

UPSC 2017: Comprehensive News Analysis – Sept 14

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Category: POLITY

1. [OBC creamy layer income limit raised to ₹18 lakh per annum](#)

In news:

- The "creamy layer" ceiling for OBC reservation has been raised to ₹18 lakh per year.
- These measures are part of the government's efforts to ensure greater social justice and inclusion for members of the Other Backward Classes.

2. [Chakma-Hajong issue still open](#)

Background information:

- Chakmas and Hajongs were originally residents of the **Chittagong Hill Tracts** in erstwhile East Pakistan who left their homeland when it was submerged by the **Kaptai dam project** in the 1960s.
- The Chakmas, who are Buddhists, and Hajongs, who are Hindus, also allegedly faced religious persecution and entered India through the then Lushai Hills district of Assam (now Mizoram).

Government decision to grant citizenship:

- As per the Supreme Court's order, the government would grant citizenship to over one lakh **Chakma-Hajongs**, **Buddhists** and **Hindu refugees** who came to India from the **Chittagong Hill Area** in undivided Pakistan in the 1960s.
- **Middle path:** the refugees will not be given rights, including land ownership, enjoyed by the Scheduled Tribes in Arunachal Pradesh.
- They may be given **Inner Line permits** required for non-local people in Arunachal Pradesh to travel and work.

Basic Information:

Inner Line Permit

- Inner Line Permit (ILP) is an official travel document issued by the Government of India to allow inward travel of an

- Indian citizen into a protected area for a limited period.
- It is obligatory for Indian citizens from outside those states to obtain a permit for entering into the protected state.
- The document is an effort by the government to regulate movement to certain areas located near the international border of India.
- There are different kinds of ILP's, one for tourists and others for people who intend to stay for long-term periods, often for employment purposes.
- The states which require the permit are:

1. Arunachal Pradesh – issued by the secretary (political) of the Government of Arunachal Pradesh. It is required for entering Arunachal Pradesh through any of the check gates across the interstate border with Assam or Nagaland.
2. Mizoram – Issued by the Government of Mizoram. It is required for entering Mizoram through any of the check gates across the inter-State borders.
3. Nagaland – Issued by the Government of Nagaland. It is mandatory for Indian citizens of other states entering Nagaland through any of the check gates across the interstate borders. Dimapur, Nagaland's largest city and porthead, is the only place in the state which does not require an ILP, and Indians arriving by air at Dimapur Airport can arrive and stay in the city without one.
4. Indian citizens also need a Nagaland-issued ILP if entering Manipur by road via Dimapur or Kohima. However, demands by the Government of Manipur for the introduction of the provision of an Inner Line Permit system to restrict entry of outsiders into the state were refused.

- An ILP was previously required for certain parts of the Leh district in Jammu and Kashmir.
- There are also ongoing demands for the introduction of ILP in Assam, Meghalaya and Manipur to regulate entry of outsiders into the state.

3. Maharashtra's employment-linked scheme to increase mangrove cover

- In news:**
- Maharashtra state cabinet approved the Mangrove Protection and Employment Generation Scheme for 2017-18 and has made Rs 15 crore budgetary provision for it.
 - This special scheme to preserve mangroves on public and private land and to provide employment opportunities – linked to mangrove cover – to people of the selected areas. The decision will help in protecting mangroves on around 30,000 hectares.
 - Employment would be generated by setting up businesses such as crab farming, bee keeping, rice farming, fish farming and tourism. The businesses can be run through a committee or by an individual
 - It will help in many people coming forward voluntarily for preserving mangroves.
 - Committees would be set up in villages having mangrove cover to ensure group benefits by forming organisational structure.

The committee will also prepare a micro plan for mangrove preservation, protection, setting up protection fences and improving quality of mangroves.

4. We need to talk about rural distress

- Context:**
- Farmers are under siege – a policy upgrade is essential
 - India's agricultural policy has historically disincentivised the creation of a formal credit culture among farmers.

- Exploitation during colonial rule:**
- Tinkathia system :**
 - Farmers in Bihar's Champaran district were forced to set aside 15% of their land to cultivate indigo under this system.
 - The farmers were subjected to a variety of extortionist cesses, or **abwabs** .

- Reality of Indian Farming:**
- Marginal farming in India is **a highly complex and decision-intensive process** .
 - Decisions to be made by farmers considering various facts:
 - Choice of crops (annual or short term) and their time of tillage.
 - Rising prices of agricultural inputs, availability of water, soil suitability and pest management.
 - All these factors create a narrow window of economic benefit for the marginal farmer.
 - Cautious approach need to be followed by the farmer because a wrong decision can wreak havoc.

- Punjab University Study highlights the Debt levels among the farming community:**
- Land holdings:** average landholding size decreased from 2.3 ha in 1971 to 1.16 ha in 2011.

Land – Holdings	Debt-to-income ratio
Greater than 10 hectares	0.26
Medium: 4-10 ha and semi-medium: 2-4 ha	0.34
Small :1-2 ha and marginal(less than a hectare)	0.94 and 1.42 (greater debt burden)
	Over 50% of their loans are from non- banking sector

Key stats:

- Level of earnings:
- A farmer now typically earns ₹12,400 a month per hectare of paddy and about ₹12,600 a month per hectare of wheat.
- Farm labourers earn less than ₹15,000 a
- About 30.5 million left farming between 2004-05 and 2010-11, seeking employment in the secondary and tertiary sectors.
- In 2011, the Planning Commission estimated that the size of this agricultural workforce would shrink to less than 200 million by 2020.
- Farmer's suicide: Farmer suicides have also grown primarily in States with limited irrigation and variable rainfall, comprising 87.5% of all farmer suicides in 2015. Over 3,21,428 farmers committed suicide in the last 20 years.

Institutional support:

- The National Bank for Agriculture and Rural Development: established in 1982, has sought to provide financing support for tube-well irrigation, farm mechanisation and other ancillary activities.
- 2004-05 Union Budget sought to double agricultural credit.
- In 2006, a 2% interest subvention was provided. Allowing farmers to avail of kisan credit card (KCC) loans at 7% per annum (up to ₹13 lakh)
- In 2011, the government provided a further 3% interest subvention for farmers making immediate payments on their KCC loans.
- **Farm loan waivers politics :**
- **1990:** nationwide agriculture loan waiver.
- **2009:** Another agricultural loan waiver was sanctioned, just before the Lok Sabha election.
- More recently, the Uttar Pradesh government's farm loan waiver scheme has been replicated in Maharashtra, Punjab and Karnataka and estimated to total up to 0.5% of India's GDP.

Loan waivers impacts:

- Deleterious impact on the provision of rural credit
- Breeds credit indiscipline among farmers and leads to a shortfall in rural credit growth.
- When the next election is likely to bring about another farm loan waiver, why would any farmer seek to pay off his loans early?

Way forward:

- Greater subsidies could be extended for the purchase of agricultural equipment, fertilizers and pesticides
- Expansion of medical insurance coverage through the **Rashtriya Swasthya Bima Yojna**.
- The scope of the Mahatma Gandhi National Rural Employment Guarantee Act could be increased. Allowing marginal farmers to be paid for tilling their own fields could reduce their input costs.
- Need of the hour is a **national conversation on rural distress**.

5. Subnationalism not a threat

Context:

- India is witnessing the re-emergence of **subnationalism** as a political idea.
- The key issue of contention is regarding a separate State flag for Karnataka.

Politics in Karnataka:

- Karnataka is neither ruled by a regional party nor has shown any significant separatist or secessionist tendencies in the past.
- Karnataka has had an unofficial **yellow-and-red flag** for almost 50 years, the government is now considering adopting an official State flag.
- Protest against the imposition of Hindi, most notably on the signboards of Namma Metro stations in Bengaluru.
- Karnataka Chief Minister Siddaramaiah has strongly come out in support of the State flag and against the use of Hindi signboards in the Metro.

Accommodating multiple identities:

- The nationalist movement had furthered a pluralistic idea of India.
- The following key legislative moves ensured that Indian national identity is not homogeneous.
- **States Reorganisation Act, 1956:** green signal for formation of states based on linguistic criteria.
- The Official Languages Act of 1963 prevented the planned transition of India's official language from English to Hindi. These key legislative moves ensured that Indian national identity is not homogeneous.
- **India does not follow a classical majoritarian form of democracy.**
- The first-past-the-post electoral system tends to favour ethnocultural majorities, but there are also certain group-based fundamental rights provided in the Constitution, such as in Articles 29 and 30.
- Part XXI of the Constitution has a set of special provisions for certain States and sub-State regions, while the Fifth and Sixth Schedules give special institutional measures for the administration of areas with high Scheduled Tribe populations.
- **Consociational system:**
- Providing for formal power-sharing arrangements between different social groups.
- Concept given by political scientist Arend Lijphart's.
- India does not neatly fit here also.
- India may be classified as a 'state-nation' which respects 'multiple but complementary' sociocultural

identities and provides constitutional mechanisms to accommodate political claims arising out of these identities as argued by Alfred Stepan, Juan Linz and Yogendra Yadav.

Furthering a plural democracy

- The accommodation of linguistic and cultural diversities does not merely help maintain the integrity of India's national boundaries, but also promotes **positive social outcomes**.
- **Prerna Singh's work:** 'How Solidarity Works for Welfare', has argued that subnationalism is positively linked to social development.
- Greater the level of subnational solidarity, higher will be the State's commitment to social welfare.
- Kerala's success is the most striking example.
- She contrasts Kerala and Tamil Nadu with Uttar Pradesh, a development laggard with little subnational solidarity, to argue her point.

Sub nationalism to be viewed as a constructive element:

- India's pluralistic nationalism celebrates the coexistence of multiple identities.
- The assertion of subnational pride in States like Karnataka counters attempts at advancing the homogenising narrative of Hindi-Hindu-Hindustan.
- As long as subnationalism is not secessionist, or aimed at othering sections of the population, it should not be viewed as a threat, but rather as a constitutive element of India's plural democracy.

Category: INTERNATIONAL AFFAIRS/BILATERAL RELATIONS

1. [Indo-Russian war games in Oct.](#)

In news:

- **The Indra Exercise:** India and Russia have begun discussions to work out the modalities for their first **tri-service military exercise** to be held in October.
- **Key fact: It will also be India's first bilateral military exercise with any country involving all three services.**
- **Main objective:** to carry out joint exercises for suppression of international terrorist activities under the United Nations mandate.

2. [A push for cooperation in S&T and medical research](#)

Context:

- Japan's Prime Minister Shinzo Abe's visit to India.

In news:

- **Agreements signed:** cooperation in science and technology, including research into stem-cells for making bone-marrow transplants more accessible.
- The Department of Biotechnology (DBT) already has an **India-Japan cooperative programme** that has Christian Medical College & Hospital, Vellore, and Kyoto University, Japan, as participants.
- The aim of the programme is to develop infrastructure and expertise for India to be a competitive force in regenerative medicine and induced pluripotent stem cell biology.
- The focus of the collaboration is on developing treatments for sickle-cell anaemia, Beta thalassemia and brain disorders, and creating a haplobank relevant to Indian population.
- What is a haplobank? "Haplobank" refers to a specially maintained collection of embryonic cells that can, in theory, be directed to become any kind of cell and thus progenitor of replacement organs.

3. [Open to talks on reopening Nathu La for Kailash pilgrims: China](#)

Reopening of Nathu La

- China indicated that it is ready to continue communication with India over reopening **Nathu La in Sikkim** to facilitate the **Kailash Mansarovar pilgrimage**.
- The route was closed in June following tension over the Doklam standoff.
- According to the agreement reached between the two leaders and based on the fact that the western section of the India-China boundary has been recognised by the two sides, China opened the pass to the Indian pilgrims.
- The Sikkim route to Mansarovar was opened in 2015.

Hydrological data

- In August, the Ministry of External Affairs had stated that India had not received hydrological data from China this year.
- Regarding sharing hydrological data with India on the **Brahmaputra and Sutlej rivers**, China said that it was not possible as data stations in Tibet were being upgraded.
- Under a bilateral mechanism established in 2006, China is expected to share hydrological data on the two rivers during the flood season between May 15 and June 15.
- China will start providing data again depending on the progress of the ongoing work.
- The hydrological data is used to anticipate the flow of water from the upper riparian states into India and Bangladesh and deal with flooding.
- China has been building major dams on the Brahmaputra river to generate hydel power. It operationalised Zangmu hydroelectric project in October 2015 and three more are under construction.

4. [The case for alliance](#)

Context:

- Rise of China and uncertainty over America's role in Asia has brought Japan and India closer

India-Japan

- Japan was the only nation extended public support to India during the Doklam confrontation with China
- In the aftermath of India's nuclear tests, Tokyo was at the forefront of the international condemnation and the imposition of collective economic measures against Delhi.
- But now Japan has come closest to being India's natural ally in Asia.

Factors that are threatening to unravel the post-war order in Asia .

- Rapid rise of China: Purposeful military modernisation over the last few decades has given Beijing levers to contest US military dominance over Asia.
- Growing uncertainty over America's future role in Asia

Rising China

- Rising China has dethroned Japan as the number one economic power in Asia.
- China's GDP is now five times larger than that of India.
- Beijing outspends Delhi and Tokyo on defence by more than four times. According to the London-based International Institute of Strategic Studies, China's defence budget (\$216 billion) is more than twice that of India (\$56 billion) and Japan (\$46 billion) put together

Uncertainty over America's role in Asia

- President Donald Trump is challenging the two foundations of America's post-war primacy in Asia –
 - The willingness to act as the market for Asian goods
 - Defending its allies in the region, including Japan.
- As they cope with China's assertiveness, India and Japan also worry about the consequences of a potential American retrenchment or a deliberate decision in Washington to cede more space to Beijing in Asia.
- Delhi and Tokyo also need to insure against wild oscillations in US policy. One way of doing that is to move towards a genuine alliance between India and Japan.

Alliance between India and Japan

- It can neither replace the American might nor contain China.
- As Beijing's neighbours, they have a big stake in a cooperative relationship with Beijing and also a strong incentive to temper some of China's unilateralism through a regional balance of power system
- The cooperation between India-Japan is increasing through civil nuclear agreement, high speed railway development, and modernisation of transport infrastructure in the Northeast.
- Tokyo and Delhi have expanded their maritime security cooperation, agreed to work together in promoting connectivity and infrastructure in third countries in India's neighbourhood.

Defence partnership?

- Without a significant defence relationship, the talk of an alliance between India and Japan remains meaningless.
- Although military exchanges expanded over the last few years, the two sides are far from a credible defence partnership that can shape the regional security architecture in the coming decades.
- That negotiations on India's purchase of Japanese amphibious aircraft, US-2i, have been stuck for years underlines part of the problem.
- It is necessary to overcome the bureaucratic inertia that limits the defence possibilities between India and Japan.

Category: ECONOMY

1. [Corporate debt, a drag on economy](#)

Context:

- **Corporate debt and its impact on Indian Economy.**

In news:

Thomson Reuters data highlights:

- Study based on the latest annual earnings report
- India's corporate debt rose to a seven-year high at the end of March.
- More than a fifth of large companies did not earn enough to pay interest on their loans and the pace of new loans fell to the lowest in more than six decades.
- The Indian government reported that annual GDP growth in the quarter ended June dropped to 5.7. It was blamed on attempts by the government to flush out money hidden from the tax man, which caused a cash crunch, and the introduction of a general sales tax (GST), which prompted businesses and consumers to hit the pause button.
- **Key Stats:**

1. Net debt for 288 companies with a **market capitalisation** of more than \$500 million, covering most big firms in India, has hit at least a seven-year high of \$1.18 trillion (\$281 billion).
2. **Soured debt** was 12% of total loans held by lenders at the end of March.

3. More than a fifth of 513 Indian companies had interest cover of less than 1%.
4. **Gross capital formation**, a gauge of private investment, fell to less than 30% of GDP in the June quarter, from 31% a year earlier and 38% a decade ago.

Basic Information:

- **Sour debt:** Non-performing loan on which interest is overdue and full collection of principal is uncertain. According to typical banking regulations, if interest has not been paid for 90 days the loan is put on a cash basis. Thus, its interest cannot be credited to the bank's revenue account until it has actually been received. Loans which have adequate collateral (such as home mortgages), and some types of consumer loans, are generally exempt from this requirement. Also called doubtful loan, sour loan, troubled loan.
- **Capital formation** is a term used to describe the net capital accumulation during an accounting period for a particular country, and the term refers to additions of capital stock, such as equipment, tools, transportation assets and electricity. Countries need capital goods to replace the current assets that are used to produce goods and services, and if a country cannot replace capital goods, production declines. Generally, the higher the capital formation of an economy, the faster an economy can grow its aggregate income.
- **Market Capitalization:** the value of a company that is traded on the stock market, calculated by multiplying the total number of shares by the present share price.

2. [Slow creep](#)

Context:

- **Daily pricing of petrol and diesel policy**
- Since the introduction of daily pricing of petrol, the price of petrol in Delhi has cumulatively increased by almost ₹1,

Reason for implementation:

- To ensure the benefit of lower international crude oil prices is passed on to domestic consumers.
- **Real picture:** comparison of crude oil prices with domestic petrol and diesel prices, suggests that this argument is far from convincing.
- In 2012, barrel of crude: \$120, a litre of petrol: ₹165 in retail fuel stations.
- Today, crude basket price has dropped to around \$50, the retail price of petrol is well over the ₹170 mark.

Earlier practice:

- 2010-2014:
- Deregulation of petrol and diesel pricing.
- Fuel prices to be determined primarily by the forces of supply and demand.

Reasons for the current price mismatching:

- Heavy taxes imposed on domestic fuels.
- Excise duty and value added tax are the main culprits.
- **True fact:** About half the price paid by the Indian end-consumer for petrol goes towards paying these taxes.
- The government's excise duty collection, for instance, has more than doubled during the period 2014-17, from ₹199,184 crore to ₹2,42,691 crore. This suggests quite clearly that the government, not the consumer, has been the biggest beneficiary of lower crude oil prices since 2014.

Can GST be the possible solution?

- Alternative tax such as the goods and services tax (GST), even at its highest slab of 28%, would substantially lower the current tax burden on fuels.
- Apart from making petrol and diesel more affordable to many more people in the lower rungs of the economy, it will also decrease the economic distortions caused by extraordinarily high taxes imposed on automobile fuels that are widely used.

Way forward

Along with lower taxes, greater competition in the fuel retailing market will allow further cost efficiencies to kick in and lead to lower prices for consumers.

3. [Petrol, diesel should come under GST, says Pradhan](#)

Context:

- Daily revision in petrol and diesel prices.
- ₹13 per litre spike since July

In news:

- Many States have drastically increased **value-added tax**.
- GST Council should consider bringing the petroleum products in the ambit of GST.
- **Key Fact:**

1. India relies on imports to meet 80% of its needs and so domestic fuel rates have been aligned to the movement of equivalent product prices in the international market since April 2002.
2. Previously, the rates were changed every fortnight but since June 16 they are being revised daily.

4. [Workers to get unique number](#)

In news:

New Labor reforms on the anvil: Every worker in the **unorganised and organised sector** will get a unique identification number that will make it easier for them to get benefits under different social schemes.

5. [India needs data safety reforms](#)

In news:

- United Nations™ Resident Coordinator in India Yuri Afanasiev said :India needs **regulatory reforms** to protect people against fraud and misuse of data by unscrupulous elements.
- Current protocols for encrypted data transfer, from money to medical records, to be shared between many companies, people and institutions have raised questions on how this data will be stored and accessed.

Nothing here for Today!!!

Nothing here for Today!!!

F. Practice Questions for UPSC Prelims Exam

G. UPSC Mains Practice Questions

GS Paper I

1. Examine critically the various economical policies of British in India from mid-eighteenth century till Independence.

GS Paper II

1. The penetration of Self Help Groups in rural areas in promoting participation in development programmes is facing socio-cultural hurdles. Examine.