

# 26 Sep 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. One-third of funding by AIIB has gone to India**

#### **Context:**

Out of the \$20 billion in loans issued by the Asian Infrastructure Investment Bank (AIIB), about \$6 billion has gone to India.

#### **Asian Infrastructure Investment Bank (AIIB):**

- The Asian Infrastructure Investment Bank (AIIB) is a multilateral development bank headquartered in Beijing, China.
- It was established with a mission to improve the economic and social outcomes in Asia.
- India is AIIB's second-largest shareholder after China.
- The bank will complete 5 years in January 2021.

Read more about [AIIB](#).

**Details:**

- India is one of the largest beneficiaries of AIIB financing for infrastructure projects.
- AIIB has supported around \$5billion worth of projects in India.
- It is supporting unique projects, including:
  - The Chennai Metro Corridors 4 and 5.
  - Chennai Peripheral Ring Road.
  - The Grand Anaicut scheme to modernise the canal system in the Cauvery delta region which is being prepared with the government of Tamil Nadu. It would help save almost 20% of water leakages.
  - The Delhi-Meerut Regional Rapid Transit is being co-financed with the Asian Development Bank.

## 2. Mahinda to discuss fishermen's concerns with Modi

**Context:**

Sri Lankan Prime Minister has promised Sri Lanka's northern fisher leaders that he would take up their concern over "trespassing Indian trawlers" with the Indian Prime Minister.

**India Sri Lanka Fishermen Issue:**

- The arrest of Indian fishermen on the Sri Lankan side of the International Maritime Boundary Line (IMBL) in the Palk Straits and the Gulf of Mannar by Sri Lankan authorities has been a long-standing problem, with the Sri Lankan Navy firing on Indian fishing vessels.
- The catch on the Sri Lankan side is better both in terms of quality (high-value prawns) and quantity.
- The issue started because Indian fishermen use mechanised trawlers, which deprived the Sri Lankan fishermen (including Tamils) of their catch and damaged their fishing boats.
- The Sri Lankan government wants India to ban the use of mechanized trawlers in the Palk Strait region, and negotiations on this subject are undergoing.
- So far, no concrete agreement has been reached since India favours regulating these trawlers instead of banning them altogether.

**Note:**

- While the Sri Lankan Navy arrested 210 Indian fishermen in 2019, only 34 have been arrested in 2020.
- The number of trespassing bottom-trawlers has come down considerably, especially after Sri Lanka introduced tougher laws and stiff fines for foreign vessels.

**Category: POLITY AND GOVERNANCE**

## 1. MCI replaced by National Medical Commission

### Context:

The Union Government has constituted the National Medical Commission (NMC). With this, the decades-old institution of the Medical Council of India (MCI) stands abolished.

### Details:

Four autonomous boards are created along with NMC to help the commission in its day to day functioning. They are:

1. UG Medical Education Board
2. PG Medical Education Board
3. Medical Assessment and Rating Board
4. Ethics and Medical Registration Board

Read: [National Medical Commission Bill, 2019](#)

### Key functions of NMC:

The key functions of the NMC will be:

- Further streamlining regulations
- Rating of institutions
- HR assessment
- Focus on research
- Prepare guidelines for fee regulation by private medical colleges
- Developing standards for Community Health Providers to serve in primary healthcare with limited practicing licence
- Besides, they will also work on modalities of the common final year exam after MBBS (NEXT-National Exit Test) to serve for both registration and PG entrance

### Significance:

- This historic reform will steer medical education towards a transparent, qualitative and accountable system.
- The basic change that has happened is that the Regulator is now selected on merits, as opposed to an elected Regulator.
- Men and women with impeccable integrity, professionalism, experience and stature have been placed at the helm to steer the medical education reforms further.

## C. GS 3 Related

### Category: ECONOMY

#### 1. Vodafone wins \$2 bn tax case

### **Context:**

Vodafone Group Plc has said that it had won an international arbitration case against the Indian Government.

### **Background:**

- Vodafone's tax dispute stems from its \$11 billion deal to buy the Indian mobile assets from Hutchison Whampoa in 2007. The government said Vodafone was liable to pay taxes on the acquisition, which the company contested.
- In 2012, the Supreme Court ruled in favour of the telecom service provider.
- Subsequently, the Indian Government changed the rules to enable it to tax deals that had already been concluded.
- In 2014, Vodafone initiated the arbitration proceedings against India at The Hague.

### **Details:**

- The international arbitration tribunal in The Hague, in its ruling, said that the Indian government's demand is in breach of fair and equitable treatment and it must cease seeking the dues from Vodafone.
- The tribunal ruled that India's imposition of tax liability on Vodafone, as well as interest and penalties, were in a breach of an investment treaty agreement between India and the Netherlands.
- It also directed India to pay \$5.47 million to the company as compensation for its legal costs.

### **Conclusion:**

- India is entangled in more than a dozen such cases against companies over retrospective tax claims and cancellation of contracts.
- The exchequer could end up paying billions of dollars in damages if it loses.
- To reduce future arbitration claims, India has ended such agreements with over 50 countries.
- India is working on a new law to protect foreign investors by offering relief from possible policy changes even as it upholds the right to tax them.

## **D. GS 4 Related**

*Nothing here for today!!!*

## **E. Editorials**

### **Category: POLITY AND GOVERNANCE**

#### **1. Parliamentary scrutiny on the back burner**

The Editorial analyses the Parliamentary Committee System in India.

#### **Parliamentary Committee System in India:**

- Over the years, the Indian Parliament has increasingly resorted to the committee system.
- The system is followed for various reasons such as

- To enhance the efficacy of the House to cope with the technical issues confronting it
- To keep the parliament abreast to exercise accountability on the government.
- Some committees such as the Estimates Committee and Public Accounts Committee (dating back to the colonial period) have a commendable record in this regard.
- Besides the standing committees, the Houses of Parliament set up, from time to time, ad hoc committees to enquire and report on specific subjects which include Select Committees of a House or Joint Select Committees of both the Houses that are assigned the task of studying a Bill closely and reporting back to the House.

### **Issue:**

- The executive in independent India was not very inclined to committees of scrutiny and oversight, on the plea that they seized the powers of Parliament.

### **Importance of the Committee System:**

- The committees were guardians of the autonomy of the House.
- The committees of scrutiny and oversight as the case with other committees of the House
  - Are not divided on party lines
  - Work away from the public glare
  - Remain informal compared to the codes that govern parliamentary proceedings.
- These committees are great training schools for new and young members of the House.
- In the discharge of their mandate, they can get expert advice and obtain public opinion.

### **Fault lines:**

- The parliamentary committee system in India has not been creative or imaginative.
- The presiding officers of the Houses who had to give up leadership in this regard have tended to imitate changes and innovations done elsewhere (such as in Britain).
- The chairman of the [Rajya Sabha](#), being the Vice-President of India, cannot probably distance himself much from the stance of the Cabinet.
- Very few Speakers, with exceptions, have gone against their party leaders to uphold the autonomy of the House.

### **Departmentally-related Standing Committees (DRSCs):**

- To address the issue in 1993, 17 Departmentally-related Standing Committees (DRSCs) (later increased to 24) were set up drawing members from both Houses roughly in proportion to the strength of the political parties in the Houses.
- They were expected to be the face of Parliament in a set of inter-related departments and ministries.
- They were assigned the task of looking into the demands for grants of the ministries/departments concerned, to examine Bills pertaining to them, to consider their annual reports, and to look into their long-term plans and report to Parliament.

### **Concerns - A gradual marginalisation:**

- Committees of scrutiny and advice, both standing and ad hoc, have been confined to the margins in the last few years.
- Data by PRS India states that while 60% of the Bills in the 14th Lok Sabha and 71% in the 15th Lok Sabha were wetted by the DRSCs concerned, this proportion came down to 27% in the 16th Lok Sabha.
- Apart from the DRSCs, the government has shown extreme reluctance to refer Bills to Select Committees of the Houses or Joint Parliamentary Committees.

- The last Bill referred to a Joint Parliamentary Committee was the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (Second Amendment) Bill, in 2015.
- Some of the most momentous acts of Parliament in recent years such as the radical overhaul of [Article 370](#) that revoked the special status of Jammu and Kashmir and divided the State into two Union Territories were not processed by any House committee.

### **Way forward:**

- Given their large-scale implications and the popular protests against them, the three Bills related to agricultural produce and the three labour Bills were cases that deserved to be scrutinised by Select Committees of the Houses.
- Plenty of evidence suggests that the committee system has greatly enhanced the capacity of Parliament to carry out its mandate.
- Strengthening the committee system can go a long way in improving the quality of laws drafted and minimise potential implementation challenges.
- The need of the hour is a greater and effective utilisation of Parliamentary Committees to strengthen Parliament as a deliberative body which can ensure effective oversight.

### **Category: INTERNATIONAL RELATIONS**

#### **1. The Doha-Kabul journey as a road to nowhere**

Intra-Afghan talks between the Taliban and the Afghan High Council for National Reconciliation - has been covered in the [19<sup>th</sup> September 2020 Comprehensive News Analysis](#).

### **Category: ECONOMY**

#### **1. Code debate**

##### **Context:**

- The parliament has passed three codes aimed at consolidating diverse labour laws.
- They are the Industrial Relations Code, the Social Security Code and the Occupational Safety, Health and Working Conditions Code, 2020.

This topic has been covered in the [20<sup>th</sup> September 2020 Comprehensive News analysis](#).

##### **Details:**

- The June 2002 report of the Second National Commission on Labour is the root of the idea of consolidated labour codes.
- The broad vision has been to give an impetus to economic activity without adversely affecting the interests of workers.
- They were drafted with the basic objective of amalgamating, simplifying and rationalising labour laws.



- A positive feature is that the Social Security Code promises the establishment of social security funds for unorganised workers, as well as gig and platform workers, and their welfare would be addressed by the National Social Security Board.
- The threshold for considering any premises as a factory has also been raised from 10 to 20 workers without the use of power, and from 20 to 40 with power.

### **Criticisms:**

- It is argued that the laws of paramount importance, having far too much impact on the people were passed in haste or without sufficient deliberation.
  - The three codes are an updated version of the respective Codes of 2019, which were scrutinised by a Standing Committee.
  - Therefore, it is widely opined that they should have been sent back to the panel for an assessment.
- The most contentious feature is the increase in the threshold for an establishment to seek government permission before closure, lay-off or retrenchment from units that employ 100 workers to 300.
  - This gives establishments greater freedom in their termination and exit decisions.
  - This was not found in the 2019 draft.
- It is argued that, with these codes involving a voluminous body of legislation, the final version should have been widely discussed with the stakeholders.
- Another contentious section allows the appropriate government to exempt any new factory from all provisions of the Code on occupational health, safety and working conditions.
  - There is a fear that expansive powers of exemption have been conferred on the respective governments and there has been an excessive delegation of rule-making powers.

## **2. Cess pool**

### **Issue:**

The latest audit of the Union Government's accounts tabled in Parliament reveals that the Finance Ministry retained over 40% of all cess collections in 2018-19 in the Consolidated Fund of India (CFI).

- As many as 35 different cesses, levies and charges yielded ₹2.75-lakh crore in the year, but only about ₹1.64-lakh crore was remitted to the specific reserve funds for which these cesses were levied.
- The purposes for which Parliament approved such cesses were not met.

### **What is Cess?**

- Cess is a form of tax charged/levied over and above the base tax liability of a taxpayer.
- A cess is usually imposed additionally when the state or the central government looks to raise funds for specific purposes.
  - Example: the government levies an education cess to generate additional revenue for funding primary, secondary, and higher education.
- Cess is not a permanent source of revenue for the government, and it is discontinued when the purpose levying it is fulfilled.

### **Concerns:**

- Funds collected by the Centre as cesses for specific purposes, such as the mineral trust, oil industry development and infrastructure, have not been fully transferred to dedicated funds.

- Cess collected on crude oil has not been transferred to an oil industry development body it was meant to finance, for over 10 years.
- Part of the hefty cess collected as additional excise duties on petrol and diesel, to finance roads and infrastructure, was retained in the CFI.
- About ₹47,272 crore GST Compensation Cess was not remitted to its rightful account over the first two years of GST.
- Also, a major concern is that the compensation cess transfers to States were accounted as Grants-in-aid to States, distorting the Centre-States fiscal math.
- A new 4% Health and Education Cess on income tax was partly deployed towards education, but no fund was created for health, similarly, Social Welfare surcharge levied on customs.
- The Centre's reliance on cesses and surcharges to raise revenue has increased significantly since the States' share of the divisible pool of taxes was raised to 42% in line with the 14th Finance Commission's suggestions.
  - Cess receipts are not part of this pool.
  - But, their intended use to fund specific public spending needs serves as an acceptable rationale, provided it is adhered to.

### **Way forward:**

- The Comptroller and Auditor General of India (CAG) of India has on multiple occasions, urged the Finance Ministry to take immediate corrective actions.
- With a climate of distrust hovering over India's federal polity (Eg. GST compensation dispute) it is critical for the Centre to rebuild confidence.
- Cesses need to be rationalised. A good start would be with the excise duties on petrol and diesel.
- Absolute transparency is the need of the hour in the management of cess receipts and transfer.

## **F. Prelims Facts**

### **1. G7 backs extension of debt freeze**

#### **What's in News?**

G7 finance ministers have backed an extension of a G20 bilateral debt relief initiative for the world's poorest countries.

#### **Group of Seven (G7):**

- The G7 or the Group of 7 is a group of the seven most advanced economies as per the International Monetary Fund (IMF).
- The seven countries are Canada, USA, UK, France, Germany, Japan and Italy.
- 5 members of the G-7 (United States, Germany, Italy, France, Japan) are members of the [NATO](#) Quint (The Quint is the informal decision-making body of NATO).

Read more about [G7](#).

## **G. Tidbits**

### **1. 'Faceless I-T' comes into operation**



## What's in News?

The government has issued a notification operationalizing the 'Faceless Income Tax Appeals' system.

- In recent years, the IT Department has carried out several reforms for simplification of the tax process and ease of compliance.
- Under faceless appeals, all Income Tax appeals will be finalised in a faceless manner under the faceless ecosystem.
- However, appeals relating to serious frauds, major tax evasion, sensitive and search matters, international tax and Black Money Act will not be dealt with through this system.
- The system seeks to honour honest taxpayers of the country and promote transparency in tax collection.

## 2. Quad discusses Indo-Pacific infrastructure and 5G

### What's in News?

Senior officials from the Foreign Ministries of "the Quad" group of countries (India, the U.S., Australia and Japan) met virtually as part of their periodic consultations on the Indo-Pacific region.

- The officials committed support to the concept of [ASEAN](#)-centrality in the Indo-Pacific and ASEAN's leadership in the architecture of the region.
- In an effort to stop Chinese G5 giant Huawei from setting up shop networks in other countries, U.S. Secretary of State has been promoting "clean telcos" — a list of companies considered by the U.S. administration to be free from security risks and the risk of surveillance by the Chinese government.
- Officials discussed practical cooperation in the areas of connectivity and infrastructure development.
- Ways to promote the use of trusted vendors, particularly for fifth generation (5G) networks were discussed.

## H. UPSC Prelims Practice Questions

Q1. Consider the following statements:

1. Speaker is empowered to place a member of the Lok Sabha under suspension.
2. The Speaker alone has the authority for revocation of the suspension order issued against a Lok Sabha member.
3. The Rajya Sabha Chairman has the power to suspend a member of the house.

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

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

**CHECK ANSWERS:-**

**Answer: c**

**Explanation:**

- Rule Number 373 of the Rules of Procedure and Conduct of Business provides for the suspension of MPs by the Speaker of the House.
- While the Speaker is empowered to place a member under suspension, the authority for revocation of this order is not vested in him/her. It is for the House, if it so desires, to resolve on a motion to revoke the suspension.
- Unlike the Speaker, the Rajya Sabha Chairman does not have the power to suspend a member.

**Q2. Consider the following statements with respect to Asian Infrastructure Investment Bank (AIIB) :**

1. Pakistan and Singapore are among the founding members of the AIIB.
2. It is headquartered in Manila, Philippines.
3. China, India and Germany are the members with the largest share of voting power in AIIB.

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

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

**CHECK ANSWERS:-**

**Answer: d**

**Explanation:**

- Countries accepted as AIIB founding members include China, India, Malaysia, Indonesia, Singapore, Saudi Arabia, Brunei, Myanmar, the Philippines, Pakistan, Britain, Australia, Brazil, France, Germany and Spain.
- It is headquartered in Beijing, China.
- The AIIB members with the largest share of voting power are China (26.5%), India (7.6%) and Russia (6.0%).

**Q3. Consider the following statements with respect to the Gulf of Mannar:**

1. The Gulf of Mannar region is one of the four major coral reef areas in India.
2. Gulf of Mannar between Rameswaram and Tuticorin is declared as a Marine National Park and Biosphere Reserve.
3. It a significant habitat for the dugong.

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

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

**CHECK ANSWERS:-**

**Answer: d**

**Explanation:**

- The Gulf of Mannar region in Tamil Nadu is one of the four major coral reef areas in India.
- The others are the Gulf of Kutch in Gujarat, Lakshadweep and Andaman and Nicobar islands.
- Gulf of Mannar between Rameswaram and Tuticorin covering 21 islands and the surrounding shallow coastal waters was declared as a Marine National Park in 1986.
- The park and its 10 km buffer zone were declared a Biosphere Reserve in 1989.
- Gulf of Mannar Marine National Park is a significant habitat for the dugong (commonly known as sea cows), listed as vulnerable in the IUCN Red List of Threatened Species.

**Q4. Consider the following statements with respect to "JIMEX":**

1. It is a trilateral maritime exercise between India, Japan and the U.S.
2. It is conducted biannually.
3. JIMEX series of exercises commenced in 2012 with a special focus on maritime security cooperation.

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

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

**CHECK ANSWERS:-**

**Answer: b**

**Explanation:**

- JIMEX is conducted biennially between the Indian Navy and the Japanese Maritime Self-Defense Force (JMSDF).
- JIMEX series of exercises commenced in January 2012 with a special focus on maritime security cooperation.
- The last edition of JIMEX was conducted in October 2018 off Visakhapatnam, India.
- JIMEX 20 will showcase a high degree of inter-operability and joint operational skills through the conduct of a multitude of advanced exercises, across the spectrum of maritime operations.

## I. UPSC Mains Practice Questions

1. Examine the concerns associated with the three codes introduced by the government as part of the Labour law Reforms. (GS 3- Economy) (15 Marks, 250 Words).
2. While the Standing Committees have improved the Parliament's ability to examine policies better, there are several challenges that need further attention. Comment. (GS 2 Polity and Governance) (15 Marks, 250 Words)

