

# 21 Sep 2019: UPSC Exam Comprehensive News Analysis

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## A. GS1 Related

### Category: INTERNATIONAL RELATIONS

#### 1. India, Mongolia to explore space together

##### Context:

The President of Mongolia, H.E. Mr. Khaltmaagiin Battulga, is on a visit to India from 19 to 23 September 2019.

##### List of MoUs/Documents signed between India and Mongolia during the State Visit of President of Mongolia to India:

- On Space Co-operation:
  - India and Mongolia signed MoUs on space cooperation which would allow India to support Mongolia in resource management and satellite communication.

- Cultural Exchange Protocol:
  - To promote cooperation and cultural exchanges in the field of music, dance, theater, arts, library, museums, etc.
- MoU in the field of Disaster Management:
  - To promote co-operation in the field of space exploration for peaceful and civilian purposes.
  - MoU was signed between Dept of Space (India) and Communications and Information Technology Authority (Mongolia).
- Comprehensive Work Plan between Ministry of Fisheries, Animal Husbandry and Dairying (India) and Ministry of Food, Agriculture and Light Industry (Mongolia):
  - In 2015, India and Mongolia had signed an agreement on cooperation in the field of Animal Health and Dairy.
  - The Work Plan lays out a series of activities to intensify cooperation in this sector.

### Details:

- On UNSC Reforms:
  - Both the sides reiterated support for the on-going reforms of the United Nations and its principal organs with a view to making the institution more democratic, representative, transparent and efficient.
  - They emphasized the importance of an early reform of the United Nations Security Council (UNSC), in permanent and non-permanent membership categories, so that it reflects the current realities and functions in an accountable, representative and effective manner.
  - The Mongolian side reiterated its support to India's candidature for permanent membership of the UNSC.
  - Both sides also reaffirmed their reciprocal support for their respective bids for a non-permanent seat in the UNSC for the terms 2021-2022 and 2023-2024 respectively.
- On cross border terrorism:
  - Recognising that extremism and terrorism posed a grave threat to entire humanity, both sides reiterated their strong condemnation of terrorism in all its forms and manifestations including cross-border terrorism.
  - They reiterated their commitment to working together in this regard, including the finalisation of the Comprehensive Convention on International Terrorism.
- On Cyber Security:
  - India reaffirmed its support for capacity building and infrastructure development in the field of cyber security in Mongolia.
- Line of Credit:
  - Mongolia appreciated significant progress made in the implementation of the 'Mongol Refinery Project' under a Government of India (GoI) Line of Credit (LoC) of US\$ 1 billion.
  - India has also approved a request from the Government of Mongolia to extend an additional LOC of US \$236 million for the project, taking the Government of India's total commitment for the project to US\$ 1.236 billion.
- Tourism:
  - The Mongolian side announced a "visa on arrival" scheme arrangement for Indian short-term visitors to encourage mutual tourism.

### India-Mongolia Relations:

- Ties between India and Mongolia date back centuries with Buddhism seen as a major binding factor between the two countries.
- In recent times, the two countries have set up mechanisms like the **India-Mongolia Joint Working Group for Defence** and the **India-Mongolia Joint Committee on Cooperation (IMJCC)** chaired at ministerial level besides others, to cement cooperation.
- For Mongolians, India is one of counter-weights to their neighbours (Russia and China).

- India is considered a spiritual neighbour, a declared third neighbour and strategic partner and centre for pilgrimage.
- India's attempts to boost cooperation with Mongolia come against the backdrop of China making inroads into South Asia-Sri Lanka and Nepal besides Myanmar, considered India's periphery.
- In recent years, New Delhi has increased interaction with countries like South Korea, Japan and Vietnam, all countries seen as on the periphery of China.
- Analysts say India's interaction with Mongolia gives India, a much needed diplomatic and strategic leverage vis a vis the big countries in Mongolia's neighbourhood.
- India and Mongolia at present carry out regular military exercises named "Nomadic Elephant" and "Khaan Quest".

The State Visit of the President of Mongolia is considered yet another milestone in furthering the Strategic Partnership and the longstanding, cordial and cooperative ties between Mongolia and India.

## Category: HEALTH

### 1. A fourth of Indians consider dementia 'dangerous'

#### Context:

A report was released by Alzheimer's disease International (ADI), a London-based non-profit organisation, on the eve of Alzheimer's Day. The survey was conducted by the London School of Economics (LSE) to gauge attitudes towards dementia among those suffering from dementia.

#### Dementia:

- Dementia is a progressive generative brain disease affecting a person's memory, thinking and the ability of social interaction.
- Dementia is an overall term for diseases and conditions characterized by a decline in memory, language, problem-solving and other thinking skills that affect a person's ability to perform everyday activities.
- Disorders grouped under the general term dementia are caused by abnormal brain changes or by damage to brain cells.
- Alzheimer's is the most common cause of dementia.

#### Findings of the study:

- The number of those with dementia worldwide is set to increase to 152 million by 2050.
- As much as 50% of all people living with dementia never receive a formal diagnosis and in China and India.
- The current annual cost of dementia is estimated at \$1 trillion (approximately), which could double by 2030.

#### Details:

- Nearly a quarter of Indians surveyed said that they considered those suffering from dementia to be "dangerous".
- About three-fourths opined that those with dementia are "impulsive and unpredictable".
- According to a 2018 report in the Indian Journal of Psychiatry, population projections in India suggest that there will be one elderly person for every 3 in the working-age population by 2100 and an accompanying rise in elderly suffering from dementia.

### Way forward:

- Degenerative diseases of the brain cannot be reversed. However, with some of the measures like symptomatic treatment and effective intervention, it is somewhat possible to delay the progress of the disease.
- Citizens need to be educated about the prevalence of such disease in our society and they must shed their taboos and be more accommodative towards the needs and infirmities of an old person in the family.
- Ignoring the needs and rights of the old age population and leaving them unaddressed can pose a great threat to our social development agenda.
- Older persons need to be brought into mainstream of the nation by focusing on their issues and encouraging their active participation in the society.
- There is a need for National Dementia Policy with very clear and well-defined action plan for India since India has a sizeable population of Alzheimer's disease affected people.

## Category: POLITY AND GOVERNANCE

### 1. Draft rules to regulate social media ready: govt.

#### Context:

The Centre has informed the Madras High Court that deliberations on the Draft Information Technology [Intermediaries Guidelines (Amendment)] Rules, 2018, has been completed.

#### Background:

- The Government had sought to make it mandatory for platforms such as WhatsApp, Facebook and Twitter to trace originator of unlawful information.
- It had also sought to make it mandatory to remove such content within 24 hours after being notified.
- Initially, Advocate Antony Clement Rubin had approached the Court to obtain an order for linking Aadhaar with social media accounts.
- However, the HC made it clear that it was not in favour of such a plea.
- Instead, the HC expanded the scope of the case & suo motu impleaded Facebook, Google, YouTube, Twitter, WhatsApp as parties to the case.
- This ensured that they could be made to cooperate with the local police in cracking cybercrimes by sharing necessary information.

The issue has been comprehensively covered under 25<sup>th</sup> December 2018 Comprehensive News Analysis under Polity and Governance. [Click here](#) to read.

#### Details:

- The guidelines mandate social media companies to cooperate with the police in cracking cybercrimes.
- The Bench led by Justice Sathyanarayanan, told senior counsel, representing WhatsApp, that the social media giants were bound to obey local laws of the country in which they operate & share requisite information with the police.
- It said, the companies could not take umbrage under the right to privacy.

## C. GS3 Related

## Category: ECONOMY

### 1. No GST relief for automobiles

#### Context:

The 37th meeting of the GST Council was concluded on 20<sup>th</sup> September 2019.

#### Details:

- The Federal indirect tax body - the Goods and Services Tax (GST) Council slashed the tax rates on a host of products and services.
- The tax rate cuts on a diversified set of items are meant to support small and medium enterprises, promote exports and boost economic growth.
- The Council exempted small businesses from having to file annual returns for FY18 and FY19.
- The Finance Minister also said that import of specified defence goods which are not being manufactured indigenously have been exempted from GST/IGST till 2024.
- Tax rates on hotel stay and outdoor catering were cut down, easing the compliance burden on small businesses.
  - Those hotels charging daily tariff of upto 1000 will continue to be exempted from GST, while that charging Rs.1,000 to Rs.7,500 per night will be taxed at 12% and those charging above that will be taxed at 18% under the new slabs.
- The Council announced a relief for a specific period for passenger vehicles carrying 10-13 persons by bringing the cess applicable on them down from 15% to 1%.
- The Council, rejected proposals for tax cuts on automobiles and biscuits as it wanted to focus more on the unorganised sector in giving tax relief.
- As part of the government's agenda of nudging individuals to adopting a healthy lifestyle, the Council decided to increase the tax rate on caffeinated drinks.
  - It excluded aerated drinks makers from the concessional flat tax scheme meant for small businesses.
  - Caffeinated drinks will now be taxed at par with aerated beverages, one of the highly taxed items.
- The GST was also cut on marine fuel to 5 per cent while the same on railway wagons, coaches, rolling stock has been increased from 5 per cent to 12 per cent.

#### GST Council:

- The GST council is the key decision-making body that will take all important decisions regarding the GST.
- The GST Council dictates tax rate, tax exemption, the due date of forms, tax laws, and tax deadlines, keeping in mind special rates and provisions for some states.
- The predominant responsibility of the GST Council is to ensure one uniform tax rate for goods and services across the nation.
- It is a joint forum for the Centre and the States. Consisting of:
  - The Union Finance Minister as the Chairperson
  - As a member, the Union Minister of State will be in charge of Revenue of Finance
  - The Minister in charge of finance or taxation or any other Minister nominated by each State government, as members.
  - One of the state finance ministers would be the Vice-Chairperson.
- The Centre would have 1/3<sup>rd</sup> of the voting strength and the remaining 2/3<sup>rd</sup> voting strength vests with the states. Decisions need 75% vote support.



## 2. 'Surcharge relief may improve sentiment, boost earnings'

### Context:

The Finance Minister has announced fresh incentives for foreign portfolio investors (FPIs) while also extending the benefit to all categories of investors. The government has also slashed corporate tax to fire up the economy.

### Details:

- The government announced rollback back of higher surcharge on capital gains on the sale of equity announced in Budget for Hindu Undivided Family (HUF), Association of Persons (AOP), Body of Individuals (BOI) and Artificial Juridical Person (AJP).
- Further, the government has also clarified that the surcharge would not be applicable on FPIs on sale of securities in the derivatives segment as well.
  - The waiver of the surcharge introduced in the Union Budget had failed to stem the outflows in any manner.
  - Any gains arising from the sale of securities in the cash or derivatives segment or units of equity mutual funds on which securities transaction tax (STT) has been levied will not be subjected to the surcharge, that had further fuelled the flight of foreign money from the Indian capital markets.
- The Government announced cuts in tax rates for domestic companies and new domestic manufacturing companies to 22 per cent and 15 per cent, respectively.
  - India's corporate tax rate now becomes comparable to nations that typically attract investments.
  - The move is aimed at providing a better boost to the slowing economy.
  - Market participants are optimistic that the latest set of measures would have a longer-term impact on the markets in terms of a positive impact on earnings and fund flows.
  - Tax experts opine that the government's announcement will revive corporate sentiments, provide impetus to companies to kick-start capital expenditure plan, improve compliance.
- The government has decided to exempt firms that announced a buy-back before the proposal was announced.
  - The government had announced a buy-back tax in the Union Budget.

## Category: ENVIRONMENT AND ECOLOGY

### 1. Youths demand action on climate change

#### Context:

Protesters in Delhi have joined together to raise slogans in response to the call for a worldwide strike to demand measures to reverse climate change.

#### Background:

- Jamie Margolin founded the protest group Zero Hour in Seattle, Washington, in 2017, when she was just 15.
- 15-year-old Greta Thunberg started the strike for climate action outside the Swedish parliament in Stockholm in 2018. The movement quickly went global.
- An estimated 1.6 million kids in 125 countries hit the streets during a protest in March, 2019.

**Details:**

- Fridays for Future (FFF) is a people's movement following the call from Greta Thunberg to school strike.
- It is an international movement of school students who take time off from class to participate in demonstrations to demand action to prevent further global warming and climate change.
- Between September 20 and September 27, 2019 FFF, is marking Global Climate Strike.
- The strike is timed to be in sync with the Climate Action Summit that UN Secretary-General António Guterres will hold on September 23, 2019 to address the "global climate emergency".
- The Global Climate Strike, which kicked off in Australia, will see an estimated 5,000 protests spread over 150 countries, across one week.

**Fridays for Future (FFF) in India:**

- In India, the first Delhi edition of Fridays for Future, was held, saw about 2,000 people marching for the cause.
- On September 27, 2019 FFF will stage another protest.
- The demands of the youth-led movement in India are:
  - To declare a climate emergency, which is believed to put pressure on the government to act;
  - That government give clarity on how about how India is upholding the promises under the Paris Agreement [of the United Nations Framework on Climate Change];
  - That the government put in place a legislation to fight against climate change, which will also necessitate youth participation.

**Category: SECURITY****1. Meet of DGPs discusses draft policy on drones****Context:**

At a meeting of the Director General of Police (DGPs) of southern States, issues relating to what types of drones could be permitted and the formulation of a policy on their usage were taken up for discussion.

**Details:**

- With individuals and private companies planning extensive usage of drones for purposes like video coverage of events to agriculture, the Centre wanted to evolve a drone policy.
  - Drone is terminology for Unmanned Aircraft (UA).
  - There are three sets of Unmanned Aircraft, namely, Remotely Piloted Aircraft, Autonomous Aircraft and Model Aircraft.
- The major concern is that the Centre is allowing drones weighing 400 gm or less. But the problem is most of the drones being used while covering marriages or meant for areas like precision agriculture weigh more than that.
- At the meeting, it was decided to constitute five regional coordination committees and discuss the finer details on issues relating to law and order.
- The committee would prepare a draft policy and present it to the Centre for its consideration.

**National Drones Policy:**

- India imposed a blanket ban on drones in 2014. In the following years, it came to be seen as impractical. So, the government crafted a regulatory policy.
- The National Drones Policy drafted by the Ministry of Civil Aviation came into effect from

December 1, 2018.

- The “Drone Regulations 1.0” lays down rules as to where, when and how drones can operate within India.
- The Ministry of Civil Aviation has kick-started the online registration of drones in India through its Digital Sky portal.
- The Digital Sky Platform is the first-of-its-kind national unmanned traffic management (UTM) platform that implements “no permission, no takeoff” (NPNT).
- Under the new policy, Nano drones which weigh less than 250 grams or equal does not need a registration or license.
- However, drones that belong to remaining categories will need to be registered on the Digital Sky portal.
- Drone Regulations 1.0 intend to enable visual line-of-sight daytime-only and a maximum of 400 ft altitude operations.
- Air space has been partitioned into Red Zone (flying not permitted), Yellow Zone (controlled airspace), and Green Zone (automatic permission).
- The regulation also defines “No Drone Zones” around airports; near international border, Vijay Chowk in Delhi; State Secretariat Complex in State Capitals, strategic locations/vital and military installations; etc.

#### **Way forward:**

- Since Indian cities are growing vertically, having nano drones flying around without much regulation may lead to the invasion of privacy.
- They may also be misused for unethical activities such as corporate espionage, trespassing, surveillance, unauthorised photography and burglary.
- There is a need for clarity in the policy with a mechanism to check whether the operators are adhering to the norms.
- Strict monitoring is needed on how drones collect, use, store and share data.

#### **Conclusion:**

A comprehensive system for approving applications, renewing permits, alerting the agencies concerned to deal with emergencies, and recording the history of a vehicle can strengthen the policy’s applications. This can help India use drones effectively for not just aerial mapping but also in disaster management, traffic control, policing, security, environmental studies and agriculture.

## **D. GS4 Related**

*Nothing here for today!!!*

## **E. Editorials**

### **Category: ECONOMY**

#### **1. A deep cut**

##### **Context:**

- In order to address the slowdown in economic growth and revive investments, the Finance Minister Nirmala Sitharaman has announced a slew of reforms.
- Amongst these measures, a few of them have been designed to benefit the corporate sector.



- This includes deep cuts in corporate taxes and rollback of some market unfriendly proposals that were announced in the Budget that was presented in July.
- This decision to cut corporate taxes through an ordinance is a reminder of the sentimentboosting 'dream budget' of 1997 presented by the then Finance Minister P. Chidambaram in order to revive the markets.
- The government has decided to cut the corporate tax rate from 30% to 22% for those companies that do not avail exemptions.
- This would translate to a fall in effective tax rate from 34.94% presently to 25.17% inclusive of surcharge and cess, which is definitely a significant saving. Also, such companies shall not be required to pay Minimum Alternate Tax or MAT.
- Similarly, for companies that are incorporated after the 1<sup>st</sup> of October and whose projects will be commissioned before March 31, 2023, the new tax rate will be as low as 15%, compared to the current 25%.
- The effective tax rate for this category of companies will be 17.01%, about 12% lower than the current tax rates.

### **The objectives:**

- The idea behind these measures is obviously to boost private investment which is now at one of its lowest points.
- But it is also aimed at attracting foreign investors who are looking for alternative destinations for their global value chains that have been disrupted by the trade war between China and the U.S.
- With these tax reductions, the government has finally delivered on one of the longstanding demands of India's corporate sector.
- So now the responsibility to deliver lies on India's corporate sector and it should not only bring in fresh investments but it should also pass on the benefits of lower taxes down the chain to consumers and their investors.

### **Editorial Analysis:**

- So we need to look at the impact of these tax cuts on the government's fiscal deficit.
- The Finance Minister has said that the revenue loss due to these tax cuts would be ₹1, 45,000 crore.
- This is very significant because the budget had over-estimated revenues and so far the tax collections have been lower than anticipated.
- The Budget for 201920 had assumed net tax revenues of ₹16.49 lakh crore, which was a rather ambitious growth estimate of 25% over the actual revenues of ₹13.16 lakh crore for 201819.
- So if the revenue foregone due to tax reductions is compared against this unrealistic Budget target, then the outlook for the projected fiscal deficit for this year looks scary for sure.
- As things stand, it is safe to assume that the deficit target of 3.3% for this fiscal will not be met.
- The bumper of ₹1.75 lakh crore that the government received from the Reserve Bank of India as dividend will obviously act as a cushion and it is this money that the government has now given away as a stimulus to the industry.
- But if the fiscal deficit target has to be met, then the difference from the original overestimation of revenues has to be bridged.
- One option available to the government is to take up disinvestment on a big scale which has already been budgeted to fetch around ₹1, 05, 000 crore for this year.
- The actual proceeds from disinvestment have to be twice that for this fiscal if the original fiscal arithmetic is to work and that is definitely not going to be easy.
- The tax cuts for corporates are definitely good for the economy in the medium term but in the short-term, the government has a fiscal problem on its hands until revenues bounce back.

## 2. A rural stimulus

### Context:

- The statistical institutions of the government are working on revising the indices that capture the trends experienced in rural India with regard to consumer prices.
- This could lead to an upward revision in the wages paid out to the beneficiaries under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).

### What Is the Consumer Price Index (CPI)?

- The Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care.
- It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.
- Changes in the CPI are used to assess price changes associated with the cost of living; the CPI is one of the most frequently used statistics for identifying periods of inflation or deflation.

### Understanding Consumer Price Index (CPI):

- The CPI measures the average change in prices over time that consumers pay for a basket of goods and services, commonly known as inflation.
- Essentially it attempts to quantify the aggregate price level in an economy and thus measure the purchasing power of a country's unit of currency.
- The weighted average of the prices of goods and services that approximates an individual's consumption patterns is used to calculate CPI.
- The Consumer Price Index (CPI) tracks the change in retail prices of essential goods and services consumed by households.
- The index tracks these prices at the level of a particular item, its rural and urban price movement as well as the price movement of the entire basket of goods and services at rural, urban as well as at an all-India level.
- The index has different weights attached to different items in the basket. The weight for a single item can also vary for the urban and rural index.
- For instance, food and beverages category carries 54.18% weight in the rural CPI, while it carries only 36.29% weight in the urban index.
- The change in index over a period of time is CPI inflation.
- CPI is widely used by most countries as a macroeconomic indicator of inflation, as a tool by governments and central banks for inflation targeting and for monitoring price stability, and as deflators in the national accounts.
- At present, the Reserve Bank of India targets CPI-based inflation to be within 2% of the 4% target.
- Consumer Price Indices (CPI) released at the national level are: CPI for Industrial Workers (IW), CPI for Agricultural Labourers (AL)/ Rural Labourers (RL) and CPI (Rural/Urban/Combined). While the first two are compiled and released by the Labour Bureau in the Ministry of Labour and Employment, the third by the Central Statistics Office (CSO) in the Ministry of Statistics and Programme Implementation. In India, RBI uses CPI (combined) released by the CSO for purpose of inflation targeting.

### The need for revising measurement of consumer prices:

- The current national average of MGNREGA wages is just around 178 Rs per day.
- Since the wages are linked to consumer prices, the decision to finally revise its measurement was long overdue and is a welcome exercise.
- It has been at least three decades, since the basket of items whose prices are tracked for constructing

the Consumer Price Index for Agricultural Labourers (CPIAL), has been updated.

- During this period rural expenditure patterns have altered significantly, except for the usual spending on essentials such as food. Rural expenditure on education, transport, telecom etc. has gone up significantly.
- But two-thirds of the dated inflation index is still driven by inflation in food prices, which may effectively end up understating the price pressures that are being faced by rural households.
- The depressant effect of this trend could get aggravated when low food inflation coincides with declining farm incomes that are still the primary driver of India's rural economy.
- Once a new basket of items are drawn up by the Statistics Ministry, it can work along with the Labour Bureau in its plans to improve the currency of the CPIAL (to which MGNREGA wages are linked) and CPI Rural indices and conduct annual reviews.

### **Reviving Rural Consumption:**

- If the index is revised soon enough, then the central government is ready to notify the updated MGNREGA wages in the ongoing fiscal year itself rather than wait for the onset of 20202021.
- This sense of urgency on the part of the government shows that, it considers giving a boost to the rural economy as a critical tool to counter the current slowdown in the economy.
- So far, the narratives of economic slowdown and the Centre's measures to address it, has been completely dominated by the decline in urban consumption and taxation related challenges being faced by the corporates, but the distress in rural areas where incomes are more vulnerable and unstable has been largely ignored.
- In fact, the annual report of the RBI has highlighted the weakening of rural demand since the third quarter of 201819 and had labelled it as a serious concern. The RBI's report called the need to revive rural consumption as its top policy priority.
- Rural distress has also been reflected in the rising demand for work under the MGNREGA. With job creation being volatile and market sentiments worsening, any move to put more money in the hands of rural households would likely have a better impact on reviving the economy than the promotion of shopping fests and tax sops for urban India.

## **Category: POLITY**

### **1. An independent fiscal watchdog for Parliament**

#### **Context:**

- The writer argues that ideally, the electorate should be able to cast their votes based on hard facts and evidence on the performance of their candidates, instead of casting a vote merely based on their gut instincts and one's political allegiance.
- This is particularly important for our Parliament, which controls where and how money flows into our government and our country.
- This body needs to be appointed not based on political allegiance or expediency, but on its expertise in budgetary, fiscal and economic matters.

#### **The need for a Parliamentary Budget Office in India:**

- Whether it is a majority government or a minority government, this constitutional body serves parliamentarians equally and without prejudice.
- In the government, the Ministers have access to expert knowledge and information due to the inputs they receive from the bureaucracy.
- But most parliamentarians do not benefit from timely access to good quality analysis on economic, fiscal or financial matters.

- In many countries around the world, an office known as the Parliamentary Budget Office (PBO) exists in order to provide such expert advice to the parliamentarians.
- These bodies help shape the debate and discourse around the state of the nation's finances and the fiscal implications of significant proposals.
- The work done by PBOs naturally ends up in the public domain. This helps drive a smarter and a more focused debate in the media and with our electorate.
- Indian democracy stands out because of its diversity of views and opinions, which is a factor of its size, and its ability to evolve and remain dynamic.
- But despite that, evidence-based discussion around important policies that affect the trajectory of our Republic is in grave danger. These discussions can easily blur the line between fact and fiction.

### **Role of Parliamentary Budget Office:**

- The role of such an office is not always to challenge the government.
- In a number of cases, the economic and fiscal projections of a PBO and the Ministry of Finance can turn out to be similar.
- This is not surprising because the data sources and economic methodologies that are used for such projections are well established and uniform.
- However, if parliamentarians do not have access to another data point which is generated by an independent, nonpartisan office, it is difficult for them to ensure that these projections and estimates continue to be reliable enough for them to make decisions on.
- When these projections come into question, the Cabinet can tap the civil service for further research and analysis. Most parliamentarians do not have this luxury and may have to rely on poor quality third-party data and analysis, done without relevant expertise. This is a situation that must be avoided.

### **Can a PBO co-exist with the Auditor General?**

- A reasonable question that arises is the necessity of such an office when we already have an auditor general.
- However, we need to understand that the role the auditor general is to provide retrospective audits and analysis of the financial accounts and performance of government decisions and actions.
- These audits are mainly focused upon the day-to-day functioning of the government, and often evaluates the performance of the civil services.
- Whereas, a PBO can provide prospective, forward-looking economic and fiscal projections and as well as policy-costings to the parliamentarians. This distinguishes it from an auditor general, which provides useful information, but only after the fact.

### **The Global Comparison:**

- Similar offices have been established across the world and they can be found in developed countries such as the United States, Netherlands, South Korea, Australia, United Kingdom etc. In fact, PBOs are also making an appearance in emerging economies in Sub-Saharan Africa and South-east Asia.
- These budget offices provide impartial advice to both the upper and the lower houses of the legislature.
- In some countries, including Australia, the Netherlands, and most recently, Canada, PBOs have been playing the unique role of costing electoral platforms during an election campaign.
- In this period, PBOs provide independent cost estimates of electoral platform measures to political parties.

### **Way Forward for India:**



- A PBO, or a similar independent fiscal institution, will not solve all these problems but is a relatively cost-efficient way to arrive at a solution.
- As the Union Budget for 2020 approaches, it would be prudent for parliamentarians to examine the case for a PBO more deeply.
- The amount of information parliamentarians need to scrutinise in Budget documents has increased exponentially and a PBO would assist parliamentarians in this process of scrutiny.
- Legislatures across the world are coming across an increasingly stronger executive that is trying to snatch away its rightful power over the treasury.
- A PBO would help resuscitate these powers that have fallen into disuse. This is why India's Parliament and government need to work quickly and energetically to establish such an office.

## F. Tidbits

### 1. Trump says no to military strike on Iran

- President Donald Trump has announced new sanctions on Iran that he said were the toughest-ever against another country.
- It was also indicated that there were no plans of military strike.
- This development comes in the backdrop of attacks on rival Saudi Arabia's oil infrastructure, which triggered a spike in global crude prices, for which the U.S holds Iran responsible.
- The United States already maintains sweeping sanctions on Iran due to its alleged Nuclear programme, including:
  - On its central bank
  - With anyone who deals with it subject to prosecution
- The United States had also imposed sanctions on Iran's sovereign wealth fund, a development fund whose board of trustees includes its President.

## G. Prelims Facts

### 1. Single judge Bench to hear bail pleas

- The Supreme Court has notified the Supreme Court (Amendment) Rules, 2019, which empowers the chief justice of India to appoint single-judge benches to hear pleas for bail and transfer of cases.
- The new rules expand the authority of the chief justice as "master of the roster" to handpick a judge to decide these cases urgently.
- Until this amendment was passed, it was mandatory for a Supreme Court bench to have at least two judges.
- However, now, the top court will see single-judge benches like those in High Courts.
  - The nominated single-judge bench will hear appeals arising out of grant, dismissal or rejection of bail or anticipatory bail for offences punishable with imprisonment up to seven years.
  - This Bench would also hear appeals filed under Section 406 of the Code of Criminal Procedure (CrPC) for transfer of cases from one High Court to the other or one criminal court to another to serve the ends of justice.
  - It would decide cases of transfer of an "urgent nature" applied under Section 25 of the CrPC.

## H. Practice Questions for UPSC Prelims Exam

Q1. Consider the following statements:

1. POSHAN Abhiyaan targets to reduce stunting among children in the age group 0-6 years to 25% by



2022.

2. National Council on India's Nutrition set up under the POSHAN Abhiyaan, is chaired by the Chairman of the NITI Aayog.

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:**

National Nutrition Mission/ POSHAN Abhiyaan targets to reduce stunting, undernutrition, anemia (among young children, women and adolescent girls) and reduce low birth weight by 2%, 2%, 3% and 2% per annum respectively. Although the target to reduce Stunting is at least 2% p.a., Mission would strive to achieve reduction in Stunting from 38.4% (NFHS-4) to 25% by 2022. As per the mandate of Government of India, Ministry of Women and Child Development has constituted the National Council on India's Nutritional Challenges also known as National Council on India's Nutrition, under the Chairmanship of Vice-Chairman of NITI Aayog.

**Q2. Consider the following statements:**

1. BharatNet Project is the world's largest rural broadband connectivity programme using Optical fiber.
2. The project is being funded by NITI Aayog.

Which of the given statement/s is/are NOT correct?

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

**Answer: b**

**Explanation:**

BharatNet Project is the world's largest rural broadband connectivity programme using Optical fiber. It is implemented by Bharat Broadband Network Limited (BBNL) – a special purpose vehicle under the Telecom Ministry and is Government of India's ambitious rural internet connectivity programme. It has subsumed all the ongoing and proposed broadband network projects. The project is being funded by **Universal service Obligation Fund (USOF)**. The Universal Service Obligation Fund (USOF) was established with the primary objective of providing access to 'Basic' telecom services to people in the remote and rural areas at reasonable and affordable prices. Subsequently, the scope was widened to provide subsidy support for enabling access to all types of telegraph services including mobile services, broadband connectivity and creation of infrastructure like Optical Fiber Cable (OFC) in rural and remote areas.

**Q3. Which of the following DO NOT amount to disqualification under the Anti-defection law?**

1. An independent member joining a political party within 6 months of being elected.

2. A nominated member joining a political party within 6 months of his/her nomination to the house.
3. A member abstaining from voting, contrary to the directions of the party he/she belongs to.

Choose the correct option:

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

**Answer: b**

**Explanation:**

- As per the Anti-defection law, a Member of Parliament or State Legislature is deemed to have defected if he/she being an independent member joins a political party.
- When a member abstains from voting in the House, contrary to any direction of the party he/she belongs to, it amounts to disqualification.
- Nominated members can choose to join a party within six months of being nominated to the house. After 6 months, they are treated as an independent member or a party member, as the case maybe.

**Q4. Consider the following statements with respect to RBI guidelines on Concurrent Audit System:**

1. RBI mandates that the concurrent audit of banks be done by external auditors only.
2. The age limit for retired staff engaged as concurrent auditors has been capped at 60 years.
3. The head of internal audit in the bank should participate in the selection of concurrent auditors.

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

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

**Answer: b**

**Explanation:**

Reserve Bank of India (RBI) has revised the guidelines on concurrent audit system. The guidelines have been revised following the recommendations by an expert committee under Y.H. Malegam. It has been left to banks whether concurrent audit should be done by the bank's own staff or external auditors. The head of internal audit in the bank should participate in the selection of concurrent auditors where such function is outsourced and should be responsible for the quality review of the work of the concurrent auditors reporting to her/him. The age limit for retired staff engaged as concurrent auditors has been capped at 70 years.

## I. UPSC Mains Practice Questions

1. In India, there is an urgent need to include dementia as a national health and social priority with provisions to identify the disease as early as possible. Discuss. (15 Marks, 250 Words)
2. While India's drone policy establishes an intricate system of registration and application procedures, it is lacking when it comes to thorough monitoring of drones. Critically examine. (15 Marks, 250)

