

# 25 Aug 2020: UPSC Exam Comprehensive News Analysis

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## A. GS 1 Related

*Nothing here for today!!!*

## B. GS 2 Related

**Category: INTERNATIONAL RELATIONS**

### 1. China launches warship for Pakistan Navy

**Context:**

China has launched the first of the four advanced naval warships it is building for Pakistan.

**Background:**

- Pakistan had signed a contract with the China Shipbuilding Trading Company Ltd. (CSTC) for the delivery of two Type-054 A/P frigates in 2017.
- In 2019, the Chinese official media reported that China would build four advanced frigates for the Pakistan Navy.

**Details:**

- The latest development comes amid deepening defence ties between the two all-weather allies.
- The first warship that has been launched is of Type-054 class frigate.
  - The Type-054 class is equipped with the latest surface, subsurface, anti-air weapons, combat management system, and sensors.
  - It will be one of the technologically advanced surface platforms of the Pakistan Navy fleet.
- The launching of the ship coincided with the 2nd strategic dialogue between the Chinese Foreign Minister and his Pakistani counterpart.

## C. GS 3 Related

### Category: DEFENCE

#### 1. DRDO lists 108 defence items for Indian firms

**Context:**

A list of 108 military subsystems and components has been identified for development by the Indian industry.

**Details:**

- The Defence Research and Development Organisation ([DRDO](#)) will provide support for design, development and testing of these systems on a requirement basis.
- The DRDO has been partnering with the Indian industry for many years, including the development of full systems like the Advanced Towed Artillery Gun System (ATAGS) and Pinaka rocket launchers, among others.

**Note:**

The present industry base for the DRDO consists of 1,800 Micro, Small and Medium Enterprises (MSME) along with Defence Public Sector Undertakings (DPSUs), ordnance factories and large-scale industries. The DRDO already offers its technologies to the industry for manufacture at a nominal cost and has been providing free access to its patents.

### Category: ECONOMY

#### 1. Plea to hike cess on tobacco products

**Context:**

Public health groups, along with doctors and economists, have urged the GST Council to increase compensation cess on all tobacco products.

### **Benefits:**

- It is said that the increased compensation cess would help in generating an additional tax revenue of ₹49,740 crore.
- This additional revenue could significantly contribute to the increased need for compensation by different States during the pandemic and to disburse the dues already owed by the Centre.
- By reducing the affordability, it is believed that the move would be instrumental in motivating millions of tobacco users to quit and preventing youngsters from initiating tobacco use.

### **Issues:**

- India has the second-largest number of tobacco users (268 million) in the world. Of these, at least 12 lakh die every year from tobacco-related diseases.
- [WHO](#) recommends total taxes to represent at least 75 per cent of the retail price for all tobacco products.
- Currently, the total tax burden (tax expressed as a percentage of the final retail price) is only 49.5 per cent for cigarettes, and 63.7 per cent for smokeless tobacco in India, well below the minimum recommended by the WHO.
- Bidis, on the other hand, enjoy an extremely low tax burden of only 22 per cent.

## **2. Waive service tax on AGR dues: telcos**

### **Context:**

Telecom operators' body Cellular Operators Association of India (COAI) has approached the Finance Ministry seeking a waiver of service tax on adjusted gross revenue (AGR) dues to be paid to the government.

### **Issue:**

- The telecom operators have been paying service tax and then GST under the reverse charge mechanism (RCM) on licence fees (LF) and spectrum usage charges (SUC) made to the Department of Telecom for the period starting April 1, 2016.
  - Reverse charge is a mechanism under which the recipient of the goods or services is liable to pay the tax instead of the provider of the goods and services.

Read more about **Adjusted Gross Revenue (AGR) and the related issue covered in [25th October 2019](#) and [19th June 2020](#) CNA.**

**Category: SECURITY**

## **1. DNA Bill can be misused, flags draft report**

### **Context:**

A draft report of the Parliamentary Standing Committee on Science and Technology on the DNA Bill has stated that some alarming provisions in the bill could be misused for caste or community-based profiling.

### **Background:**

- The Bill seeks to control the use and application of the deoxyribonucleic acid (DNA) technology for establishing the identity of certain categories of persons, including offenders, victims, suspects and under-trials.
- The DNA Technology (Use and Application) Bill of 2019 was introduced in and passed by the Lok Sabha in January 2019, but lapsed before it could be taken up by the [Rajya Sabha](#).
- It was later referred to a parliamentary standing committee for examination.

Read more on this issue covered in [Gist of RSTV Big Picture – DNA Technology Bill](#).

### **Details:**

- The DNA Technology (Use and Application) Regulation Act, 2019, has been in the works for 15 years.
- Nearly 60 countries have enacted similar legislation, with the U.S. bringing in a law as far back as in 1994.

### **Concerns:**

- The committee pointed out that DNA profiles can reveal extremely sensitive information of an individual such as pedigree, skin colour, behaviour, illness, health status and susceptibility to diseases.
- Access to such intrusive information can be misused to specifically target individuals and their families with their own genetic data.
- It is particularly worrying as it could even be used to incorrectly link a particular caste/community to criminal activities.
- The report also red-flagged disregard for an individual's privacy and other safeguards.
  - The committee urged the government to amend the provisions to ensure that if the person has been found innocent his DNA profile must be removed immediately from the data bank.
- The report noted that there is no legal or moral justification for a database with DNA, given the high potential for misuse.
- In the Bill, if a person is arrested for an offence that carries a punishment of up to seven years, investigation authorities must take the person's written consent before taking the DNA sample. However, this consent is only "perfunctory".
- The Bill refers to consent in several provisions, but in each of those, a magistrate can easily override consent, thereby in effect, making consent perfunctory.
- There is also no guidance in the Bill on the grounds and reasons when the magistrate can override consent, which could become a fatal flaw.
- The Bill also provides that DNA profiles for civil matters will be stored in the data banks, but without a clear and separate index. The committee questioned the necessity for storage of such profiles, pointing out that this violates the fundamental right to privacy and does not serve any public purpose.
- Therefore, in the absence of a robust data protection legislation, the security of a huge number of DNA profiles that will be placed with the National DNA Data bank and its regional centres becomes questionable.

## **D. GS 4 Related**

## E. Editorials

### Category: INTERNATIONAL RELATIONS

#### 1. Palestine, now a footnote

##### **Context:**

In an agreement brokered by the U.S., Israel and the United Arab Emirates (UAE) have agreed to establish full diplomatic relations.

This issue has been covered in [14th August 2020](#) and [16th August 2020](#) Comprehensive News Analysis.

##### **Details:**

- For a long time, Israel was a state that no country in West Asia was willing to recognise, negotiate with or broker a peace deal with until statehood was granted to the Palestinians.
- However, Israel managed to achieve full diplomatic relations with Egypt in 1979 and then with Jordan in 1994.
- This is the third significant win for Israeli foreign policy where it has managed to keep the precondition of Palestinian statehood off the table and establish full diplomatic ties.

##### **Palestine, a non-issue in the region:**

- The substantive political issues of the Palestinian people have withered away. For a long time, the Palestinian issue has become a non-issue in the region.
- The question of Palestine was not a precondition or part of the deal that Egypt signed with Israel in 1979.
  - Under Gamal Abdul Nasser's leadership, Egypt was the leader of the Arab world, but after Nasserism and the wars in 1967 and 1973, it realised that it did not have enough leverage to compel Israel to accept the two-state solution.
  - Similar was the case with Jordan when it established full bilateral ties with Israel in 1994 leaving the Palestinian cause in the hands of Yasser Arafat.
- Unlike the past two Arab-Israeli peace agreements, Palestinian concerns are not considered in the current agreement.
- The Palestinian issue has become a non-issue for the Arab rulers because it is not an existential matter.
- The ruling class is not accountable to the public as most of the Arab rulers are not democratically elected and often make decisions depending on the situation in the region.
- That's how the Iranian factor has moved them closer to Israel.
- Yasser Arafat was right in believing that it is childish for the Palestinians to sit behind the autocratic Arab leaders. The agreement shows that the Palestinian national movement needs to be reawakened, but there is a lack of leadership.

### Category: ECONOMY

## 1. The challenge of catching elusive taxpayers

The editorial talks about the importance of ensuring better tax collection and the various reforms introduced over the years.

### Concerns:

- In 2020, India's tax collection is set to decline sharply because of the decline in national income and a fall in employment due to [COVID-19](#).
- There are committed expenditures that cannot be curtailed and COVID-19 expenditures are ballooning. Thus, the fiscal deficit in the budget is set to rise unless other expenditures are cut. There is no option but to try and collect more taxes.
- In the financial year 2018-19, 15 million people paid income tax out of a population of more than 1.35 billion.
- In 2020-21, the number would drop sharply due to the impact of COVID-19 and massive unemployment in the organised sector.

### Issues:

- Owing to a tax concession that was offered - those filing a return up to ₹5 lakh do not have to pay a tax, the number of tax filers has increased but the number of taxpayers has dropped.
- In spite of an increase in population and the laws introduced in the last six years to bring the rich into the tax net, there has been little change in the number of taxpayers.
  - The fact that the direct tax to GDP ratio in percentage terms is stagnating at about 5.5% is another indication of this.
- A lot of taxes are not paid out of white incomes and none from the black incomes.
  - According to a 2016 report, the top 10% of Indians earned 55% of the nation's incomes.
  - If these people could be brought under the income tax net at current tax rates, income tax to GDP ratio alone would have been about 18%.
  - Additionally, including the collection from other direct taxes, like corporate tax, and the figure would be more than 20%.
  - This figure of 55% does not take into account the black income generation in the country.

### Government Initiatives:

- Demonetisation was supposed to bring out the black incomes and turn them white so that the tax to GDP ratio could sharply rise. However, this objective was not met.
- The government has been trying hard to tackle the large black economy.
  - It set up a special investigation team under court orders.
  - It renegotiated the tax treaty with Mauritius to get back to India the money held abroad.
- Nothing seems to budge the rich to pay more tax.
  - The rich are fleeing the country.
  - More than 23,000 high net worth individuals left the country in the five years up to 2019.
- A considerable part of the tax filing process was computerised when e-filing and, earlier, PAN were introduced.
  - These measures tried to persuade people into filing honest returns.
- Schemes have been introduced for honouring honest taxpayers.
- The Vivad se Vishwas scheme was introduced to settle tax disputes.
- But none of these schemes seem to have delivered.

### Computerizing the process of taxation:

- The government has decided to hand over the process of taxation to computers.

- The computer will decide who will assess the tax return of an individual.
- During the different stages of a case, different officers will be involved.
- The new scheme ensures that no nexus can be formed between the taxpayer and the officer involved in passing the return, and money cannot be paid to evade taxes.
- The department is being reorganised into assessment units, verification units, review units and technical units.
  - A small unit would take care of past matters.
  - However, there is the worry that software can be manipulated by those who know the system.
- Also, there is an administrative problem. The department is grossly understaffed and officers have inadequate time to scrutinize cases.
- The problem lies in estimating business incomes. To estimate them one needs to know the revenue and costs both of which are fudged through under-invoicing and over-invoicing.

### **Conclusion:**

- The highest tax rate has been brought down from 97.5% in 1971 to 30% (plus surcharge).
- After 1991, with new economic policies, the controls and regulations were sharply curtailed.
  - The Monopolies and Restrictive Trade Practices Act, the Foreign Exchange Regulation Act, etc. were removed.
- Nevertheless, the well-off have constantly complained that tax rates are high and there are too many controls.
- This is an important pointer to the feeling of social injustice in every section of the population. The well-off who have gained the most complain of it and the poor live with injustice. There is massive alienation in society.

## **2. India does need a Fiscal Council**

This topic has been covered in the editorial segment of the [11th July 2020 Comprehensive News Analysis: Do we need a fiscal council?](#)

**Category: POLITY AND GOVERNANCE**

### **1. Reversing health sector neglect with a reform agenda**

#### **Context:**

Lack of effective universal health coverage (UHC) in two countries which lead in the COVID-19 cases tally in the world, i.e, the United States (first) and India (third) has broadened concerns beyond the frontiers of an epidemic response into the larger domain of access, equity, and quality in health care. The editorial talks about the need for health-care reform post-COVID-19.

#### **Issues:**

- Lack of UHC has a long legacy in both these countries, which they owe to multiple long-standing factors and historical reasons.
- The long legacy has two important and inter-related implications when it comes to healthcare reform.
  - Certain firmly established characteristics of these health systems that have accrued over decades tend to dictate the terms of further evolution and lead to a number of compromises.

- The long legacy itself comprises a path-dependent trajectory that prevents far-reaching healthcare reform.

### **India's attempts:**

- The government is poised to employ [Ayushman Bharat](#)–Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) health insurance as the tool for achieving UHC.
- Plans are underway to extend coverage to the non-poor population under AB-PMJAY, which currently covers the bottom 40% of the population.
- The importance of private health care in India is non-negotiable.
  - The government is taking the health insurance route to UHC driven by private players, rather than strengthening the public provisioning of health care.

### **What are the challenges?**

- Stark maldistribution of healthcare facilities (almost two-thirds of corporate hospitals are concentrated in major cities) could mean that universal insurance does not translate to universal access to services.
- Insurance-based incentives to drive private players into the rural countryside have been largely unsuccessful so far.
- Experience suggests that the public sector could be the only effective alternative.
- Envisaging universal health insurance without enough regulatory robustness to handle everything could have major cost, equity, and quality implications.
  - For example, a potent ‘Clinical Establishments Act’ is necessary before embarking on a universal scheme involving large-scale public-private collaboration.
- The bigger and deeper the reform, the more the resistance.
  - Covering the remaining population under the AB-PMJAY presents massive fiscal and design challenges.
  - Turning it into a contributory scheme based on premium collections would be a costly and daunting undertaking, given the huge informal sector and possible adverse selection problems.
  - Meeting requirements through general revenue financing would greatly strain the exchequer and looks very unlikely especially in the immediate aftermath of the pandemic.
- An effective roll-out of UHC would require a robust regulatory and administrative architecture, entailing huge administrative expenses and technical capabilities.
- Harmonising benefits and entitlements among various beneficiary groups is an additional challenge.

### **Way forward:**

- The fact that states with higher per-capita public spending on health have fared better against COVID-19 can be invoked to back the reform argument.
- To push a thoroughgoing reform agenda, especially against a backdrop of decades of weak capacities and neglect of the health sector, is a major challenge.
- It will require mobilising concerted action from all quarters.
- Civil society would need to utilise this opening to generate widespread public consensus and pressure for healthcare reform.
- At the same time, politics would need to recognise the populist significance of health and garner enough will to negotiate organised opposition to change.

## **F. Prelims Facts**



## 1. Guwahati gets India's 'longest' river ropeway

### What's in News?

India's longest passenger ropeway across a river has been unveiled in Guwahati.

- The 1.82-km bi-cable jig-back ropeway passes over the mid-river Peacock Island.
- The Peacock Island, also known as Umananda Island, houses Umananda, a medieval Shiva temple.
- The island is home to an endangered species, the Golden Langur.

## G. Tidbits

### 1. NABARD plan to finance NBFCs, MFIs

#### What's in News?

National Bank for Agriculture and Rural Development (**NABARD**) has introduced the Structured Finance and Partial Guarantee Programme to NBFC-MFIs.

- It is a dedicated debt and credit guarantee product, to ensure unhindered flow of credit to the last mile in COVID-19-affected rural areas.
- The initiative will enhance access to sustainable finance for micro-enterprises and low-income households.
- As per this programme, NABARD will provide partial guarantee on pooled loans extended to small and mid-sized MFIs.
- It will help facilitate ₹2,500 crore funding in the initial phase and is expected to be scaled up going forward.

### 2. Taliban delegation in Pakistan for Afghanistan peace process

#### What's in News?

A high-level delegation from the Taliban's political office in Doha arrived in Pakistan to discuss the way forward in the Afghan peace process with the Pakistani leadership.

- The **Taliban** delegation led by their political chief Mullah Abdul Ghani Baradar is visiting Islamabad at the invitation of the country's foreign office.
- He said that Pakistan was playing a facilitating role on the Afghan issue, which led to a peace agreement between the U.S. and the Taliban.
- He opined that it is now up to Afghans to decide the way forward, adding that China was also supporting the Afghan peace process.
- This is the second visit of Mullah Baradar to Pakistan in the last 10 months.
- He visited Islamabad in October 2019 when President Donald Trump abruptly called off the peace talks with the Taliban.

## H. UPSC Prelims Practice Questions

Q1. Consider the following statements with respect to Peacock Island:

1. It is located in Coringa Wildlife Sanctuary.
2. It is the world's smallest inhabited river island.
3. It houses a temple dedicated to the god Shiva and is also known as Umananda Island.

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

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

**CHECK ANSWERS:-**

**Answer: b**

**Explanation:**

- Peacock Island is located in the middle of the river Brahmaputra, flowing through the city of Guwahati in Assam.
- It is the world's smallest inhabited river island.
- It houses the Umananda temple and is also known as Umananda Island.

**Q2. Consider the following statements with respect to the Bonda Tribe:**

1. They are classified as a particularly vulnerable tribal group (PVTG).
2. Bondas live in the state of Odisha.
3. They speak the Remo language.

**Which of the given statement/s is/are incorrect?**

- a. 1 only
- b. 1 and 3 only
- c. 2 only
- d. None of the above

**CHECK ANSWERS:-**

**Answer: d**

**Explanation:**

- Odisha's Bonda tribe are classified as one of India's Particularly Vulnerable Tribal Groups (PVTGs).
- They speak the Remo language, one of the Mundari group of languages spoken by Munda people.

**Q3. The IUCN Red List classifies the Golden Langur as:**

- a. Extinct in the wild
- b. Critically Endangered
- c. Endangered
- d. Vulnerable

**CHECK ANSWERS:-**

**Answer: c**

**Explanation:**

- The Golden Langur is found in small regions of western Assam and in the neighbouring foothills of the black mountains of Bhutan.
- It is classified as Endangered in the IUCN Red List.

**Q4. Consider the following statements with respect to Giant Meterwave Radio Telescope (GMRT) :**

1. It is an array of thirty fully steerable parabolic radio telescopes.
2. It is located in the state of Maharashtra.
3. It aided in the observation of the Ophiuchus Supercluster explosion.

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

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

**CHECK ANSWERS:-**

**Answer: d**

**Explanation:**

All the statements are correct.

## I. UPSC Mains Practice Questions

1. The COVID-19 pandemic has brought to light the need for India to push thoroughgoing reforms in ensuring effective universal health coverage. Examine the statement and suggest the best way forward. (GS 2 Governance) (15 Marks, 250 Words)
2. Analyse the geopolitical implications of the Israel-UAE pact. (GS 2 International Relations) (15 Marks, 250 Words)

