

02 Jul 2022: UPSC Exam Comprehensive News Analysis



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A. GS 1 Related

Nothing here for today!!!

B. GS 2 Related

Category: POLITY

1. Sedition law should go: Sinha

Syllabus: Constitution of India —historical underpinnings, evolution, features, significant provisions

Prelims: About Section 124A of the Indian Penal Code

Mains: Critical evaluation of the sedition laws in India

Context

The Opposition Presidential candidate Yashwant Sinha urged for the repeal of the colonial-era sedition law.

Know more about - [Sedition Law](#)

C. GS 3 Related

Category: ECONOMY

1. Govt. hikes duty on gold to cushion rupee

Syllabus: Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment.

Prelims: Factors affecting the value of the rupee

Mains: Measures undertaken by the Government to address the depreciation of the rupee

Context

The Union Government has undertaken various measures to slow down the fall of the rupee.

Background

For detailed background on the issue of “Fall in the value of rupee” refer to the following article:

[CNA dated July 1, 2022: The free fall of the Rupee](#)

Measures undertaken by the government to cushion the rupee

- **Increase in import duty on gold**
 - The Union Government has increased the import duty on gold to 15% from 10.75%.
 - Foreign trade data suggests that India’s gold imports by surpassing the \$6 billion mark in 2022 had increased by about nine times as compared to 677.7 million in May 2021.
- **Imposes cess on export of crude oil and fuels**
 - The Centre has levied fresh taxes on the export of fuels which includes petrol, aviation turbine fuel (ATF) and also on the domestic sale of crude oil.
 - A cess of ₹23,250 per tonne has been levied on crude oil in the wake of increased global prices which had led to jackpot profits for domestic oil producers who sell their output at international parity prices even to domestic refineries.
 - Further, an additional excise duty of ₹6/litre has been imposed on exports of petrol and aviation turbine fuel (ATF) and ₹13/litre on diesel.

Impact of these measures

- The move to increase the import duty is expected to help address the challenges of increasing the current account deficit and thereby reduce the pressure on the rupee.
- The increased duties on gold imports will slow down the outflow on account of gold imports, and help provide stability.
- The levy of fresh taxes on petroleum products will assist in reducing the widening demand-supply gap.
 - The exporters are now mandated to declare that 50% of the exported quantity of fuel will be supplied to the domestic market during the current financial year.
 - This will ensure the domestic availability of important fuels.
 - This cess would not apply to imported crude and will not have any impact on domestic fuel prices.

Nut graf: *In the wake of the increased pressure on the country's current account deficit due to the surge in gold imports and international prices of crude oil, the government has raised the tariff on gold imports and has imposed a cess on the export of crude oil to cushion the fall in the value of the rupee.*

D. GS 4 Related

Nothing here for today!!!

Category: POLITY**1. Reset mode**

Syllabus: Functions and responsibilities of the Union and the States, issues and challenges pertaining to the federal structure

Prelims: Facts about Good and Services Tax (GST) and GST council

Mains: Key outcomes in the GST Council meet and their impact

Context

The [GST Council](#) met recently after a 9 month's break.

Know more about [GST and its benefits and challenges](#) in the link.

Key outcomes of the meeting

- In its 47th meeting, the GST Council discussed the recommendations of the three Groups of Ministers (GoMs). The recommendations of the GoMs include:
 - Rate rationalisation
 - Movement of gold and precious stones
 - GST system reforms
 - Casinos, horse racing and online gaming
- The Council ratified three of the four recommendations and the decision on levying a 28% tax on casinos, online gaming, horse racing and lottery, has been deferred pending more consultations with stakeholders.
- A new ministerial panel is mandated with the decision on the long-pending constitution of an appellate tribunal for GST disputes.
- Also, based on an interim report of a panel to rationalise tax rates, exemptions have been revoked on various goods and the tax rates have been changed for several other items with a view to correct the inverted duty structures.
 - This may increase the prices of various goods and services.
 - Exemptions will also be revoked for pre-packaged and pre-labelled food items like grains, curd, lassi, paneer, jaggery, wheat flour, puffed rice, buttermilk and meat/fish.
 - Further, a refund of the accumulated input tax credit will not be allowed on goods such as edible oil and coal.

S. No.	Description	From	To
GOODS			
1.	Printing, writing or drawing ink	12%	18%
2.	Knives with cutting blades, Paper knives, Pencil sharpeners and blades therefor, Spoons, forks, ladles, skimmers, cake-servers etc	12%	18%
3.	Power driven pumps primarily designed for handling water such as centrifugal pumps, deep tube-well turbine pumps, submersible pumps; Bicycle pumps	12%	18%
4.	Machines for cleaning, sorting or grading, seed, grain pulses; Machinery used in milling industry or for the working of cereals etc; Pawan Chakki that is Air Based Atta Chakki; Wet grinder;	5%	18%
5.	Machines for cleaning, sorting or grading eggs, fruit or other agricultural produce and its parts, Milking machines and dairy machinery	12%	18%
6.	LED Lamps, lights and fixture, their metal printed circuits board;	12%	18%
7.	Drawing and marking out instruments	12%	18%
8.	Solar Water Heater and system;	5%	12%
9.	Prepared/finished leather/chamois leather / composition leathers;	5%	12%
10.	Refund of accumulated ITC not to be allowed on flowing goods: (i) Edible oils (ii) Coal		

Image Source: Sakshi.com

Other takeaways from the meeting

- Other decisions of the council include stringent rules for registering new firms and plugging the loopholes of tax evasion.
- The Council waived off the condition of mandatory registration under CGST Act for individuals supplying goods through e-commerce operators below the exemption threshold of Rs 40 lakh turnover for goods not making any inter-state taxable supply.
- A significant number of states demanded the extension of the GST compensation.

To know more about the [Concerns with the current GST system, check CNA dated June 23, 2022](#)

***Nut graf:** The latest GST Council meeting has gained a lot of significance as it was held amid an increasing trust deficit between the Centre and the States. With the deliberations in the meeting being constructive and not combative, the outcomes of the meeting have given hope for better coordination and consultations between the Centre and the States which is critical to creating an efficient GST regime.*

F. Prelims Facts

Nothing here for today!!!

G. Tidbits

1. DRDO carries out test flight of autonomous UAV

- The Defence Research and Development Organisation ([DRDO](#)) carried out the maiden test flight of a new Unmanned Aerial Vehicle (UAV) from the Aeronautical Test Range, Chitradurga in Karnataka.
- The UAV was designed and developed by Aeronautical Development Establishment (ADE), Bengaluru, a premier research laboratory of DRDO.
- The Unmanned Aerial Vehicle (UAV) is powered by a small turbofan engine and the engine is a Russian TRDD-50MT designed for cruise missiles.
- This step is considered to be a key milestone in terms of providing advanced technologies for the development of future UAVs and is a significant step towards self-reliance in strategic defence technologies.

2. Students to be assessed on Deshbhakti curricula

- The Delhi government launched new assessment guidelines which introduce a major change in the flagship offering of the Delhi government schools. As per the guidelines:
 - Students of Class III-VIII will be assessed for Happiness and Deshbhakti curricula.
 - Students of Class IX and Class XI will be assessed for Deshbhakti and Entrepreneurship Mindset curricula.
- The happiness curriculum aims to build emotional resilience in children in a holistic manner.
- The Deshbhakti curriculum seeks to inculcate a sense of love and pride for the country among students and educate them about their responsibilities and duties towards the country.
- The Entrepreneurship Mindset curriculum is expected to equip students to take charge of their career paths and become job providers instead of job seekers.

3. 'India's nuclear policy reflects past ideology'

- The National Human Rights Commission (NHRC) chairperson said that [India's policy on nuclear weapons](#) is a manifestation of its past ideology.
- He stated that Indian civilisational ethos was "blessed with the power of assimilation of different streams of ideas and faiths, as we want to improve and not impose our culture upon others, which may amount to a violation of human rights".
- He further said that the world currently is facing the threat of destructive weapons, the use of which only benefitted the manufacturers of the weapons.

H. UPSC Prelims Practice Questions

Q1. With respect to Cess, which of the following statements is/are correct?

1. It can be levied on both indirect and direct taxes.
2. If the cess collected in a particular year goes unspent, it cannot be allocated for other purposes.
3. The central government does not need to share the cess with the state government either partially or in full.

Options:

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

Answer: c

Explanation:

- **Statement 1 is correct**, Cess can be levied on both indirect and direct taxes.
- **Statement 2 is correct**, If the cess collected in a particular year goes unspent, it cannot be allocated for other purposes.
 - The amount gets carried over to the next year and can only be used for the cause it was meant for.
- **Statement 3 is correct**, The central government does not need to share the cess with the state government either partially or in full.

Q2. India's largest floating solar power project is in the State of

- a. Andhra Pradesh
- b. Karnataka
- c. Maharashtra
- d. Telangana

Answer: d

Explanation:

- Ramagundam Floating Solar PV Project at Ramagundam in Telangana is India's largest Floating Solar PV Project.
- It is a 100 MW Floating Solar Power Project equipped with advanced technology and environment-friendly features.

Q3. Which amongst the following cabinet committees is headed by the Union Minister of Home Affairs?

- a. Cabinet Committee on Security
- b. Cabinet Committee on Political Affairs
- c. Cabinet Committee on Economic Affairs
- d. Cabinet Committee on Accommodation

Answer: d

Explanation:

- The Cabinet Committee on Accommodation is headed by the **Union Home Minister**.
- All committees except Cabinet Committee on Accommodation and Cabinet Committee on Parliamentary Affairs are headed by the **Prime Minister**.

Q4. Consider the following statements with respect to Government Bonds:

1. They are issued at a discounted price.
2. They are issued with a maturity of one year or less.

Which of the statements given above is/are correct?

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

Answer: d

Explanation:

TREASURY BILLS	TREASURY BONDS
Meaning	
T-bills are transient money market instruments that are issued by the public authority.	T-bonds are long-term capital market instruments that are issued by the public authority.
Fluctuations in Price	
Cost change exceptionally less since it matures quicker than expected.	Cost varies more in bonds because of the longer maturity time frame.
Different Types	
91 Day Bill, 182 Day Bill, and 384 Day Bill.	Corporate bonds, zero-coupon bonds, municipal bonds, and so forth.
Payment of Interest	
T-bills is issued at a discounted price.	T-bonds are not issued at a discounted cost, but pay interest twice a year and pay face value at maturity.
Period to Maturity	
They are issued with a maturity of one year or less.	T-bonds are issued with a maturity period equivalent to or over 10 years.

Q5. “Rapid Financing Instrument” and “Rapid Credit Facility” are related to the provisions of lending by which one of the following? PYQ (2022)

- Asian Development Bank
- International Monetary fund
- United Nations Environment Programme Finance Initiative
- World bank

Answer: b

Explanation:

- The Rapid Financing Instrument (RFI) of the **International Monetary Fund (IMF)** provides rapid and low-access financial assistance to member countries facing an urgent balance of payments (BoP) need, without the need to have a full-fledged program in place.
- The Rapid Credit Facility (RCF) of the **IMF** provides rapid concessional financial assistance to low-income countries (LICs) facing an urgent balance of payments (BoP) need with no ex-post conditionality where a full-fledged economic program is neither necessary nor feasible.

I. UPSC Mains Practice Questions

1. Explain India's No First Use nuclear weapons doctrine. What are the possible implications of any change in the doctrine? (250 words; 15 marks) (GS III - Security)
2. GST Council has the potential to repair the grudges between the Centre and the states in India. Comment. (250 words; 15 marks) (GS II - Polity)