

## 27 May 2021: UPSC Exam Comprehensive News Analysis

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#### Category: POLITY AND GOVERNANCE

##### 1. [WhatsApp approaches Delhi HC to challenge new IT rules](#)

##### Context:

WhatsApp has approached the Delhi High Court **challenging the Central government's new [Information Technology Rules, 2021](#)**.

### Issue:

- WhatsApp argues **against the requirement for social media platforms to compulsorily enable “the identification of the first originator of the information”** in India **upon government or court order**, which is included in the rules.
- It argued that **breaking end-to-end encryption** infringes on citizens’ rights’ such as the fundamental rights to privacy and free speech.
- It highlighted the **landmark judgment of the Supreme Court** in the [K.S. Puttaswamy case](#), where it held that the **right to privacy is a fundamental right guaranteed under the Constitution**.
  - Also, recently the Supreme Court has affirmed that the **right to privacy included the right to anonymity**.
- Besides, **petitions** have been filed by **several news portals**, over its **attempt to regulate digital news media**.
  - They claim that the **new rules seek to regulate online news portals** by imposing a **vaguely worded “Code of Ethics”**.

### Details:

- The Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021, was **notified in February 2021**.
- Subsequent to it, **concerns were raised by various experts** over its impact on privacy, freedom of expression and security of users online.

This issue has been covered in the [UPSC Comprehensive News Analysis of 28th Feb 2021](#).

## 2. Subodh Kumar Jaiswal takes charge as CBI chief

### Context:

Subodh Kumar Jaiswal, a 1985-batch Indian Police Service (IPS) officer, has been appointed the Director of [Central Bureau of Investigation \(CBI\)](#).

### Appointment of CBI Director:

- At present, the **appointment of the CBI director** is governed by the **Lokpal Act**.
- **Before** the Lokpal Act was legislated, the CBI director was appointed by the **Delhi Special Police Establishment (DSPE) Act**.
- The CBI director is appointed by the Centre on the basis of the recommendation of a search committee.
- The search committee is made up of the **Prime Minister as the chairperson, the Chief Justice of India and the Leader of Opposition**.
- Firstly, the **Home Ministry prepares a list** of IPS officers, who are eligible for appointment.
- This **list is sent to the Department of Personnel for preparation of the final list** on the basis of "seniority, integrity and experience in the investigation of anti-corruption cases".
- The **search committee examines the final list and recommends a name** to the government for the appointment.

## C. GS 3 Related

**Category: ECONOMY**

### 1. Bank NPAs likely dropped in FY21: Care

#### Context:

According to Care Ratings, the **quantum of gross non-performing assets (GNPAs)** of **scheduled commercial banks (SCBs)** might have declined by March 2021 in comparison with FY20.

- It could be owing to **write-offs, lower slippages, restructuring plans, [Emergency Credit Line Guarantee Scheme \(ECLGS\) for MSME Borrowers](#)** and **resilience in the economy**.

#### **Non-Performing Assets (NPA)**

- A Non-Performing Asset is a loan or advance wherein **interest or installments of principal remain overdue**.
- As per the Reserve Bank of India (RBI), **an asset becomes non-performing when it stops generating income for the bank**.
- NPA is an **important financial component** that is considered while analyzing a bank. It indicates the **asset quality of banks**.
- Banks with **high NPAs have lesser funds to advance** because of the higher provisioning that they have to provide.
- **Lesser lending** would mean lesser interest income, **impacting the profitability of the banks**.

Read more about [Non-Performing Assets](#).

#### Gross Non-Performing Assets:

- Gross NPA is the **summation of all loan assets that are classified as NPA as per RBI guidelines**.
- Gross NPA consists of Substandard Assets, Doubtful Assets and Loss Assets.

#### Net Non-Performing Asset:

- For precautions and to **meet unforeseen losses, banks are required to make provisions** as per RBI guidelines. RBI issues guidelines on Income Recognition, Asset Classification and Provisioning.
- From the gross NPA, provisions provided are netted to arrive at Net NPA.
- **Net non-performing assets = Gross NPAs – Provisions**.

**Category: SECURITY**

## 1. Choksi captured in Dominica

### Context:

Fugitive diamond manufacturer Mehul Choksi, who had recently fled from Antigua and Barbuda, was captured in Dominica after an Interpol Yellow Notice was issued against him.

- The Yellow Notice is issued by Interpol to track missing persons.

Read more on [Interpol - An Overview on Organisation, Functions, Cross Border Police Cooperation](#)

### Interpol Notices:

- INTERPOL Notices are international requests for cooperation or alerts allowing police in member countries to share critical crime-related information.
- **Red Notice:** To seek the location/arrest of a person wanted by a judicial jurisdiction or an international tribunal with a view to his/her extradition.
- **Blue Notice:** To locate, identify or obtain information on a person of interest in a criminal investigation.
- **Green Notice:** To warn about a person's criminal activities if that person is considered to be a possible threat to public safety.
- **Yellow Notice:** To locate a missing person or to identify a person unable to identify himself/herself.
- **Black Notice:** To seek information on unidentified bodies.
- **Orange Notice:** To warn of an event, a person, an object or a process representing an imminent threat and danger to persons or property.
- **Purple Notice:** To provide information on modus operandi, procedures, objects, devices, or hiding places used by criminals.
- **Interpol – UNSC Special Notice:** To inform Interpol's members that an individual or an entity is subject to UN sanctions.

## D. GS 4 Related

*Nothing here for today!!!*

## E. Editorials

**Category: ECONOMY**

### 1. The end of the road for India's GST?

### Context:

- The upcoming 43rd meeting of the Goods and Services Tax (GST) Council.

### **Background:**

- The GST Council is mandated to meet at least once every quarter, but it had not met for the last two quarters, due to the pandemic.

### **Lacunae in the current GST framework:**

- The article laments the fact that the GST system which was propounded to be the panacea for India's economy to deliver economic efficiency gains, improve tax buoyancy and collections, boost GDP growth and bring in greater formalisation of the economy has failed in realizing its objectives.
  - The **15th Finance Commission report too acknowledges that GST has been unable to deliver** on its early promises.
- The article points out some of the major lacunae in the GST system.

### **Technical:**

- Multiple rates
- High tax slabs
- Complexity of tax filings
- Non-inclusion of petroleum products in the GST regime

### **Impediments to cooperative federalism:**

- The GST which is premised on the **principle of 'cooperative federalism'** has been marred by **severe erosion of 'trust' and 'trustworthiness' between the States and the Centre.**
- The GST system has failed to factor in India's **unique political economy** and its ramifications in the functioning of the GST council where the decisions which have to be ideally based on economic reasons are also being impacted by the political calculations. This serves as a major impediment to the functioning of the GST council.

### **GST Compensation issue:**

- The States have lost fiscal autonomy due to the adoption of the GST system. States are dependent on GST collections for nearly half of their tax revenues.
- The **States were guaranteed a 14% growth in their tax revenues every year**, which minimised their risks of loss of fiscal autonomy and compensated for their loss of fiscal sovereignty. The failure to compensate the states adequately has been a point of concern between the states and the centre over the last few years.
  - States are still owed Rs. 63,000 crore from last year's dues and GST cess collections are unlikely to meet this year's compensation dues as well, following the spate of lockdowns across several States.
- Also, this revenue compensation guarantee ends in July 2022.

### **Conclusion:**

- India's GST system was to be based on the spirit of cooperative federalism which would yield significant economic benefits to all the stakeholders. The **promised economic gains remain largely unfulfilled.**

- While technical fixes such as simplification of GST rates and tax filing systems could be addressed easily, the more fundamental challenges like the lack of guaranteed revenues and incentives for States to continue in a GST regime and the growing mistrust between the states and the centre would be a difficult challenge to address.
- The article cautions that the end of India's grand GST experiment seems inevitable unless there is a radical **shift in India's federal politics, backed by an extension of revenue guarantee for the States** for another five years.

## Category: GOVERNANCE

### 1. Tackling rural economic distress

#### Background:

- The lockdowns in several states have had a **severe impact on the livelihood of the migrant workers** most of whom work in the informal sector.

#### Details:

- The migrant workers and the rural poor have been facing great distress due to **lack of work which has pushed many of them into acute poverty**. A large population is facing **hunger and a cash crunch**.

#### Hunger:

- The **'Hunger Watch' report** published by the Right to Food Campaign and the Centre for Equity Studies assessed the impact of the lockdowns on people belonging to low-income categories in the informal sector. The report notes the **nutritional insecurity** induced by lack of job and income sources.

#### Reverse migration:

- The migrants rendered vulnerable due to the lockdown in different cities have resorted to reverse migration.
- A large population has got stranded in different parts of the country without work. They are having to deal with a **severe shortage of food and cash**.

#### Recommendations:

- There is an urgent need to strengthen the public distribution system (PDS) and the Mahatma Gandhi National Rural Employment Guarantee Scheme ([MGNREGS](https://byjus.com/mgnregs)).

#### Expanding public distribution system (PDS):

- Though the government announced 5 kg free foodgrains for individuals enlisted under the National Food Security Act (NFSA), for May and June 2021, this might not suffice.
- The government should **expand PDS coverage and include all eligible households under the scheme**.



- The PDS system suffers from **large exclusion issues**. According to a study, about 100 million people are excluded from the ration distribution system owing to a dated database based on the 2011 Census.
- The Centre should also **extend the free foodgrains programme to a year** instead of the currently announced two months.

### Enhancing the support for MGNREGA:

- The current allocation of Rs. 73,000 crore for 2021-22 for MGNREGS is grossly insufficient to meet the increased work demand in rural areas due to the current scale of economic distress. The government must **ensure sufficient funds to ensure the uninterrupted implementation of MGNREGS during the current year**.
- The **notified annual increment** of about 4% in MGNREGS wages is very low and the government must aim for at least a **10% hike** considering the existing economic distress and the currently high levels of inflation.

### Conclusion:

- Given the existing conditions, the Union government should **prioritise food and work for all** and implement policy reforms to strengthen the public distribution system and the MGNREGS.

For information on the recent Supreme Court's orders regarding the plight of the migrant workers, refer to:

[CNA dated May 25, 2021: Provide food, rations to stranded workers: SC](#)

## F. Prelims Facts

### 1. Losing the way with a map

#### National Mission on Cultural Mapping:

- The mission aims at converting the **vast and widespread cultural canvas of India** into an objective cultural map, designing a mechanism to preserve the rich cultural heritage of India in the form of a **cultural repository of artists and art forms**.
- The Cultural Mapping of India portal will serve as a repository/consolidated database of information about cultural assets and resources i.e. a cultural inventory at one place for essential planning, sustainable economic development and for preserving the scattered and near-extinct art forms.
- This Mission encompasses data mapping, demography building formalising the processes and bringing all the cultural activities under one web-based umbrella for better results.
- The Mission also seeks to open a direct channel of communication for artists with the Government and peer to peer communication among artists for talent honing and handholding of each other.

## G. Tidbits

## 1. Dhaka clears currency swap for Lanka

### What's in News?

**Bangladesh** has cleared a **\$200 million currency swap facility for Sri Lanka**.

- Bangladesh has become the first South Asian country to extend crucial financial assistance to Sri Lanka this year.
- **Sri Lanka** has been **struggling to maintain its reserves** in the backdrop of a daunting debt repayment schedule.
- So far in 2021,
  - Colombo has obtained **financial assistance from China, through a \$1.5 billion currency swap arrangement**, and a **\$500 million loan**, in addition to the \$500 million extended in 2020.
  - It has inked a **\$500 million loan agreement with the EXIM Bank of Korea**.
  - It has **requested India for an additional \$1.1 billion currency swap facility**. Earlier, India had extended a \$400 million currency swap facility from the RBI and it was settled in February 2021 after an extension.

## 2. More scrutiny of Israel rights record sought

### What's in News?

Member states of the **Organization of Islamic Cooperation** have called upon the UN Human Rights Council to set up a **permanent commission to report on human rights violations in Israel, Gaza and the West Bank**.

- The meeting was **sought by Pakistan**, as the OIC's coordinator.
- The proposal comes ahead of a special session of OIC to **address the grave human rights situation** in Gaza, the West Bank and East Jerusalem.
- If passed, it would mark an **unprecedented level of scrutiny authorised by the UNHRC**.

## H. UPSC Prelims Practice Questions

Q1. Which of the following statements is/are correct?

1. National Highways Authority of India (NHAI) is an extra-constitutional body.
2. NH1 extends from Delhi to Amritsar.
3. NH7 is the longest National Highway in India.

Options:

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



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

**Answer: a**

**Explanation:**

- National Highways Authority of India (NHAI) is an extra-constitutional body i.e statutory body.
- NH1 extends between the Union Territories of Jammu & Kashmir and Ladakh.
- The number 1 indicates, under the new numbering system, that it is the northernmost East-West highway in India.
- NH 1 passes from Uri to Baramulla, Srinagar, Sonamarg, Zoji La, Dras, Kargil and Leh.
- At present, NH44 is the longest National Highway in India.

**Q2. With reference to the National Investigation Agency (NIA), which of the following statements is/are correct?**

1. The agency is allowed to investigate offences committed outside India.
2. NIA can investigate terror cases across the country without having to get permission from the states.

**Options:**

- a. 1 only
- b. 2 only
- c. Both
- d. None

**Answer: c**

**Explanation:**

- The National Investigation Agency (NIA) is a central counter-terrorism agency functioning under the Ministry of Home Affairs, Government of India.
- The agency is allowed to investigate offences committed outside India.
- NIA can investigate terror cases across the country without having to get permission from the states.

**Read more on [National Investigation Agency - Objectives, Functions, Jurisdiction](#)**

**Q3. Which one among the following statements is incorrect with respect to International Solar Alliance (ISA)?**

- a. The ISA is a coalition of solar resource-rich countries that lie either completely or partly between the Tropic of Cancer and the Tropic of Capricorn.
- b. It is the first full-fledged treaty-based international intergovernmental organization headquartered in India.
- c. The ISA membership is limited to countries that are partially or fully located within the tropics.
- d. The body is funded by voluntary contributions by its members and partner countries.

**Answer: c**

**Explanation:**

- The membership of the International solar alliance is not restricted to the countries which are partially or fully located within the tropics (Tropic of Cancer and Tropic of Capricorn).
- Any member country of the United Nations is eligible for ISA membership.

**Read more on [International Solar Alliance - Significance, Mandate, Objectives](#)**

**Q4. With reference to Coalition for Disaster Resilient Infrastructure (CDRI), which of the following statements is/are correct?**

1. CDRI was launched by the President of the European Commission at the UN Climate Action Summit.
2. CDRI Secretariat is based in Madrid.
3. A large share of the estimated fund requirements to cover the core costs for the first five years was invested by Germany and France.

**Options:**

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

**Answer: c**

**Explanation:**

- Coalition for Disaster Resilient Infrastructure (CDRI) was launched by the Prime Minister of India at the UN Climate Action Summit in 2019.
- Its secretariat is based in New Delhi.
- A large share of the estimated fund requirements to cover the core costs for the first five years was invested by India.

**Q5. What does venture capital mean? (UPSC 2014)**

- a. A short-term capital provided to industries
- b. A long-term start-up capital provided to new entrepreneurs
- c. Funds provided to industries at times of incurring losses
- d. Funds provided for replacement and renovation of industries

**Answer: b**

**Explanation:**

- Venture capital (VC) is a long-term start-up capital provided to new entrepreneurs.

- VC is an investment fund that is involved in managing money from different investors seeking to provide capital to new entrepreneurs and start-ups that have immense growth potential.

## I. UPSC Mains Practice Questions

1. Frequent political turmoil in Nepal has often compromised Indian interests. In the light of the latest political crisis, examine the way forward for India. (250 words; 15 marks) (GS 2 International Relations).
2. A fundamental problem in the GST is the erosion of 'trust' between the States and the Centre. Critically evaluate. (250 words; 15 marks) (GS 2 Polity and Governance).

