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**DAILY NEWS ANALYSIS**

**20 - AUG - 2022**

## **FOREWORD**

We, at Team Vedhik is happy to introduce a new initiative - "Daily Current Affairs\_The Hindu" compilations to help you with UPSC Civil Services Examination preparation. We believe this initiative - "Daily Current Affairs\_The Hindu" would help students, especially beginners save time and streamline their preparations with regard to Current Affairs. A content page and an Appendix has been added segregating and mapping the content to the syllabus.

It is an appreciable efforts by Vedhik IAS Academy helping aspirants of UPSC Civil Services Examinations. I would like to express my sincere gratitude to Dr. Babu Sebastian, former VC - MG University in extending all support to this endeavour. Finally I also extend my thanks to thank Ms. Shilpa Sasidharan and Mr. Shahul Hameed for their assistance in the preparing the compilations.

We welcome your valuable comments so that further improvement may be made in the forthcoming material. We look forward to feedback, comments and suggestions on how to improve and add value for students. Every care has been taken to avoid typing errors and if any reader comes across any such error, the authors shall feel obliged if they are informed at their Email ID.



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# China calls for India to work ‘in same direction’ to restore ties

Jaishankar had said that relations were in a difficult phase

**ANANTH KRISHNAN**  
BEIJING

Responding to External Affairs Minister S. Jaishankar’s comments on Thursday that relations with China were in “an extremely difficult phase” and there were “many reasons” for both countries to work together, the Chinese government said it hoped India would work with it in “the same direction” to bring relations back on track at “an early date”.

Mr. Jaishankar, speaking

in Bangkok, also noted that it would be difficult “for the Asian century to happen if India and China could not come together”, an observation that the Chinese Foreign Ministry appeared to endorse on Friday. Beijing did, however, appear to strike a different note on the Minister’s remarks on the border situation and on the Quad.

“A Chinese leader said once if China and India cannot achieve sound develop-

ment, then an Asian century cannot happen,” Foreign Ministry spokesperson Wang Wenbin said. “China and India are two ancient civilisations, two emerging economies and two big neighbours. We have far more common interests than differences.” Both sides had “the wisdom and capability to reinforce each other better than wear each other down”, he said.

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# China calls for India to work ‘in same direction’

“It is hoped that the Indian side can work with China in the same direction to follow through on the common understanding between our two leaders on being each other’s cooperative partners, not causing threats to each other, and presenting each other with development opportunities, so that China-India relations can come back to the right track of sound and steady development at an early date and uphold the common interest of China, India and the developing world,” Mr. Wang said.

Mr. Jaishankar pointed out the reason for the current difficulties was “what China did at the border”. Asked about China’s willingness to resume talks to complete the disengagement process in the border after more than two years of a stand-off, Mr. Wang said, “I would like to stress that China and India maintain smooth communication over the border issues. The dialogue is effective.”

That is, however, not the view in Delhi, which has seen Beijing drag its feet in recent rounds of talks.

Talks to restore the status quo of April 2020, prior to China’s multiple transgressions across the Line of Actual Control (LAC), have led to disengagement in some friction areas but have recently been deadlocked over disengagement in the remaining spots in Hot Springs, Demchok and Depsang.

Both also struck different notes on the India-Australia-Japan-U.S. Quad grouping, with Mr. Jaishankar saying that “reservations” about the Quad “stem from a desire to exercise a veto on the choices of others”.

Describing China’s views on the Quad as “consistent and clear”, Mr. Wang said “it will be no support if one seeks to create small cliques” in a “world of peace, cooperation and openness” because it was “against the trend of the times.”

# ‘FTA norms to prevail in Rules of Origin disputes’

## Tax board writes to Customs officers

**PRESS TRUST OF INDIA**

**NEW DELHI**

Exemptions specified in a Free Trade Agreement (FTA) with regard to the country of origin would prevail in case of a conflict between the revenue department and an importer, the Finance Ministry has said.

In an instruction to chief commissioners, the Central Board of Indirect Taxes and Customs said customs field officers should be sensitive to applying CAROTAR and maintain consistency with the provisions of relevant trade agreement or its Rules of Origin.

Customs (Administration of Rules of Origin under Trade Agreements) or CAROTAR Rules, came into effect from September 21,



2020. It empowers officers to seek further information from an importer, consistent with the trade agreement, in case the officer has reasons to believe that the country-of-origin criteria have not been met. Where the importer fails to provide the requisite information, the officer can make further verification consistent with the trade agreement.

# End this asymmetrical conflict over 'freebies'

The judiciary's move to study the issue could impact the economic freedom of States and the 'Idea of India'



PUHAZH GANDHI P.

The issue of 'freebies' has bounced back, when the Supreme Court of India on August 3, 2022, recommended constituting an expert committee comprising representatives of the beneficiaries, Union and State governments, the Finance Commission, NITI Aayog and the Reserve Bank of India to study the issue of 'freebies'.

The Court seems to toe the line of critics that 'freebies' stress States exchequers, drawing them in debt traps. On the other hand, those in favour of freebies argue that in a stratified society where capital in different forms (intellect, wealth, caste) gets accumulated in the hands of a select few, the poor and the marginalised become victimised. Here, 'social welfare measures' that are otherwise ridiculed as 'freebies' act as a shock absorber.

## On 'Trickle down economics'

In the famous Reagan tax cuts, or Reaganomics, associated with 'Trickle down economics' there was a maximum cut given to higher income earners and corporations in the expectation that any benefit provided at the top would trickle down to the poor in the form of job creation, higher output, and infrastructure development. While 'trickle down' yielded some positive results, it also widened inequality, diminished inclusive growth, and was criticised by economists such as Nobel Lau-

reaite Joseph E. Stiglitz.

In India, neo-liberal schemes of the post-1990s such as the Special Economic Zones (SEZs), Software Technology Parks of India (STPI), and Bio Technology Parks (BTP), (where there were incentives in the form of tax holidays, subsidised power, and waiver of stamp duty), were seen as a result of 'trickle down economics', including the recent cut in corporate tax from 30% to 18%.

However, the World Inequality Report 2022 says that the top 1% of India held 22% of the total national income as of 2021, and the top 10% owned 57% of the income. In another instance, a research paper, 'Wealth Inequality, Class and Caste in India, 1961-2012', states that India's upper caste households earned nearly 47% more than the national average annual household income, thus making India one of the most economically and socially stratified countries in the world. Further, 93% of the top corporate board members and 61.8% of micro, small and medium enterprises (MSME) are owned by upper castes (MSME data March 31, 2022) – so, freebies in the form of incentives benefit the upper caste elites.

## Differential tax burden

The Union government seems to rely more on indirect taxes than direct taxes. While direct taxes such as corporate taxes were slashed from 30% to 18%, indirect taxes have gone up manifold between 2014-21 – these include taxes on fuel and food (rice, milk, cereal) on which the poor spend a major portion of their income, imposing a financial burden on the poor, in turn leading to high inflation and resulting in inequality and lower growth.



T. SINGARAVELU

States such as Tamil Nadu address this inequality through social welfare measures (derided as freebies). For example, the Tamil Nadu government's free bus pass for women has not only saved families fuel cost but has also encouraged more women to join the workforce, in turn leading to economically stable families and women's empowerment. Free mid-day meals (now extended to free breakfast) have encouraged socially backward parents to send their wards to school at least for the meals, resulting in keeping the evil of child labour under control and, more importantly, imparting education. These measures have resulted in a higher graduate enrolment ratio for T.N. (at 52%) which is double the national average at 27% and also higher than that of the United States at 41%.

A paper published in Oxford University Press' *The Quarterly Journal of Economics* (2009) has lauded the introduction of free colour television in villages as it has resulted in a decrease in domestic violence and also enabled women's empowerment (women, who are largely indoors due to customary practices/household duties, have been able to connect with the outside world through visual media). It has ensured self respect, as women and children are able to watch TV in their houses rather than visit the homes of those who are rich and own TV

sets. Further, elitist corporate tax reduction (30% to 18%) has resulted in a revenue loss of ₹1.84 lakh crore to the Union government for 2019-20 and 2020-21; there is an expected loss of ₹1 lakh in 2021-22, surpassing the cost of some of the major freebies put together (free colour TV – ₹750 crore; free bus pass for women – ₹1,250 crore; mid-day meals for children – ₹1,823 crore).

## A fiscal federal setup

India adopts 'cooperative federalism' where the Union and State cooperate to legislate and frame policies in their respective domain. Constitution Benches of the Supreme Court have been consistent in their cautioning courts not to embark on policy matters. In *R.K. Garg vs Union of India* (1981-4SCC 675), and *BALCO employees Union vs Union of India* (2002 2 SCC 333), the Court held that laws relating to economic policies should be viewed with greater latitude and deference, and that the wisdom of economic policies is not subject to judicial review. In *S. Subramaniam Balaji vs State of Tamilnadu* (2013 9 SCC 659) while dismissing the challenge to the much discussed free gifts schemes (colour television, mixer grinder, laptops) of the T.N. government, the Court observed that the distribution of gifts relates to implementation of directive principles of state policy.

The abolition of the Planning Commission in 2014 led to the politicised Finance Commission to become the sole institution for fiscal devolution. This only increased the dependence of States on the Union when it came to fiscal matters. Thus, the committee recommended by the Supreme Court will further accelerate the

existing mistrust States have with the Union.

## Region-specific steps

Moreover, in a fiscal federal set up, States or the regions are expected to have autonomy. Social welfare measures (freebies) may differ from State to State or region to region. For example, in the desert regions of Rajasthan it could be free drinking water, in Kerala, it could be fiscal incentives to encourage corporates/entrepreneurs to boost industrial growth, and in T.N., educational/marriage assistance and a free bus pass to help girl empowerment. Thus, it is for the respective legislature/executive to formulate the social welfare measures for that region. By recommending a central committee, the Supreme Court seems to have considered India to be a single administrative unit facing the same set of issues without due consideration of socio-economic diversity. This step would not only be counter productive to the economic freedom of the States but also to the 'Idea of India' as a 'Union of States' – as highlighted in Article 1 of the Constitution of India.

Therefore, unless the notion that 'incentives' provided to the elites are 'affirmative economic measures' while the same when provided to the poor are 'freebies' is corrected in the minds of policy-makers, adjudicators and elites (both are economic/social welfare interventions in different forms), this asymmetrical conflict will continue to exist.

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# Reining in overreach

Setting higher requisites for arrests or summons under the GST law is welcome

The Central Board of Indirect Taxes and Customs (CBIC), through four different communiqués this week, has altered the enforcement processes for tax evaders in both customs as well as Goods and Services Tax (GST) matters. First, it significantly raised the monetary thresholds for initiating prosecutions and arrests under the Customs Act. Separately, the board laid down elaborate guidelines for GST officials before they exercise their powers to arrest and issue summons under the central GST law. While such norms were laid down for legacy laws governing taxes such as central excise, that are now subsumed into the GST, CBIC felt the need to issue fresh guidelines. The summons checklist, for instance, takes note of routine issuance of summons to top officials of firms even for procuring records available on the GST portal, and specifies that CXOs and MDs of any firm must not ‘generally’ be summoned in the first instance, but only when their involvement in tax evasion is clearly indicated. An approval process that requires officers to record reasons for issuing summons has been mooted to ensure that the power is exercised judiciously, even as they have been advised to consider where simple letters may suffice.

The norms spelt out for arrest and bail for GST offences, that stem from a Supreme Court judgment, are far more exhaustive and aimed at preventing ‘routine and mechanical’ arrests. The pre-requisites laid out before an arrest include the availability of credible evidence of wrongdoing as a starting point. However, approvals to arrest would hinge on whether the intent to evade tax or wrongfully avail tax benefits is evident and *mens rea* or guilty mind is palpable. Mere disagreements on interpreting a tax levy should not result in an arrest, the Board has said, underlining that the power to arrest must be exercised carefully as it impinges on personal liberty. Although the CBIC took a year to respond to the apex court’s conclusion that an arrest must not be made just because it can be made, its latest diktats will assuage discomfort among GST payers about tax terror of a new variety. While the GST Council will continue to navigate the remaining clean-up of exemptions and inverted duty structures and revamp of the messy multiple tax rates with an eye on ramping up revenues from the still-evolving tax regime, easing its compliance hassles is equally critical. Taxpayers and officials can always differ on what the fine print means, and oversights or mistakes may crop up in filings that may not necessarily be *mala fide*. Distinguishing these from genuinely evasive ploys of a few taxpayers, and following a well-reasoned process to prosecute those who err by design, will go a long way in making the GST a truly Good and Simple Tax for businesses rather than a fresh fear factor to fret over.

# Resolution confuses more than it clarifies: MPC's Varma argued

'Withdrawal of accommodation should have been dropped given other factors'

LALATENDU MISHRA  
MUMBAI

The Monetary Policy Committee's August 5 resolution accompanying the RBI's interest rate increase, which stressed that the MPC would "remain focused on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth" ideally ought to have been dropped as it would only provide 'confusing guidance', MPC member Jayanth R. Varma said at the panel's meeting, the minutes released on Friday show.

"This statement confuses more than it clarifies," Mr. Varma observed. "Because



**Terminal rate:** 'A plain reading of the phrase would mean the MPC was set on taking the repo rate back to 6.5%'. ■AFP

the rate hike in this meeting takes the policy rate above the pre-pandemic level, "withdrawal of accommodation" ... can only mean withdrawal of the pre-pandemic accommodation that began

with the rate cut from 6.50% to 6.25% in February 2019. A plain reading... would then be that the MPC is focused on taking the repo rate back to 6.50%," he said.

Such an indication of a

terminal repo rate of 6.50% was totally unwarranted in the current situation given that the Ukraine war and monetary tightening in the advanced economies posed a very serious risk of recession in the world economy, he stressed.

However, given that inflation was at unacceptably high levels, and the projected trajectory was also above target during the entire forecast horizon, he noted that "further withdrawal of accommodation is warranted".

"The resolution should... be interpreted only as stating that there is a high likelihood of further front-loaded tightening," he emphasised.

# Mishap at Meghalaya coal mine leaves one dead, another hurt

Accidents in such illegal mines have claimed at least 30 lives in last five years

**SPECIAL CORRESPONDENT**  
GUWAHATI

An accident at an illegal coal mining in Meghalaya killed one person and left another battling for his life.

Police said the incident happened in the Shallang area of West Khasi Hills district on Thursday night. The cause of the mishap was not immediately known.

“According to the preliminary report I have received from the team sent to the remote area, the body of one person was recovered while the injured was rescued,” the district’s Superintendent of Police, Herbert G. Lyngdoh said.

The two persons, who were trapped in the coal mining, were identified as Lependro Sangma, 34, and Hendid Momin, 33, both



**Death traps:** The National Green Tribunal has banned the hazardous rathole mining. ■ FILE PHOTO

from Uguri village. Sangma died on the spot, police said.

Anti-coal mining activist Agnes Kharshiing, who survived a near-fatal attack by the henchmen of some coal barons in 2018, said the incident has once again exposed the State government’s claim that there is no illegal rathole coal mining in Meghalaya.

The National Green Tribunal had banned the hazardous rathole coal mining in April 2014. The Supreme Court also imposed restrictions later on, allowing only the coal extracted till the ban came into effect to be transported.

But coal mining has continued illegally allegedly be-

cause several politicians and officials are either owners of the mines or are involved in the illegal coal trade. Consequently, accidents in the unregulated mines have claimed at least 30 lives in the last five years.

In March, the High Court of Meghalaya had directed the Conrad K. Sangma government to set up a committee “without any political interference” to implement the ban on rathole coal mining.

The court had directed the government to dispose of the previously-mined coal and ensure that there is no fresh mining. Assigning a probe by retired judge B.P. Katakey, the high court also cited allegations that coal continues to be illegally mined in Meghalaya.

### General Studies Paper I

A	History of Indian culture will cover the salient aspects of art forms, literature and architecture from ancient to modern times;
B	Modern Indian history from about the middle of the eighteenth century until the present-significant events, personalities, issues;
C	Freedom struggle-its various stages and important contributors / contributions from different parts of the country;
D	Post-independence consolidation and reorganization within the country;
E	History of the world will include events from 18 <sup>th</sup> century such as industrial revolution, world wars, re-drawing of national boundaries, colonization, decolonization,
F	Political philosophies like communism, capitalism, socialism etc.-their forms and effect on the society
G	Salient features of Indian Society, Diversity of India;
H	Effects of globalization on Indian society;
I	Role of women and women's organization;
J	Social empowerment, communalism, regionalism & secularism
K	Salient features of world's physical geography;
L	Geographical features and their location- changes in critical geographical features (including water bodies and ice-caps) and in flora and fauna and the effects of such changes;
M	Important Geophysical phenomena such as earthquakes, Tsunami, Volcanic activity, cyclone etc.
N	Distribution of key natural resources across the world (including South Asia and the Indian subcontinent);
O	Factors responsible for the location of primary, secondary, and tertiary sector industries in various parts of the world (including India);
P	Population and associated issues;
Q	Urbanization, their problems and their remedies

### General Studies Paper II

A	India and its neighbourhood- relations;
B	Important International institutions, agencies and fora- their structure, mandate;
C	Effect of policies and politics of developed and developing countries on India's interests;
D	Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests.
E	Indian Constitution, historical underpinnings, evolution, features, amendments, significant provisions and basic structure;
F	Comparison of the Indian Constitutional scheme with other countries;
G	Functions and responsibilities of the Union and the States, issues and challenges pertaining to the federal structure, devolution of powers and finances up to local levels and challenges therein; Inclusive growth and issues arising from it;
H	Parliament and State Legislatures - structure, functioning, conduct of business, powers & privileges and issues arising out of these;
I	Structure, organization and functioning of the executive and the judiciary, Ministries and Departments;

J	Separation of powers between various organs dispute redressal mechanisms and institutions;
K	Appointment to various Constitutional posts, powers, functions and responsibilities of various Constitutional bodies;
L	Statutory, regulatory and various quasi-judicial bodies;
M	Mechanisms, laws, institutions and bodies constituted for the protection and betterment of these vulnerable sections;
N	Salient features of the Representation of People's Act;
O	Important aspects of governance, transparency and accountability, e-governance- applications, models, successes, limitations, and potential;
P	Citizens charters, transparency & accountability and institutional and other measures;
Q	Issues relating to poverty and hunger,
R	Welfare schemes for vulnerable sections of the population by the Centre and States, Performance of these schemes;
S	Issues relating to development and management of social sector / services relating to education and human resources;
T	Issues relating to development and management of social sector / services relating to health
General Studies Paper III	
A	Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment;
B	Effects of liberalization on the economy, changes in industrial policy and their effects on industrial growth;
C	Inclusive growth and issues arising from it;
D	Infrastructure Energy, Ports, Roads, Airports, Railways etc. Government budgeting;
E	Land reforms in India
F	Major crops, cropping patterns in various parts of the country, different types of irrigation and irrigation systems;
G	Storage, transport and marketing of agricultural produce and issues and related constraints;
H	e-technology in the aid of farmers; Technology Missions; Economics of Animal-Rearing.
I	Issues of buffer stocks and food security, Public Distribution System- objectives, functioning, limitations, revamping;
J	Food processing and related industries in India – scope and significance, location, upstream and downstream requirements, supply chain management;
K	Issues related to direct and indirect farm subsidies and minimum support prices
L	Awareness in the fields of IT, Space, Computers, robotics, nano-technology, bio-technology;
M	Indigenization of technology and developing new technology;
N	Developments and their applications and effects in everyday life;
O	Issues relating to intellectual property rights
P	Conservation, environmental pollution and degradation, environmental impact assessment
Q	Disaster and disaster management
R	Challenges to internal security through communication networks, role of media and social networking sites in internal security challenges, basics of cyber security;
S	Money-laundering and its prevention;

T	Various forces and their mandate;
U	Security challenges and their management in border areas;
V	Linkages of organized crime with terrorism;
W	Role of external state and non-state actors in creating challenges to internal security;
X	Linkages between development and spread of extremism.
<b>General Studies Paper IV</b>	
A	Ethics and Human Interface: Essence, determinants and consequences of Ethics in human actions;
B	Dimensions of ethics;
C	Ethics in private and public relationships. Human Values - lessons from the lives and teachings of great leaders, reformers and administrators;
D	Role of family, society and educational institutions in inculcating values.
E	Attitude: Content, structure, function; its influence and relation with thought and behaviour;
F	Moral and political attitudes;
G	Social influence and persuasion.
H	Aptitude and foundational values for Civil Service , integrity, impartiality and non-partisanship, objectivity, dedication to public service, empathy, tolerance and compassion towards the weaker sections.
I	Emotional intelligence-concepts, and their utilities and application in administration and governance.
J	Contributions of moral thinkers and philosophers from India and world.
K	Public/Civil service values and Ethics in Public administration: Status and problems;
L	Ethical concerns and dilemmas in government and private institutions;
M	Laws, rules, regulations and conscience as
N	sources of ethical guidance;
O	Accountability and ethical governance; strengthening of ethical and moral values in governance; ethical issues in international relations and funding;
P	Corporate governance.
Q	Probity in Governance: Concept of public service;
R	Philosophical basis of governance and probity;
S	Information sharing and transparency in government, Right to Information, Codes of Ethics, Codes of Conduct, Citizen's Charters, Work culture, Quality of service delivery, Utilization of public funds, challenges of corruption.
T	Case Studies on above issues.