

UPSC 2017: Comprehensive News Analysis – June 20

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UPSC Current Affairs 2017: News Analysis

A. GS1 Related

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Category: **POLITY**

1. [Bihar Governor Ram Nath Kovind is NDA's presidential candidate](#)

Context: The NDA government at the Centre has named Dalit politician Ram Nath Kovind as its Presidential candidate

Who is Mr. Kovind?

- Presently the governor of Bihar
- He is a two-time Rajya Sabha member
- BJP's former national spokesperson
- He headed the BJP's Scheduled Caste Morcha between 1999 and 2002
- Hailing from the Koli community, which is classified as a Scheduled Caste in Uttar Pradesh
- Kovind was an advocate by profession before entering politics full-time

Basic Information:

President election

- The President of the Republic of India is the Head of State of India and the Commander-in-chief of the Indian Armed Forces
- The President is indirectly elected by the people through elected members of both the houses of the Parliament of India, the Legislative Assemblies of all the states of India and the Legislative Assembly of the Union Territory of Puducherry, as well as, the Legislative Assembly of the National Capital Territory of Delhi
- The election is held in accordance to the system of Proportional representation by means of the Single transferable vote method
- The voting takes place by secret ballot system
- The manner of election of President is provided by **Article 55** of the Constitution
- Each elector casts a different number of votes
- The general principle is that the total number of votes cast by Members of Parliament equals the total number of votes cast by State Legislators
- Legislators from larger states cast more votes than those from smaller states
- The actual calculation for votes cast by a particular state is calculated by dividing the state's population by 1000, which is divided again by the number of legislators from the State voting in the electoral college
- This number is the number of votes per legislator in a given state

- Every elected member of the parliament enjoys the same number of votes, which may be obtained by dividing the total number of votes assigned to the members of legislative assemblies by the total number of elected representatives of the parliament

2. [GST: Anti-profiteering panel to levy penalty, to have sunset date of two years](#)

In News:

- The National Anti-Profiteering Authority, to be set up under the Goods and Services Tax (GST) regime, will have wide-ranging powers
- It will be able to issue notices to anybody that it feels warrants a "fair enquiry" as per the rules finalised by the GST Council

Powers given to authority:

- Order a reduction in prices
- Impose a penalty
- Cancel the registration of a company deemed to have not passed on a tax rate reduction to consumers

Structure of proposed authority:

- Authority is to be chaired by either a **retired High Court judge** OR a **member of the Indian Legal Service** who has at least three years of experience at the level of Additional Secretary or higher.

Process:

- **Step 1:** There will be a Standing Committee, which would receive complaints from anyone about profiteering practices
- **Step 2:** The Standing Committee, after reviewing the prima facie evidence, will refer the matter to the Director-General of Safeguards (DGS) for a detailed investigation
- **Step 3:** The DGS must complete its investigation within three months of receiving the reference from the Standing Committee OR furnish in writing reasons for a delay, which itself cannot exceed three months more

Total time to be taken: The Authority will have three months to issue its verdict following the investigation by the DGS, which means the entire procedure, from investigation to verdict, cannot exceed nine months

Basic Information:

Anti Profiteering:

- Since goods and services are taxed at multiple stages of supply chain, any changes in tax structure or tax rates create an opportunity for improved profit margin at each stage of supply chain.
- Clause 171 has been inserted in the GST bill which provides that it is mandatory to pass on the benefit due to reduction in rate of tax or from input tax credit to the consumer by way of commensurate reduction in prices.

Category: **INTERNATIONAL RELATIONS**

1. [India becomes 71st country to ratify United Nations TIR Convention](#)

Context

- India has become the 71st country to ratify the United Nations TIR Convention
- This will boost trade and regional integration across South Asia and beyond
- The step will also fast-track the region's potential to become a strategic trade hub

What is TIR?

- TIR is the global standard for goods customs transit managed and developed by IRU
- IRU is the world road transport organization
- China was the last TIR contracting party who acceded to the Convention on July 6, 2016
- The TIR system has been facilitating trade and international road transport for over 60 years
- It allows customs-sealed vehicles and freight containers to transit countries, without border checks

Advantages of joining TIR

- Accession to the TIR Convention is part of India's multi-modal transport strategy
- It aims to integrate the economy with global and regional production networks through better connectivity
- TIR will help India to integrate with Myanmar and Thailand as well as Bangladesh, Bhutan and Nepal
- It will also enable India to move cargo along the International North-South Transport Corridor via Chabahar port in Iran
- This will make it easier to access land-locked Afghanistan and the energy-rich Eurasian region

Financial benefits

- According to a study in the UNESCAP region, it is estimated that implementing TIR could generate economic benefits ranging from 0.14 to 1.31% of national GDP
- Adopting TIR in selected UNESCAP (United Nations Economic and Social Commission for Asia and the Pacific) countries including India will save USD 35 billion in transit costs over five years

Basic Information

UN TIR Convention:

- The Convention on International Transport of Goods Under Cover of TIR Carnets (TIR Convention) is a multilateral treaty that was concluded at Geneva on 14 November 1975
- It was to simplify and harmonise the administrative formalities of international road transport
- TIR stands for "Transports Internationaux Routiers"™ or "International Road Transports"™
- The conventions were adopted under the auspices of the United Nations Economic Commission for Europe (UNECE)
- The TIR Convention establishes an international customs transit system with maximum facility to move goods:
 - In sealed vehicles or containers;
 - From a customs office of departure in one country to a customs office of destination in another country;
 - Without requiring extensive and time-consuming border checks at intermediate borders;
 - Providing customs authorities with the required security and guarantee
- The TIR system not only covers customs transit by road but a combination is possible with other modes of transport (e.g., rail, inland waterway, and even maritime transport), as long as at least one part of the total transport is made by road

C. GS3 Related

Category: ECONOMY

1. [Fuel price revisions: Burying the administered price mechanism ghost](#)

In News:

- India has formally dismantled the administered price mechanism or APM for petrol and diesel
- In India, like in the US and Australia, domestic diesel and petrol prices have now been globalized

Effects on Indian Economy Structure:

- India is now a step closer to become a competitive market economy defined by rules as opposed to the existing exception-based regime

Drawbacks of earlier system:

- Prior to this decision, petroleum prices were administered (read subsidized)
- It led to inefficient allocation of a scarce resource
- It also became a fiscal problem, as the subsidies were buried in what was known as the oil pool account, details of which were all but opaque

Challenges:

- At present, crude oil prices are hovering around the \$50 mark.

But if price increases then it can create political problems for government

2. [Nitty-gritty of bankruptcy code](#)

In News:

- Reserve Bank of India said its internal advisory committee (IAC) had identified 12 accounts, which account for 25% of non-performing assets of the Indian banking system for immediate resolution under the Insolvency and Bankruptcy Code (IBC)
- The gross bad debt in the banking system as on March was Rs. 7.11 lakh crore, which means the 12 accounts contribute to about Rs. 1.78 lakh crore

Meaning of bankruptcy

A company is bankrupt if it is unable to repay debts to its creditors (banks, suppliers etc).

Bankruptcy out come:

- The inability to repay debts by some of the Indian firms has resulted in a huge pile of non-performing assets for the banking system
- RBI had earlier hinted that stress was coming from sectors such as power, telecom, steel, textiles and aviation

RBI and IBC role:

- The government had recently amended the RBI Act
- It gave powers to the central bank to direct banks to take punitive action against individual accounts under IBC

IBC Process:

A mechanism to free up the money stuck as bad loans is one of the key for the banking system. IBC is seen as one such

- **Step 1:** Any creditor including banks can start bankruptcy proceedings against defaulters by filing a petition with the National Company Law Tribunal
- **Step 2 :** After that, an insolvency professional with significant powers is appointed to take control of the defaulting company and assist the process
- **Step 3:** A creditors committee is formed to represent the interest of lenders and any other party that have been affected due to the default by the company

Committee task:

- The committee should come up with a resolution plan (which may include selling off defaulted loans or liquidate the company outright)
- The resolution would require a nod from 75% of the creditors on the committee

Timeline:

- The insolvency professional gets 180 days to come up with a feasible solution on the default issue. The timeline can be extended by another 90 days

After Deadline:

- If no solution is found within 270 days, a liquidator is appointed
- The company can also opt for voluntary liquidation by a special resolution in a general meeting

Basic Information:

The National Company Law Tribunal (NCLT):

- The National Company Law Tribunal (NCLT) is a quasi-judicial body in India that adjudicates issues relating to companies in India. The NCLT was established under the Companies Act 2013 and was constituted on 1 June 2016
1. The NCLT has the power under the Companies Act to adjudicate proceedings;
 2. Initiated before the Company Law Board under the previous act (the Companies Act 1956);
 3. Pending before the Board for Industrial and Financial Reconstruction (BIFR), including those pending under the Sick Industrial Companies (Special Provisions) Act, 1985;
 4. Pending before the Appellate Authority for Industrial and Financial Reconstruction; and
 5. Pertaining to claims of oppression and mismanagement of a company, winding up of companies and all other powers prescribed under the Companies Act.
 6. Decisions of the NCLT may be appealed to the National Company Law Appellate Tribunal.

Category: *INTERNAL SECURITY*

1. [Scorpene submarines to join Navy without AIP modules](#)

Context

- The last two Scorpene submarines to be rolled out of the manufacturing line without the **Air Independent Propulsion (AIP) system**
- **Air Independent Propulsion (AIP) system:** This system is meant to extend the reach of the conventional diesel-electric submarines

Manufacturers: Two of the six Scorpene submarines are being manufactured by Mazgaon Docks Limited (MDL) in Mumbai

What is AIP module?

- The AIP module is being developed by Defence Research and Development Organisation (DRDO)
- The module enables conventional submarines to stay remain underwater for a longer duration
- It greatly increases the submarines stealth characteristics

Option available:

- The only option of installing the AIP system is during the refit of the submarine. This is six years after induction

Basic Information:

Scorpene submarine

- The Scorpene-class submarines are a class of diesel-electric attack submarines
- They are jointly developed by the French Direction des Constructions Navales (DCN) and the Spanish company Navantia, and now by DCNS
- It features diesel propulsion and additional air-independent propulsion (AIP).

2. [Issue over poor man's food jowar: House panel questions need to develop GM Sorghum](#)

Context

- The controversy over GM Mustard rages on
- Another row is over GM crop version of jowar " or sorghum
- Sorghum is said to be the poor man's food in India

Parliamentary Committee to study GM:

- The Parliamentary Standing Committee on Science and Technology, Environment and Forests has decided to seek clarifications from Union Agriculture Ministry, and also ask the National Institute of Nutrition (NIN) to do a comparative analysis of the nutritional values of GM and non-GM sorghum
- The panel is examining the issue of GM crops and its impact on environment
- It has called for samples of the crop developed by the Hyderabad-based Indian Institute of Millets Research (IIMR)

Questions of this committee

- To know the need to develop a genetically modified version of sorghum, which is the poor man's food
- Sorghum yield was already not fetching a good market price and was more than enough to meet the demand
- So why was GM Sorghum required?
- The committee wants to know whether there is a plan to introduce GM Sorghum in ration shops under the PDS

Finances for GM Sorghum

- The panel will look into issues such as expenditure incurred on research for GM Sorghum
- The money from the public exchequer was spent on GM Sorghum research even before any forward-backward linkage planning was done

Advantage of Bt Sorghum

- IIMR had begun research on transgenic jowar around four years ago
- It has now developed Bt Sorghum
- This is bigger in size
- It also has greater pest resistance

Activist opinion:

- Activists contend that the Central government should not allow consumption of genetically modified jowar by either humans or animals
- They argue that since jowar is largely consumed by the poor, any ill-effect of the GM variety will impact more people
- It will affect those without much access to preventive medicare

Basic Information:

- Clearance giving Committee: Genetic Engineering Appraisal Committee (GEAC)

History of Bt crops in India

- The only genetically modified crop that is under cultivation in India is Bt Cotton
- There was a proposal to allow cultivation of Bt Brinjal, a transgenic variety of brinjal, which did not receive approval

D. GS4 Related

Nothing here for Today!! !

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F. Bills/Acts/Schemes/Orgs in News

Scheme About the Scheme in News

Zero
Defect
Zero
Effect
Scheme

- It is a new initiative launched by the Narendra Modi led NDA government
- The scheme is for **MSME (Micro, Small and Medium Enterprises)** Sector to increase the quality of products matching global standards
- The main objective of ZED scheme is to reduce the bad effect of products on environment
- Under the scheme, MSME sector is urged to make products improving the brand image of the country

Benefits of ZED:

- Credible recognition of the industry for international customers seeking investment in India
- Streamlined operations and lower costs
- Superior quality, reduced rejection and higher revenues
- Increased environmental & social benefits
- Additional employment generation.

Article About the Article in News

Article
55.
Manner
of
election
of
President

(1) As far as practicable, there shall be uniformity in the scale of representation of the different States at the election of the President

(2) For the purpose of securing such uniformity among the States inter se as well as parity between the States as a whole and the Union, the number of votes which each elected member of Parliament and of the Legislative Assembly of each State is entitled to cast at such election shall be determined in the following manner:

(a) every elected member of the Legislative Assembly of a State shall have as many votes as there are multiples of one thousand in the quotient obtained by dividing the population of the State by the total number of the elected members of the Assembly;

(b) if, after taking the said multiples of one thousand, the remainder is not less than five hundred, then the vote of each member referred to in sub clause (a) shall be further increased by one;

(c) each elected member of either House of Parliament shall have such number of votes as may be obtained by dividing the total number of votes assigned to the members of the Legislative Assemblies of the States under

sub clause (a) and (b) by the total number of the elected members of both Houses of Parliament, fractions exceeding one half being counted as one and other fractions being disregarded

(3) The election of the President shall be held in accordance with the system of proportional representation by means of the single transferable vote and the voting at such election shall be by secret ballot Explanation n this article, the expression population means the population ascertained at the last preceding census of which the relevant figures have been published: Provided that the reference in this Explanation to the last preceding census of which the relevant figures have been published shall, until the relevant figures for the first census taken after the year 2000 have been published, be construed as a reference to the 1971 census