart Takeshi Iwaya at the India-Japan annual defence ministerial dialogue.
- They had an exchange of views on the current security situation in the Indo-Pacific region, including developments on the Korean Peninsula and in the South China Sea.
- The Ministers recognised that peace and stability of the Indian and Pacific Oceans are crucial for ensuring prosperity of the Indo-Pacific region and the entire world.
- The Ministers shared their views on exploring cooperation with countries in the Indo-Pacific region through various initiatives that would further the shared vision of peace and stability.

Maritime Exercises:

- The second Japan-India-U.S. trilateral mine-countermeasures exercise (MINEX) was held in July 2019.
- The Japan-India-U.S. trilateral maritime exercise ‘Malabar 2019’, would be held from late September to early October 2019.
- The Ministers welcomed both the exercises and expressed their resolve to continue the trilateral exercise in the same framework.
- The two countries have made steady progress in Maritime Domain Awareness (MDA) based on implementing the arrangement for deeper cooperation between the two Navies, signed last year.

Military Cooperation:

- The Armies and Air Forces of India and Japan held their first bilateral exercises, ‘Dharma Guardian’ and ‘Shinyuu Maitri’, in 2018.
- In 2018, Japan also joined the India-US Air Force exercise ‘Cope India’ as an observer for the first time.
- The Ministers also noted the progress on the ongoing negotiations for the Acquisition and Cross-Servicing Agreement (ACSA), which commenced after the summit meeting in October 2018.
 - Acquisition and cross-servicing agreement (ACSA), will allow the Indian military and the Japan Self Defense Force (JSDF) to use each other’s bases for logistical support.
 - It will enhance the strategic depth of bilateral security and defense cooperation.
 - The ACSA would permit the Indian Navy (IN) access to a Japanese base in Djibouti, while

the Japan Maritime Self Defense Force (JMSDF) would be permitted to use India's military installations on the Andaman and Nicobar Islands located in the Indian Ocean, which lie near the Malacca Straits, next to other naval facilities.

2. No water storage projects in Tibet, says China

Issue:

- China has built one and is constructing two more run-of-the-river hydro power plants on the Yarlung Zangbo River, which is known as the Brahmaputra in India.
- There have been unverified media reports from time to time that the Chinese government was building some major dam projects on the Yarlung Zangbo in Tibet.

Details:

- According to Yu Xingjun, Consul in the Chinese Water Resources Ministry, there is no storage involved in these projects.
- The top Chinese official dealing with India on water issues was at pains to emphasise that China was using less than 1% of the Yarlung Zangbo as an upper riparian state.
- According to the official, China was sticking to a bilateral agreement with India to supply data on water flow levels at a time of possible floods.
- As of now, this information sharing on flood information was confined to two rivers — the Yarlung Zangbo and the Sutlej.
- Yu added that, like India, the Chinese government had plans to divert river waters to those provinces that were suffering from scarcity.

C. GS3 Related

Category: ENVIRONMENT AND ECOLOGY

1. Cabinet approves higher procurement price for ethanol

Context:

The Union Cabinet has approved a higher procurement price for ethanol purchased by oil marketing companies for the ethanol blended petrol (EBP) programme which will come into effect from December 1, 2019 for a period of one year.

Details:

- According to the new decision, the price of ethanol from C-heavy molasses will be increased from ₹43.46 per litre to ₹43.75 per litre.
- The price of ethanol from B-heavy molasses will be increased from ₹52.43 per litre to ₹54.27 per litre.
- The price of ethanol from sugarcane juice, sugar, and sugar syrup has been set at ₹59.48 per litre.
- The oil marketing companies will also pay the Goods and Services Tax and transportation tax associated with the ethanol supply — a provision that existed in the previous plan as well.
- OMCs have been advised to fix realistic transportation charges so that long distance transportation of ethanol is not disincentivised.
- OMCs are advised to continue according priority of ethanol from (in order of priority)

- 1) Sugarcane juice/sugar/sugar syrup,
- 2) B-heavy molasses
- 3) C-heavy molasses
- 4) Damaged food grains/other sources

Significance:

- Ethanol availability for EBP programme is expected to increase significantly due to higher price being offered for procurement of ethanol from all the sugarcane based routes, subsuming 'partial sugarcane juice route' and '100% sugarcane juice route' under 'sugarcane juice route' and for the first time allowing sugar and sugar syrup for ethanol production.
- Increased ethanol blending in petrol has many benefits including
 - Reduction in import dependency
 - Support to agricultural sector
 - More environmental friendly fuel
 - Lesser pollution
 - Additional income to farmers.
- Ethanol can be mixed with gasoline to form different blends. As the ethanol molecule contains oxygen, it allows the engine to more completely combust the fuel, resulting in fewer emissions and thereby reducing the occurrence of environmental pollution.

Ethanol:

- Ethanol, an anhydrous ethyl alcohol having chemical formula of C_2H_5OH , can be produced from sugarcane, maize, wheat, etc. which are having high starch content.
- In India, ethanol is mainly produced from sugarcane molasses by fermentation process.
- Ethanol can be mixed with gasoline to form different blends.
- Since ethanol is produced from plants that harness the power of the sun, ethanol is also considered as renewable fuel.

Category: SECURITY**1. IAF inducts eight U.S.-made Apache attack helicopters****Context:**

The Indian Air Force (IAF) has formally inducted eight AH-64E Apache attack helicopters into service at the Pathankot Air Force Station.

Details:

- Apache attack helicopters are being purchased to replace the Mi-35 fleet.
- India is 16th nation to select the Apache and the AH-64E is the most advanced variant.
- India contracted 22 Apache helicopters from the U.S. government and Boeing in September 2015 and the entire fleet will be in service with the IAF by 2020.
- The government has also cleared the acquisition of six additional Apaches for the Indian Army which has been formally approved by the U.S.

AH-64E Apache attack helicopters:

- Apache is the most advanced multi-role heavy attack helicopter in the world.
- Alongside the capability to shoot fire and forget anti-tank guided missiles, air-to-air missiles, rockets and other ammunitions, it also has modern Electronic Warfare (EW) capabilities to provide versatility to helicopters in a network-centric aerial warfare.
- The helicopter is capable of delivering a variety of weapons which include air-to-ground Hellfire missiles, 70 mm Hydra rockets and air-to-air Stinger missiles.
- Apache also carries one 30 mm chain gun with 1,200 rounds as part of area weapon sub-system and it carries fire control radar, which has a 360 degree coverage and nose mounted sensor suite for target acquisition and night vision systems.

These helicopters are day/night, all-weather capable and have high agility and survivability against battle damage. This procurement will enhance the capability of IAF in providing integrated combat aviation cover to the army strike corps.

Category: ECONOMY

1. Task force recommends online loan sale platform

Context:

A task force set up by the Reserve Bank of India (RBI) has submitted its report on the development of a secondary market for corporate loans.

Details:

- The task force was headed by Canara Bank chairman T.N. Manoharan
- It recommended setting up of a self-regulatory body (SRB), which will oversee the proposed secondary market.
 - The SRB may be set up as an association by scheduled commercial banks, public financial institutions and other related entities, and may be incorporated as a Section 8 company under the Companies Act, 2013.
 - It must be set up within three months from the date of acceptance of the recommendations it said.
 - The SRB's role will be to standardize loan documentation and covenants, periodically review the documentation, ensure standardization of practices, and promote growth, liquidity, efficiency and transparency of the proposed secondary market.
 - It will also be responsible for setting up a central loan contract registry, which will finalize the detailed design structure, infrastructure, technological aspects and nature of incorporation, to ensure legal sanctity of its operations and for executing agreements with other agencies.
 - It said the SRB may stipulate minimum 5-10% of the loan outstanding as the threshold limit for the loan size eligible for sale.
- The Task Force also recommended setting up of an online loan sales platform to conduct auctions of secondary market loans.
 - It said term loans have to be prioritized for the auction and, subsequently with experience, other categories of loans, such as revolving credit facilities (cash credit, credit card receivables, etc.), assets with bullet repayment and non-fund based facilities, could be introduced.
- Other recommendations of the Task Force include linking the pricing of all loans to an external benchmark as the current Marginal Cost of Funds Based Lending Rate (MCLR) may not be comparable across banks.

- Amendment of the regulations with respect to securitisation and assignment of loans, asset reconstruction, foreign portfolio investment and external commercial borrowings were also recommended.
- The committee also said that amendments in regulations issued by SEBI, IRDA and PFRDA were needed to enable participation of non-banking entities such as mutual funds, insurance companies and pension funds.

D. GS4 Related

Nothing here for today!!!

E. Editorials

Category: ECONOMY

1. Economic Slowdown

Context

- **India's real or inflation-adjusted Gross Domestic Product (GDP)** grew at 5 per cent in the June 2019 quarter of financial year 2019-20 (Q1FY20), the slowest growth in six years (25 quarters).
- **In nominal terms**, the growth stood at 7.99 per cent, lowest since December 2002.

What is a cyclical slowdown?

- A cyclical slowdown is a period of **lean economic activity** that occurs at regular intervals. Such slowdowns last over the short-to-medium term, and are **based on the changes in the business cycle**.
- Generally, interim fiscal and monetary measures, temporary recapitalisation of credit markets, and need-based regulatory changes are required to revive the economy.

What is a structural slowdown?

- A structural slowdown, on the other hand, is a **more deep-rooted phenomenon that occurs due to a one-off shift from an existing paradigm**.
- The changes, which last over a long-term, are driven by disruptive technologies, changing demographics, and/or change in consumer behaviour.

Dissecting India's slowdown

- A slowdown in consumption demand
- The **farm sector** is still stuck in a low income trap and 2019's mercurial monsoon rains, has left some parts flooded and others still facing deficits and engendering a shortfall in kharif sowing, rural demand is unlikely to return
- Decline in manufacturing
 - The **slowdown in the auto sector** has worsened, with leading car manufacturers posting up to a 50 per cent drop in sales for August 2019 as against the corresponding month last year. Sales are down across segments — passenger vehicles, commercial vehicles, and two-wheelers.
 - The slowdown in the auto industry is due to a number of factors, such as the liquidity crunch due to continued stress on NBFCs (Non-Banking Financial Companies), the wait for the festive season, the change in axle load norms for trucks, and hopes of a

GST cut.

- inability of the **Insolvency and Bankruptcy Code (IBC)** to resolve cases in a time-bound manner, and
- **rising global trade tension** and its adverse impact on exports are some of the factors affecting India's growth
- The **health of real estate is a massive indicator of the state of Indian economy**. It has links with about 250 ancillary industries -- bricks, cement, steel, furniture, electrical, paints etc -- and affects them all if there is a boom or gloom in the sector.
 - Reports are that the volume of unsold houses over the past one year has increased in the top cities of the countries.
- It is also attributed to **two mega policy decisions -- demonetisation** in November 2016 and the rollout of the **Goods and Services Tax (GST)** in July 2017 -- disrupted the Indian economy.
 - Aimed at greater formalisation of the Indian economy, the twin disruptions struck a big blow to the informal sectors that employ the maximum number of the workforce.
 - The policy disruption hangover still continues and is accentuated by the crisis in banking and non-banking financial sectors.
 - This hit the small and medium scale businesses more adversely than expected in the wake of the collapse of Infrastructure Leasing and Financial Services (ILFS).
 - Money just stopped flowing into the market. The net result was a huge job loss.

A look at key economic Parameters

- the mainstay of demand — **Private Consumption Spending** — slumped to an 18-quarter low, with the expansion decelerating sharply to 3.1%, from 7.2% in the preceding quarter and 7.3% a year earlier.
- **Gross fixed capital formation (GFCF)**, a proxy for investment activity, grew a meagre 4%, less than a third of the 13.3% growth it posted 12 months earlier.
- With demand for **Manufactured Products** ranging from cars and consumer durables to even biscuits having sharply diminished, manufacturing GVA growth plunged to an eight-quarter low of 0.6%.

Steps introduced by Govt

- The government is cognizant of the gravity of the situation has initiated policy pronouncements including
 - tweaks to investment norms to draw more Foreign Direct Investment,
 - moves to relieve the debilitating sales slump in the auto sector and
 - A sweeping consolidation of public banks.
- As part of its measures to boost economic growth, **the government has lifted the ban on its departments buying new vehicles**, announced a tax benefit for automakers, deferred the application of the one-time registration fee till June 2020, and assured that the government would consider a scrappage policy for old vehicles
- Any beneficial impact from these measures will, however, take time to feed into the economy

Conclusion

- The government must lose no time in consulting with the widest possible spectrum, including the Opposition, and then implement the agreed-on reforms prescriptions to reinvigorate demand and investment.

Category: INTERNATIONAL RELATIONS

1. Putting the skids under border trade

Background

- In February 2019, in the wake of the Pulwama attack, **India decided to withdraw the Most Favoured Nation (MFN)** status to Pakistan; subsequently, it imposed 200% customs duty on all Pakistani goods coming into India.
- **After the Balakot airstrikes, again in February**, India and Pakistan closed their airspace, with Pakistan keeping the ban in place for nearly five months.
- In April 2019, India **suspended trade across the Line of Control in Jammu and Kashmir** citing misuse of the trade route by Pakistan-based elements.
- And more recently, post the **Jammu and Kashmir Reorganisation Bill**, **Pakistan cut off diplomatic and economic ties with India** — expelling the Indian envoy, partially shutting airspace and suspending bilateral trade.

Economic Transactions

- In **2018-19**, bilateral trade between India and Pakistan was valued at \$2.5 billion — India's exports to Pakistan accounted for \$2.06 billion and India's imports from Pakistan were at \$495 million.
- India's decision vis-à-vis withdrawal of MFN status and imposition of 200% duty has hurt Pakistan's exports to India, **falling from an average of \$45 million per month in 2018 to \$2.5 million per month** in the last four months from May to August.

Western Border Trade

- The quantum of loss that has been incurred by traders in both India and Pakistan has varied according to the nature of trade and the trade route.
- For example, through the **Wagah-Attari land route**, bilateral trade was heavily in favour of Pakistan; in the last two years from, India's imports from Pakistan accounted for 82% of the total trade through the land route.
- After February, **most of this business has been badly affected** with only a handful of items including rock salt, continuing to be imported.

Border Economies

- Unlike national economies, border economies owe their existence to cross-border economic opportunities. These economies generally experience a sudden boom-bust cycle on account of political changes, trade bans, price and exchange rate and tax fluctuations.
- As seen elsewhere in South Asia such as via the inception of India-Bangladesh border haats, the costs and benefits are mutual to the border economies on both sides; **much more in cases such as Amritsar where major economic activity is largely dependent on border trade with Pakistan.**

Amritsar as an example

- Amritsar is land-locked, is not a metropolis and traditionally has no significant industry. Hence, any decision on India-Pakistan trade has a **direct impact on the local economy and the people of Amritsar.**
- Since February, according to estimates on ground, **5,000 families have been directly affected in Amritsar because of breadwinner dependence on bilateral trade.**
- Traders and their staff members, customs house agents (CHAs), freight forwarders, labour force,

truck operators, dhaba owners, fuel stations, and other service providers are **closing shop and going out of business**.

Changing the Trade Balance and its effects on the economy

Many a time, upsetting the trade apple cart can have more repercussions than intended.

- For example, **gypsum, imported from Pakistan, was being used in India as well as in Nepal for the cement plants**
- To avoid empty backhauling on the return journey, trucks carrying these consignments brought back specific products such as **yarn from mills in Uttar Pradesh to Punjab**.
- In the **absence of gypsum trade**, the freight rate of trucks from Uttar Pradesh to Punjab, as per the ground reports, **has increased from ₹3 to ₹7 per kg**, with a single trip absorbing the cost of the entire journey.
- Earlier, prices of tradeable goods which were kept under check owing to the balancing out mechanisms of international trade, are experiencing fluctuations now because of the trade disruptions.

Pakistan takes a hit too

- There is gloom on the Pakistani side too. With **Pakistan deciding to completely suspend bilateral trade**, exports of cotton from India to Pakistan are expected to be affected the most, eventually hurting Pakistan's textiles;
- The lawn industry which will now have to source pricier cotton from alternative markets in the United States, Australia, Egypt or Central Asia; or there is a high possibility that Indian cotton, along with other products, will be routed through third countries such as the United Arab Emirates and Singapore, thereby **increasing the share of indirect trade which is estimated to be more than double the direct trade** between India and Pakistan.

Hence, while the overall economies of the two countries may very well manage to stay afloat despite the suspension of economic ties, **it is the local economies that will suffer the most and are already perishing**.

Conclusion

- In the spirit of nationalism, the trade fraternity on both sides, by and large, have stood by their respective governments.
- But **locals in border economies on both sides have mouths to feed**, which calls for a solution.
- What are the alternative sources of livelihood that can be generated to keep border economies afloat? It's time to think and come up with solutions.

2. A life in the balance: On Kulbhushan Jadhav

Context

- More than three and a half years after Pakistan announced it had arrested Kulbhushan Jadhav on charges of espionage and terrorism, India finally received consular access.
- India's Deputy High Commissioner in Islamabad Gaurav Ahluwalia met Kulbhushan after Pakistan granted consular access to him.

Background

- India had demanded consular access to Jadhav under the rules of the Vienna Convention on Consular Relations of 1963. This is an international treaty that defines consular relations between independent states
- India invoked **Article 36 of the Vienna Convention on Consular Relations** which provides for consular access to foreign nationals.

What is consular access?

- Article 36 of the Vienna Convention states that **foreign nationals who are arrested or detained** be given notice without delay of their right to have their embassy or consulate notified of that arrest.
- If the detained foreign national so requests, the police must fax that notice to the embassy or consulate, which can then check up on the person.
- The notice to the consulate can be as simple as a fax, giving the person's name, the place of arrest, and, if possible, something about the reason for the arrest or detention.

Current status

- This is the first time India has got access to Jadhav since his arrest by Pakistani security forces in March 2016.
- Even after India won the case for consular access, **Pakistan took weeks to respond**, offering to allow the **meeting only in the presence of video cameras, and Pakistani officials**.
- India rejected this at first, and it is unclear why the government finally accepted those same terms, and nominated its Charge d'affaires to meet Mr. Jadhav despite the conversation being recorded, and Pakistani officials being present.
- According to the officials who met him, **Jadhav's responses during the meeting seemed to be tutored and coerced**, much like his "confessional" statements that were released by Pakistan during his trial in a military court.
- The MEA concluded that he was under "**extreme pressure to parrot a false narrative**". As a result, Pakistan's consular access appears to be as much of a sham as the trial itself, which was held in complete secrecy.

Future Course

- Despite the disquiet over the process thus far, the **consular access provided marks Pakistan's initial compliance with the ICJ ruling**, and it is hoped that Islamabad will follow through with the next part of the court's verdict.
- This includes a review of the trial process and a reconsideration of the death sentence, pending which Mr. Jadhav's execution must be stayed.
- The two sides must use their diplomatic channels to negotiate a possible reprieve for Mr. Jadhav, or discuss conditions under which Pakistan may be prevailed upon to release him to India.
- New Delhi has been able to secure access to Mr. Jadhav by appealing to international processes, but the road ahead must be negotiated bilaterally, with the understanding and empathy that a man's life hangs in the balance.

F. Tidbits

1. GST return form too complex to meet filing deadline

- The GST legislation requires the filing of the GST annual returns by specified categories of taxpayers along with a GST audit if the turnover is more than ₹2 crore in a financial year.
- Although the government has postponed the deadline for the filing of annual returns under the Goods and Services Tax (GST) for the fourth time, tax analysts say that most filers won't be able to meet

even the new deadline.

- As of July 1, 2019, the third year of GST implementation had started and yet, tax filers had not been able to file the returns even for the first year.
- One of the biggest pain points for tax filers, is that the annual return form asks for a lot of information. Such information was not required to be given in the monthly or quarterly return forms. Tax filers are thus finding it very difficult to provide that information.
- The complexity starts with the level of details required, despite the fact that most of these were waived for monthly return filing. For example, the break-up of credit into input, input services and capital goods, or the break-up of reversals type-wise, reporting of ineligible credit, which may not have been captured in the financials.
- Apart from the discrepancies between the data in the various GST forms that have to be submitted, another major issue being faced is the complexity of the annual return filing itself, and the fact that it requires information that is often at odds with the GST law itself.
- The annual return also requires tax filers to provide details of the transactions on which GST is not payable.
- Further, in terms of discrepancies, the power lies with the government. No additional Input Tax Credit (ITC) can be claimed in GSTR-9, though additional tax, if found to be payable while reconciling, must be deposited with the government in cash.
- Small taxpayers, who run their business from multiple registrations, but do not maintain separate books of accounts and do not have information split according to GSTIN registrations, are facing a huge challenge in preparing GSTR-9.

G. Prelims Facts

Nothing here for today!!!

H. Practice Questions for UPSC Prelims Exam

Q1. Consider the following statements:

1. Ethanol can be produced from sugarcane, maize, wheat.
2. Ethanol is a flammable, colourless liquid.

Which of the given statement/s is/are correct?

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Answer: c

Explanation:

Ethanol, an anhydrous ethyl alcohol having chemical formula of C_2H_5OH , can be produced from sugarcane, maize, wheat, etc, which have high starch content. Ethanol is a volatile, flammable, colourless liquid with a slight characteristic odour.

Q2. Consider the following statements:

1. Apache is the most advanced multi-role heavy attack helicopter in the world.

2. India has contracted for Apache helicopters from Russia.

Which of the given statement/s is/are correct?

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Answer: a

Explanation:

Apache is the most advanced multi-role heavy attack helicopter in the world. Apache attack helicopters are being purchased to replace the Mi-35 fleet. India is 16th nation to select the Apache and the AH-64E is the most advanced variant. India contracted 22 Apache helicopters from the U.S. government and Boeing in September 2015 and the entire fleet will be in service with the IAF by 2020. The government has also cleared the acquisition of six additional Apaches for the Indian Army which has been formally approved by the U.S.

Q3. Consider the following statements:

1. River Yarlung Zangbo is known as the Brahmaputra in India.
2. The River forms the world's largest and deepest canyon.
3. It originates at Angsi Glacier in western Tibet.

Which of the given statement/s is/are correct?

- a. 1 only
- b. 1 and 2 only
- c. 1 and 3 only
- d. 1, 2 and 3

Answer: d

Explanation:

All three statements are correct.

Q4. Consider the following statements:

1. Exercise Malabar is a trilateral naval exercise.
2. It involves China, Japan and India as permanent partners.

Which of the given statement/s is/are correct?

- a. 1 only
- b. 2 only
- c. Both 1 and 2
- d. Neither 1 nor 2

Answer: a

Explanation:

Exercise Malabar is a trilateral naval exercise involving the United States, Japan and India as permanent partners.

I. UPSC Mains Practise Questions

1. Starvation deaths continue to eat into the right to life and dignity of social fabric and a radical, new measure like community kitchens need to be set up across the country to feed the poor and the hungry. Discuss. (15 Marks, 250 Words)
2. Unlike national economies, border economies owe their existence to cross-border economic opportunities. Elucidate. In the context of suspension of economic ties between India and Pakistan, suggest alternative measures to keep border economies afloat. (15 Marks, 250 Words)