

28 Dec 2019: UPSC Exam Comprehensive News Analysis

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B. GS2 Related

Category: POLITY AND GOVERNANCE

1. Mahadayi river dispute: if need be, will go against Union ministry, says Sawant

Context:

Union Ministry of Environment, Forest and Climate Change's stand that environment clearance (EC) is not required for **Karnataka's Kalsa-Bhanduri drinking water project on the Mahadayi River**.

Background:

- **The Mahadayi River also known as Mandovi** is described as the lifeline of the Indian state of Goa. **The Mandovi and the Zuari are the two primary rivers in the state of Goa**. Mandovi joins with the Zuari at a common creek at Cabo Aguada, forming the Mormugao
- The Mahadayi River **originates** from a cluster of 30 springs at Bhimgadin the **Western Ghats in the Belagavi district of Karnataka**. The river has catchment area are in Goa, Karnataka and Maharashtra. With its cerulean waters, **Dudhsagar Falls and Varapoha Falls**, it is also known as the Gomati in a few places.
- The sharing of the waters of this river is a cause of dispute between the governments of Karnataka and Goa. The Karnataka government proposes to **divert some water from the Mahadayi river to the Malaprabha River basin as part of the Kalasa-Banduri Nala project**. Goa has been opposing the Kalsa-Bhanduri project.
- **Mahadayi Water Tribunal under Interstate River Water Disputes Act** had been constituted to decide the sharing of the river waters by the riparian states.
- In August 2018, Mahadayi Water Tribunal verdict permitted Goa to use 24 tmcft, Karnataka to use 5.4 tmcft (including 3.9 tmcft for export outside the basin) and Maharashtra to use 1.33 tmcft for consumptive purposes.
- The tribunal also directed the Centre to set up the **Mahadayi Water Management Authority** to implement its report and final decision.
- **Karnataka approached the Supreme Court** challenging the Water tribunal's allocation of water to the states.

Karnataka's Arguments:

- To resolve the severe **water crisis in its northern districts of Bagalkot, Gadag, Dharwad and Belagavi**, Karnataka had been planning to divert water from the Mahadayi to dams and barrages since the 1970s.
- Karnataka believes that **surplus water from Mahadayi drains into the Arabian sea** and, therefore, it should be better utilised by diverting it into the deficit basin in Malaprabha to meet the basic water needs of the people.

Goa's arguments:

- Goa is worried that the **proposed inter-basin water transfer would harm the sensitive ecology of the Western Ghats**.

- Goa argues that its population is dependent on the river's natural path and any move to divert it would affect its **fragile ecosystem**.
- The Mahadayi holds a special significance for Goa because it is one of the **few sweet-water sources in the state** and the proposed move would affect water supply for drinking and irrigation.

Details:

Following the Union MoEFCC's stand that environment clearance (EC) is not required for Karnataka's Kalsa-Bhanduri drinking water project on the Mahadayi River, Goa Chief Minister has stated that the case is in the Supreme Court pending decision and "if required", Goa would go against the Union Ministry in the Mahadayi river issue.

2. Personal queries directly linked to establishing citizenship: SC

Context:

- Kerala and West Bengal state governments have suspended the updating of National Population Register (NPR) amid apprehensions that NPR will lead to the National Register of Citizens (NRC).

Background:

- The central government has so far denied any link between the **National Population Register (NPR), which is to establish usual residency**, and the **National Register of Citizens (NRC), meant to establish citizenship**.

Details:

Supreme Court Judgment, 2005:

- **The Supreme Court, in a 2005 judgment**, has clearly held that **these personal questions about a person's place and date of birth, his parents' names and their place of birth are directly associated with "establishing citizenship"**.
- The Judgment holds that in order to establish one's citizenship, normally he or she may be required to give evidence of (i) his date of birth (ii) place of birth (iii) name of his parents (iv) their place of birth and citizenship.
- The court explained that these facts figured especially in the context of establishing citizenship because they "would necessarily be within the personal knowledge of the person concerned and not of the authorities of the State". **In case of doubts about a person's citizenship, the burden of proving that these facts were true was on the person concerned.**

Citizenship rules, 2003:

- The 2005 judgment came just over a year after the **Citizenship (Registration of Citizens and Issue of National Identity Cards) Rules of 2003** was notified in December 2003.
- **The Rules clearly linked the NPR and the NRC**. Rule 4(3) of the Citizenship Rules states that personal details collected for the 'Population Register' would be used in the preparation of the National Register of Indian Citizens.

C. GS3 Related

Category: ENVIRONMENT & ECOLOGY

1. Winged visitors flock to Pulicat, with birdwatchers in tow

Context:

The **annual flamingo festival in Nellore district**, Andhra Pradesh.

Details:

- District authorities are planning to conduct the Flamingo Festival in January 2020.
- The number of birds is expected to be much higher than usual thanks to copious rains in 2019.
- Four venues — Sullurpeta, B.V. Palem, Atakanithippa and Nelapattu — have been selected for holding various cultural programmes and stepping up awareness on the brackish water ecosystem during the festival.

Avian Biodiversity:

- More than 40,000 flamingos can be seen in action at the lake. **Birds like Black-tailed godwit and Kentish plover**, which are rare visitors, have also arrived at the lake this time.
- A variety of aquatic and terrestrial birds, including **painted storks, large and little egrets, grey pelicans, grey herons**, and water birds like northern pintails, black-winged stilts, northern shovellers, common teal, seagulls, terns, sandpipers, and common coots have come in large numbers this time.
- **About 75 bird species visit the sanctuary, of which 30 bird species are migratory.** The other feeding migrants that can be spotted are pelicans, painted storks, open-billed storks, grey herons, cormorants, white ibises, spoonbills, egrets, reef herons, and spot-billed ducks.
- Breeding activity is on in full swing **at Nelapattu**, where one could see **endangered species like grey pelicans, open-billed storks, little cormorants, spoonbills, white ibises and night herons.**

Other Biodiversity:

- The lake supports **rich biodiversity and high biomass of fishes, prawns, crustaceans, coelenterates and planktons.**
- Invertebrates like prawns, planktons, coelenterates, annelids, molluscs and echinoderms thrive here, as do **reptiles like monitor lizard, calotes, cobra, Russel's viper, and krait**, and schools of fish like sablefish, white, black and silver pomfret.

Additional Information:

- **Pulicat Lagoon is the second largest brackish water lagoon in India, after Chilika Lake.** The Lagoon is one of the three important **wetlands to attract North-East Monsoon rain clouds during October to December season.**
- Two rivers which feed the lagoon are the **Arani River** at the southern tip and the **Kalangi River** from the northwest, in addition to some smaller streams.
- **The Buckingham Canal, a navigation channel, is part of the lagoon on its western side.** The lagoon exchanges water with the Bay of Bengal.
- The lake and its river basins are located both in Andhra Pradesh and Tamil Nadu. The lake and its drainage river basins become interstate river basin as per Interstate River Water Disputes Act 1956. Most of the lake area including its water outlet to the sea is located in Nellore district of Andhra Pradesh.

2. 'Climate change caused 15 disasters this year'

Context:

Report by the British charity Christian Aid.

Details:

- Assembling its report, from official figures, estimates by NGOs and aid bodies, scientific studies and media reports, the charity said the disasters displaced millions and caused widespread deaths.
- **2019 is set to be the second hottest year in history and each of the disasters in the report has a link with climate change.**
- The report states that **at least 15 natural disasters linked to climate change in 2019** caused damage of over \$1 billion each and seven of them cost at least \$10 billion.
- The major disasters of the year 2019 include the **floods that ravaged north India, typhoon Lekima in China, Hurricane Dorian in the U.S.**, floods in China, floods in the Midwest and the southern U.S., **typhoon Hagibis in Japan and the California wildfires.**
- The charity said the majority of deaths were caused by just two events, in India and southern Africa, which called it “a reflection of how the **world’s poorest people pay the heaviest price for the consequences of climate change.**”

Category: ECONOMY

1. Gross NPAs may rise to 9.9% by next Sept., says RBI report

Context:

Reserve Bank of India’s Financial Stability Report.

Details:

Gross Non-Performing Asset (GNPA):

- **The gross non-performing asset (GNPA) ratio of banks may increase** to 9.9% by September 2020 from 9.3% in September 2019, according to the RBI report.
- The report said state-run banks’ GNPA ratios may observe higher increases compared to private banks.
- The reasons for the current increase include the **change in the macroeconomic scenario, marginal increase in slippages and the denominator effect of declining credit growth.**

Capital to Risk-weighted Assets Ratio (CRAR):

- The report notes the fact that the **aggregate provision coverage ratio (PCR) of all banks rose** to 61.5% in September 2019 from 60.5% in March 2019.
- Following the recapitalization of state-run banks by the government, **banks’ capital to risk-weighted assets ratio (CRAR) improved** to 15.1% in September 2019 from 14.3% in March 2019. The state-run banks’ CRAR improved to 13.5% from 12.2% during the same period.

Sector-wise performance:

- **The asset quality of agriculture and services sectors, as measured by their GNPA ratios, deteriorated** to 10.1% in September 2019 from about 8% in March 2019. For industry, slippages during the period declined to 3.79% from about 5% in March 2019.
- The report showed that the **share of large borrowers in banks’ total loan portfolios and their share in GNPA**s was at 51.8% and 79.3%, respectively, in September 2019, **lower** compared to the 53% and 82.2%, respectively in March 2019. The top 100 large borrowers accounted for 16.4% of banks’ gross advances and 16.3% of GNPAs.

Way forward:

- Amid rising macroeconomic worries reflected in falling growth numbers across the spectrum, RBI Governor Shaktikanta Das flagged **corporate governance concerns across India**, including banks, to lift the efficiency of the economy to its full potential.
- **Reviving the twin engines of consumption and investment** remains the key challenge even while remaining **vigilant about spillovers from global financial markets**.

2. Falling revenue risks fiscal parameters: RBI

Context:

Reserve Bank of India's Financial Stability Report.

Details:

- The RBI has flagged **falling government revenue as a threat to the overall fiscal numbers**, with **tax and non-tax revenues way behind targets**. The FSR states that the falling government revenue along with **weaker private consumption and investment** could prove to be a challenge.
- The warning assumes importance with revenue mop-up falling and **budgeted expenditure crossing 107% as of November**, putting a big question mark on the government's ability to meet the **3% fiscal deficit target**.
- **GST collections, the mainstay of the government, have grown just 2.5% so far this year against a budgeted 14%**, while **massive corporate tax cuts** have given away ₹1.45 lakh crore of budgeted revenue even as advance tax collections from corporates slipped 5.2% as of the third quarter of 2019.
- The silver lining was the **personal income tax collection which grew to ₹33,000 crores from ₹24,000 crores**.

Category: INFRASTRUCTURE

1. Commercial trial runs begin on the freight corridor

Context:

Opening of a section of the western freight corridor for commercial trial runs.

Details:

- **The Dedicated Freight Corridor Corporation of India Ltd. (DFCCIL)** opened the more than the 300-km section between Rewari, Haryana to Madar, Rajasthan, for commercial trial runs.
- This is the first section to be opened on the under-construction **1,500-km western freight corridor**.

Significance:

- The opening of this stretch will benefit various industries in the surrounding areas leading to **Industrial development and the subsequent economic development of the area**. Such an approach will also help envisage a **more distributed model of growth**.
- Once the section is opened for commercial operations, about 80% of the freight train movements will be shifted to the dedicated corridor, resulting in a **much faster movement of goods trains, vacating track space for passenger trains**.
- This will result in immediate relief for both freight and passenger movements via Indian Railways.
- With a dedicated corridor and advanced wagons, one train will be able to carry a load of about 13,000 tonnes, which is equal to what 1,300 trucks would carry. **Goods movement will be faster and cheaper**.

D. GS4 Related

Nothing here for today!!!

E. Editorials

Category: ECONOMY

1. How not to counter economic stagnation

Context:

The slowdown in the GDP growth rate of India.

Details:

Denial from the government:

- There are concerns that the **country's present economic problems are structural in nature** which would require the intervention of the government to revive the economic growth.
- There has been very little acknowledgement of the ongoing economic slowdown from the government, which prefers to term the present economic slowdown as cyclical and temporary. The problem has been that the **government has been in denial and delayed action until after the Budget in July 2019.**

Private sectors poor performance:

- The private sector, in its reaction to the economic slowdown, has lost confidence and is investing less, which is only aggravating the economic crisis.
- An RBI report suggests that business confidence, consumer confidence and capacity utilization are down.

The financial sector underperformance:

- **The credit growth rate** in India has been decreasing due to the **reluctance of the banks to lend.** The **lack of monetary policy transmission** is making the RBI's monetary policy rate cuts redundant in reviving growth rates.

Limited leverage capacity of the governments:

- Given the performance of the private sector, there is no escaping the fact that the government has to garner resources and give a boost to the economy by increasing its investments. However, **the economic slowdown has adversely impacted the growth of tax revenues for the government limiting its capacity to intervene.** The Centre and the States are so short of resources that their fiscal deficit is burgeoning.
- The fiscal deficit at all levels of government is already high so a policy decision is needed on how much more it can be.

The shortfall in tax revenues:

- The government tax revenues growth rate has been around 9% as against the assumption of a 12% nominal growth. As a result, in 2018-19, tax revenue was short by about ₹1.5 lakh crore.

- The tax revenue shortfall was not reflected in the planning for the 2019-20 Budget. Therefore, given that the base for calculating tax revenue for the year 2019 was wrong and the rate of growth is incorrect, the revenue shortfall for the Centre will be even larger than 2018-2019 — around ₹2 lakh crore.

Reduced State revenues:

- The States which are to get 42% of the centre's revenue, will get ₹84,000 crore less due to the shortfall in tax revenues.
- The concessions in corporate taxation of ₹1.45 lakh crore will also mean ₹58,000 crores less revenue for the States.
-
- While the Centre has obtained ₹1.76 lakh crore from the RBI's reserves, no such succour is available to the States. The Centre will also get the proceeds of disinvestment but that is not shared with the States. In brief, the States will have a larger shortfall in resources than the Centre.

Goods and Services Tax Dilemma:

- The Centre is required to give the States: their share of Integrated Goods and Services Tax (IGST) and compensate them if the revenue growth of State Goods and Services Tax is less than 14%. This compensation is to come from the cess collected on sin goods and luxury goods.
- **One of the big contributors to GST has been the auto sector, but with sales falling over the last 10 months collections have declined.** The Centre is apparently holding back the States' share of IGST and arguing that the cess collection is inadequate to compensate the States for their shortfall.
- The States have also been complaining that they are not getting the funds that are due to them from the Centre. The Centre has partly responded to this by transferring more, but that **raises the centre's deficit.**
-
- The dilemma is that if the GST rates are increased, prices would rise and demand would further slump, further aggravating the slowdown and shortfall in revenues.
- The recent Goods and Services Tax (GST) Council meeting in December 2019 ended without any raising rates of the GST rates. So, revenue from indirect taxes cannot fill the resource gap.

Direct Tax:

- The problem of the shortfall in Tax revenue is compounded by the shortfall in direct tax collections. This is both the result of corporate tax concessions and the slowing economy.
- **Income-tax rates cannot be raised now since that would be seen as inequitable** — rich corporates will pay a lower tax rate than the middle classes, who pay income tax.
- There is **pressure to reduce income-tax rates to boost demand in the economy.** But a cut in income-tax rates will largely benefit less than 2% of the citizens who pay a significant amount of income-tax. They are well-to-do and **unlikely to increase consumption.**

- Similarly, **the cut in corporate tax rates will not boost demand since neither investment nor consumption will rise.** The investment will rise only when capacity utilisation improves. **Need to arrest the current declining trend in investment in India.**

Unorganized sector missed:

- If the unorganized sector is separately accounted for, the economy is in a recession — it is not just a slowdown as official data based only on the organized sector indicates.
- **All governmental actions have been catered to the corporate sector slowdown and not where the problem originated from, the unorganised sector.** The concessions to the corporate sector have narrowed the fiscal space available without raising demand.

Category: INTERNAL SECURITY

1. Decisive shift

Context:

- The Union Cabinet has approved the **creation of the post of Chief of Defence Staff (CDS).**

Details:

- The creation of the post of CDS has been **a long pending demand and forms part of higher-level military reforms.**
- The delay has been more a result of fears in the minds of the three services — the Indian Army, Indian Navy and Indian Air Force — of how such a development could impact on the role and functioning of the three arms of the armed forces, in terms of curtailing or inflating their importance.
- The Chief of Defence Staff could finally bring about unison among the armed forces

Way forward:

- The present move to have a CDS calls for the **total transformation of the traditional military mindset.**
- The CDS has to restructure the military commands into appropriate theatre or joint commands for which a critical prerequisite is **'jointness' — a term that envisions the various arms of the armed forces working in unison towards a goal.** This is a very tall order, considering India's experience.
- Since Independence, the armed forces have been working separately, with no concept of jointness. This approach will have to **change, and change quickly**, for a variety of reasons, considering the security environment in the region, with the Americans preparing to move out of Afghanistan and the restiveness consequent to the dilution of Article 370.

For more on this issue refer:

Comprehensive News Analysis 25th Dec 2019

F. Tidbits

Nothing here for today!!!

G. Prelims Facts

1. Villagers in M.P. oppose removal of godman's shrine

- **The Ratapani Wildlife Sanctuary** is located in the Raisen district of **Madhya Pradesh, in Vindhya Range in central India**. It has been a wildlife sanctuary since 1976.
- The Madhya Pradesh government has decided **to declare the Ratapani Wildlife Sanctuary a tiger reserve (the seventh for the State)**. The state received approval for the same from the **National Tiger Conservation Authority (NTCA)** 11 years ago. It will become a tiger reserve by the notification of the Government of Madhya Pradesh.
- The declaration of the sanctuary as a tiger reserve will help in better conservation of tigers in the area which is facing the problem of illegal mining and poaching.
- **The forest of Ratapani is dry deciduous and moist deciduous type**, with teak as the main tree species. About 55% of the area is covered by teak. The remaining mixed forests consist of various dry deciduous species. **Bhimbetka rock shelters** are located within this tiger reserve. It has been declared a World Heritage Site by UNESCO.
- Ratapani WS is the **origin of the Betwa river**.

2. CM deprived Delhiites of Centre's housing scheme benefits, says Puri

- Pradhan Mantri Awas Yojana (PMAY) is a flagship central scheme promising **housing for all by 2022**.
- **The Pradhan Mantri Awas Yojana (Urban) Programme is under the Ministry of Housing and Urban Poverty Alleviation (MoHUPA)**.
- The Mission seeks to address the housing requirement of urban poor including slum dwellers through following programme verticals:
 - Slum rehabilitation of Slum Dwellers with participation of private developers using land as a resource.
 - Promotion of Affordable Housing for the weaker section through credit linked subsidy.
 - Affordable Housing in Partnership with Public & Private sectors.
 - Subsidy for beneficiary-led individual house construction /enhancement.

3. Compulsory renewal of OCI cards goes

- **OCI cardholders are given benefits on a par with non-Resident Indians in financial, economic and educational fields, except in the acquisition of agricultural or plantation properties.**
- OCI cardholders are given **free multiple entries and multi-purpose life-long visa to visit India** and are also exempted from reporting to Police authorities for any length of stay in India.

H. Practice Questions for UPSC Prelims Exam

Q 1: Which of the following statements are correct?

1. The Interstate River Water Disputes Act, 1956 (IRWD Act) is an Act of the Parliament of India enacted under Article 263 of the Constitution of India.
2. River water use is included in the Union list of the 7th schedule of the Indian constitution.

Options:

- a. 1 only
- b. 2 only
- c. Both 1 and 2

d. Neither 1 nor 2

Answer

Ans: d

Explanation:

- The Interstate River Water Disputes Act, 1956 (IRWD Act) is an Act of the Parliament of India enacted under Article 262 of Constitution of India on the eve of reorganization of states on linguistic basis to resolve the water disputes that would arise in the use, control and distribution of an interstate river or river valley.
- Article 262 of the Indian Constitution provides a role for the Central government in adjudicating conflicts surrounding inter-state rivers that arise among the state/regional governments.
- River waters use / harnessing is included in states jurisdiction (entry 17 of state list, Schedule 7 of Indian Constitution). However, union government can make laws on regulation and development of inter-State rivers and river valleys when expedient in the public interest (entry 56 of union list, Schedule 7 of Indian Constitution).

Q 2: Which of the following statements are correct?

1. The GST (Compensation to States) Act, 2017 mandates that compensation payable to a State shall be provisionally calculated and released at the end of every two months during the transition period of 10 years.
2. The projected nominal growth rate of revenue assumed for a state during the transition period shall be the average for the state over the previous five years.

Options:

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

Answer

Ans: d

Explanation:

- As per provisions in Section 7 of the GST (Compensation to States) Act, 2017 loss of revenue to the States on account of implementation of Goods and Services Tax shall be payable during transition period and compensation payable to a State shall be provisionally calculated and released at the end of every two months during transition period of 5 years.
- As per Section 4 of the said Act, the financial year 2015-16 has been taken as the base year for calculating compensation amount payable to States for loss of revenue during the transition period. The projected nominal growth rate of revenue assumed for a state during the transition period shall be 14% per annum.

- As per section 7(c) of the said Act, the total compensation payable in any financial year shall be the difference between the projected revenue for any financial year and the actual revenue collected by a State.
- A GST Compensation Cess could be charged on the supply of particular commodities and services, and the receipts from said cess shall be deposited to a GST Compensation Fund.

Q 3: Which of the following statements are correct?

1. The Chief of Defence Staff (CDS) would act as the Permanent Chairman of the Chiefs of Staff Committee (COSC).
2. The CDS will be a part of the Defence Acquisition Council and Defence Planning Committee.

Options:

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

Answer

Ans: c

Explanation:

- The Chief of Defence Staff (CDS), will function as the Principal Military Adviser to the Defence Minister and also as the Permanent Chairman, Chiefs of Staff Committee (COSC).
- The CDS will also be a member of the Defence Acquisition Council chaired by the Defence Minister.
- The CDS will be a member of the Defence Planning Committee chaired by the NSA.

Q 4: Which of the following are incorrectly matched?

- a. Ratapani Wildlife Sanctuary: Madhya Pradesh
- b. Kuno National park: Uttar Pradesh
- c. Koyna Wildlife Sanctuary: Maharashtra
- d. Mitilaya Wildlife Sanctuary: Gujarat

Answer

Ans: b

Explanation:

Kuno Wildlife Sanctuary: Madhya Pradesh

I. UPSC Mains Practice Questions

1. What are the constitutional provisions related to interstate river water disputes? Discuss the significance of the recent amendments to the inter-state river water disputes act of 1956. (10 marks, 150 words)

2. The creation of the post of Chief of Defence Staff (CDS) has been a long-pending demand and it calls for a total transformation of the traditional military mindset. Comment. (10 marks, 150 words)

