

24 Dec 2020: UPSC Exam Comprehensive News Analysis

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Category: ECONOMY

1. Cabinet nod for 100% FDI in DTH service

Context:

- The Union Cabinet has approved changes in the information & broadcasting (I&B) guidelines to bring them in sync with the existing [Foreign Direct Investment](#).

Details:

- Apart from increasing the FDI to 100%, several other changes have been made such as the tenure of the license and the license fee.

The issuance of license

- The issue of tenure of licenses has been dealt with, the licenses will now be issued for a period of 20 years with a renewal provision after every 10 years. Currently, the DTH licenses are issued for a span of 10 years.
- The license fee has been revised from 10 per cent of gross revenue (GR) to 8 per cent of adjusted gross revenue (AGR).

Government's rationale behind the decision

- The Government hopes that the change in the policy guidelines will encourage the DTH service providers to invest for more coverage, which could possibly lead to increased operations and higher growth and in this way generate an increased and consistent payment.

DTH service providers welcomed the decision

- The provision of a 20-year license period in place of the current 10-year license tenure will lend stability and will be beneficial for players due to the large capital investments that they have made.
- It also gives DTH the recognition of being an infrastructure intensive sector.

Conclusion

- The amended DTH guidelines along with a longer licence period and clarity on renewals, relaxed FDI limits, etc, will pave way for stability, additional investments and employment opportunities.

2. Beware of illegal digital lending apps: RBI

Context:

- A spate of suicides in Telangana following alleged harassment by personnel of digital lending platforms.

Details:

- The proliferation of several unauthorised digital lending platforms/mobile apps has become a cause for concern.
- These platforms have been indulging in high-handed recovery practices that have driven people to take the extreme step.

Modus operandi of loan sharks

- The digital lending platforms resort to excessive rates of interest and additional hidden charges are demanded from borrowers.
- There have been shreds of evidence of adoption of unacceptable and high-handed recovery methods, and misuse of agreements to access data on the mobile phones of the borrowers.
- RBI has pointed out how unauthorised digital lending platforms/mobile apps attracted borrowers with a promise of loans in a quick and hassle-free manner.

Guidelines for public lending

- Legitimate public lending activities can be undertaken by banks, non-banking financial companies (NBFCs) registered with RBI and other entities who are regulated by the State governments under statutory provisions, such as the money lending acts of the States concerned.

Peer to peer lending

- A peer to peer lending or P2P lending platform facilitates borrowing and lending money directly through an online platform like Lendbox, faircent, etc., making it affordable to get loans online compared to banks.

Conclusion:

- The Reserve Bank of India has cautioned the public against falling into the trap set by unauthorized digital lending platforms.
- The people are advised to carry out verification of the antecedents of the company/firm offering loans online or through mobile apps.

Category: DEFENCE

1. Maiden test of MRSAM for Army successful

Context:

- The inaugural test of the Medium Range Surface to Air Missile (MRSAM) for the Indian Army was carried out from the test range at Chandipur in Odisha.

Details:

- India successfully conducted the first Army version test of the state-of-the-art Medium-Range Surface-to-Air Missile (MRSAM).
- The missile has been developed by Defence Research and Development Organisation ([DRDO](#)) and Israel Aerospace Industries.

Missile characteristics

- Strike range is close to 100 km, the nuclear-capable ballistic missile weighs around 2.7 tonnes and has a length of 4.5 meters and can transport a payload weighing 60 kg.
- The missile can move with a speed of Mach 2 and has high degrees of manoeuvrability.
- Apart from the missile, the launching platform includes a Multi-Functional Surveillance and Threat Alert Radar (MFSTAR) for detection, tracking, and guidance of the missile.

Application

The new generation MRSAM has been developed to subdue airborne threats in the form of jets, missiles and rockets, including projectiles launched simultaneously.

Category: BUDGETING

1. Cairn Energy wins arbitration award

Context:

- An international arbitration tribunal has ruled in favour of Cairn Energy PLC of the U.K and has ordered India to return up to \$1.4 billion to Cairn Energy PLC, a decision that the Government of India may challenge.

Details:

- The dispute between Cairn Energy PLC of U.K and the income tax authorities is over an internal transfer of share between the parent company and its subsidiary.
- The dispute over capital gains tax was the bone of contention between Cairn Energy and the tax authorities of India.
- The tribunal charged India of violating UK-India bilateral investment treaty and international laws.

The story so far

- The dispute between the Indian government and Cairn has its genesis in an issue arising over the transferred shares from 'The Cairn UK' to 'Cairn India' in 2006-07.
- The income tax authorities alleged that Cairn UK had made capital gains and served a tax notice under retrospective taxation provisions.
- The multiple interpretations of capital gains ensured that the company refused to pay the tax, which led to cases being filed at the Income Tax Appellate Tribunal (ITAT) and the High Court.
- Cairn lost the case at ITAT. A case on the valuation of capital gains is still unresolved in front of the Delhi High Court.
- In 2011, Cairn Energy sold the majority of its India business, Cairn India, to mining conglomerate Vedanta. Cairn UK was however not allowed to sell a minor stake of about 10 per cent by the income tax authorities. Authorities had also seized Cairn India shares as well as dividends that the company paid to its parent UK firm.

Conclusion

- The ruling of the tribunal ordering India to pay \$1.4 billion to Cairn Energy is worrisome, not just because of the amount that is owed but also because it hurts the image of India at the global level as an investment destination and cast aspersions over ease of doing business.

D. GS 4 Related

Nothing here for today!!!

E. Editorials

Category: INDUSTRIAL GROWTH

1. The tightrope between production and industrial peace

Context:

- Workers at Wistron Corporation's manufacturing facility near Bengaluru went on a rampage over non-payment of their wages.
- The report from the Karnataka state authorities also found the Taiwanese-run firm did not have enough staff to manage its 10,500 workers.

Details:

- Key Apple supplier Wistron, currently at the centre of a controversy after its workers rioted at its iPhone factory outside Bengaluru, has admitted that some of its workers were not paid “correctly” and in some cases “not on time”.
- This embargo may affect all Wistron units, but the trigger was one of the biggest expressions of industrial unrest in India in recent years.

Reasons for such Industrial Disputes in the recent past in India:

1. Serious lapses in labour practices such as non-payment of wages, providing bonus on time; this has time and again brought the management and the workers into a confrontation.
2. Wilful violation of suppliers through supply chains and subcontracting without adhering to labour standards and protocols.
3. Abdication and evasion of responsibilities by either shifting the onus on sub-contracting firms or keeping the grievance in silent mode.
4. Lack of an effective grievance redressal system in the manufacturing units has meant that the issues and concerns expressed by the working class have not been addressed or properly dealt with.
5. Poor working conditions and harsh work environment take a toll on the workers' physical and mental health.
6. The apathetic attitude of employers towards the workers - the relationship needs to have empathy and compassion and needs to move away from the master-slave equation.

Impact of such Industrial Disputes

1. Affects future FDI prospects; the investment climate gets vitiated with such disputes forcing the potential investors to look elsewhere. The Kearney FDI Confidence Index does not feature India in the top 25.
2. Lowers the image of the country and might impact the ease of doing business ranking and thereby the investment prospects. The Ease of doing business released by the World Bank has India at 63rd position.
3. The increased trust deficit between employers and employees leading to further unrest.
4. Impacts the production of goods and services in the economy leading to demand-supply mismatch and might lead to inflationary tendencies.
5. Lowers the code of conduct and [rule of law](#).

Solutions

1. Enforcement of labour laws for employees' benefit will make India an even more attractive and contrasting alternative to China where labour exploitation is widely prevalent.
2. With global firms under pressure to exhibit higher standards in environmental compliance, social and corporate governance, India also needs to up its game on enforcing compliance with the laws of the land and treating labour-employer disputes in a fair and equitable manner.
3. It may be a good time for the government to rekindle a tripartite dialogue mechanism with trade unions and employers like the erstwhile Indian Labour Conference, not held since 2015.
4. Improve the avenues for workers to channelize their grievances.

5. Industries to bring in ethical 'code of conduct' in tune with the welfare of workers and keep a strong monitoring system for the same.

Conclusion

- With the country on the cusp of a new labour law regime being marketed as a business-friendly regimen, misgivings about their provisions or unresponsive systems for employees' grievances can only foment more such unrest.
- Inequitable labour-capital relations could hit India's investment destination credo and thus India should move towards a more holistic approach through dialogue and new labour laws to protect the rights of workers to avoid any such incidents in the future.

Category: POLITY

1. Key lesson from farmers' protest is that steamrolling Parliament backfires

Context:

- The recent protests by farmers with regards to the farm acts passed has raised concerns over a lack of engagement between the ruling party and the opposition while passing the law.

Details:

- The farm acts were passed by the Union Government with very little deliberation in the parliament and without any consultation with the farmers.
- The farm protests that have followed and continued for close to three weeks now have caused immense hardship to the farming community.

Reforms objective

- It appears that the new legislation is needed and will usher in required market reforms in the overregulated farm sector.
- So far there is no concrete piece of evidence to show that the new proposals will negatively impact farmers in the long run.
- The Minimum Support Price has no economic justification regardless of demand and supply. Linking MSP to the manufacture of essential medicines will give a better picture, there are no mechanisms that guarantee a pharmaceutical company a minimum price for essential medicines that it produces, irrespective of whether the quantity produced far exceeds the demand.

Farm liberalization

- The benefits of liberalizing the non-agricultural sector of the economy in 1991 established that, in the end, market forces cannot be ignored and a tight state control can be counterproductive.
- The fallouts of the enforcement of the Essential Commodities Act.
 - Initial experiences under the Essential Commodities Act, 1955, were not as desired.
 - Numerous control orders were passed on products such as cement and steel, and these were intended to ensure their availability at fair prices.
 - The consequence was not what was expected, it could be witnessed:
 - Severe shortages,
 - Huge black market and

- Massive corruption.

Debate, discussion, deliberation

- The farm laws, however ennobling in its intentions, ought to have been passed after engaging with the relevant stakeholders.
- The farm laws would not have encountered as much opposition as they have if it was demonstrated through empirical data, objective analysis and impassionate reasoning, but passing it through a voice vote, was an injustice.
- As the farm bills marked a radical departure from the existing system of selling agricultural produce, the least that could have been done was to refer them to a Select Committee. The haste with which the new legislation was pushed through was not justifiable.

Parliamentary setup in India

- The core theme behind democracy is to give "voice to the voiceless", where every individual matters as one and none more than one.
- India has adopted representative democracy, wherein the elected representatives represent the will of the people and the parliament stands for the institutionalisation of people's will.
- Parliament is at the heart of the Indian democratic setup, it is supposed to be a chamber where policies, laws that are fundamental to the governance of the country are to be discussed, debated and deliberated.
- The demand by the Opposition for discussion was also turned down. The ruling party undoubtedly commands a majority and has the right to implement the promises it has made in its manifesto, but as it was once said, the opposition must have its say before the government has its way.

Parliament committees

- Many legal experts suggested that the government must have referred the bills before it became acts to the select committees, it is because of the following reasons listed below.
- The functions of the Parliament are varied, complex and voluminous. Time and expertise are required to make a detailed scrutiny of all legislative measures and other matters.
- Parliamentary committees assist in the discharge of duties of parliament.
- The Standing and Select committees help the lawmakers to source expertise, diverse opinions from outside of the parliament.
- It also provides a platform to overcome rigid party stance and adopt a more flexible, acceptable way going forward.
- Parliamentary committees work away from the public gaze, hence there are no incentives in 'playing to the gallery'.
- It is a matter of concern that fewer and fewer bills are being referred to Select Committees or even deliberated upon.
- The recent data show that while 71 per cent of the bills were referred to a Select Committee in the 15th Lok Sabha (2009-14), only 25 per cent were so referred in the 16th Lok Sabha (2014-19).
- In 2019, 17 bills were referred and none in 2020, a statistic that does not bode well to our democracy. The standing committees will refine the policies and add value to the policies, it's a platform that needs to be engaged more.

Laboratory federalism

- It is no surprise that farm legislation which has such wide-ranging implications is met with resistance. Thus the best way to demonstrate their beneficial effects is to implement the laws in select states or districts for a year; implementation in pilot mode can help build confidence and ensure greater acceptance.

- The feedback can illustrate if the new law can achieve its objects and prove beneficial to the nation, it can also reveal flaws in the new law.
- Indeed, if GST had been implemented on a trial basis for select products, it would have revealed the serious technological deficiencies and the nation would have benefitted by delaying its implementation.
- However, it is still not too late to implement the new farm laws in select states and demonstrate their salutary effect, this is similar to how a company undergoes several iterations before launching the product in the market.

Conclusion

- The wisdom that all ruling parties can derive is that abiding by the constitutional conventions pays dividends — it benefits the nation and preserves the dignity of Parliament.
- The delay that arises by following parliamentary procedures and constitutional conventions can actually provide the proof that the new law is really the right choice and those opposing it have placed their short-term vested interests ahead of the national interest.
- Parliament is sometimes referred to as the “Temple of Democracy”, its role as the highest deliberative organ in the country must not be forgotten. Deliberation is at the centre of any representative democracy, therefore Parliament and its committees should be made full use of for arriving at legislations that contribute to the welfare of people.

F. Prelims Facts

Nothing here for today!!!

G. Tidbits

Nothing here for today!!!

H. UPSC Prelims Practice Questions

Q1. Consider the following statements:

1. Article 43-A was added to the Constitution by the 42nd Constitutional Amendment Act, 1976.
2. A-43-A belongs to Gandhian directive principles.

Choose the correct answer:

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

CHECK ANSWERS:-

Answer: a

Explanation:

Article -43-A belongs to Socialistic DPSP and was added by the 42nd Constitutional Amendment Act.

Q2. Consider the following statements:

1. The International Labour Organisation (ILO) was formed in 1945 at the end of the Second World War.
2. India is a founding member of the International Labour Organisation.
3. The World Employment and Social Outlook (WESO) is released by ILO.

Choose the correct option:

- a. 1 and 2 only
- b. 2 and 3 only
- c. 1 and 3 only
- d. All of the above

CHECK ANSWERS:-

Answer: b

Explanation:

ILO was formed in 1919 as a part of the Treaty of Versailles.

Q3. Consider the following statements:

1. National Commission for Minorities (NCM) is a constitutional body.
2. 5 communities are notified as religious minorities.
3. The tenure of the members of the National Commission for Minorities is 3 years.

Choose the correct answer:

- a. 1 only
- b. 1 and 3 only
- c. 3 only
- d. All of the above

CHECK ANSWERS:-

Answer: c

Explanation:

- NCM is a statutory body created by the National Commission for Minorities Act, 1992.
- 6 communities, they are Muslims, Christians, Sikhs, Buddhists, Jains, Parsis.

Q4. Which of the following countries border the Central African Republic?

1. Tanzania
2. Sudan
3. Democratic Republic of Congo
4. Senegal

Choose the correct answer:

- a. 1 and 4 only
- b. 2 and 3 only
- c. 1, 2 and 3 only
- d. 3 and 4 only

CHECK ANSWERS:-

Answer: b

Explanation:



I. UPSC Mains Practice Questions

1. “Industrial Disputes have seen an upward trend in recent years.” In light of the above statement, critically examine the new Labour Codes passed by the government. Do the recent Codes help in bridging employer-employee trust deficit? (15 marks 250 marks).[GS-3, Economy]
2. The Cairns arbitration award and the Vodafone case have the potential to hurt India as an investment destination. Discuss the possible steps that can be taken by the government to avert similar incidences in the future. (10 marks, 15 words).[GS-3, Economy]

