

# UPSC 2017: Comprehensive News Analysis – July 01

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## UPSC Current Affairs 2017: News Analysis

### A. GS1 Related

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### B. GS2 Related

## Category: INTERNATIONAL RELATIONS

### 1. [India offers help to Sri Lanka's Northern province](#)

#### In news:

- India has expressed willingness to further partner Sri Lanka's Northern Provincial administration in development initiatives.
- **Infrastructure projects:**
- India has been involved in key infrastructure projects in the north in the post-war years, building 46,000 homes in the island's north and east and helping restore the railway line from Olanthai to Pallai, with a \$800 million line of credit.
- Currently, the Indian side appears keen on working with the Northern Provincial Council, on economic development, skills training and job creation.

### 2. [Now, a hard trek via Lipulekh](#)

#### In news:

ROAD TO SALVATION	
<ul style="list-style-type: none"><li>➤ 250 pilgrims will take Nathula route to Kailash-Mansarovar from June to August</li><li>➤ Pilgrim covers journey by air and road, treks for only 2.5 days instead of 12 days</li></ul>	<ul style="list-style-type: none"><li>on foot</li><li>➤ MEA charges ₹1.7 lakh per person</li><li>➤ People can apply online (<a href="http://kmy.gov.in/kmy/noticeboard.do">http://kmy.gov.in/kmy/noticeboard.do</a>) before April first week</li></ul>
<b>KNOW KAILASH</b> <ul style="list-style-type: none"><li>➤ Mount Kailash is a peak in Kailash range that forms part of Trans-Himalaya in Tibet</li><li>➤ It is near the source of Indus, Sutlej, Yarloung Tsangpo (Brahmaputra) and Karnali rivers</li><li>➤ Considered sacred by</li></ul>	<ul style="list-style-type: none"><li>Hindus, Buddhists, Jains, and followers of Bon religion</li><li>➤ Hindus consider Mount Kailash the abode of Lord Shiva</li><li>➤ Buddhists believe Lord Buddha was conceived there</li><li>➤ Jains believe Ashtapada,</li></ul>



The map shows the route from Gangtok in Sikkim, India, through the Nathula pass into Tibet. Key locations marked include Zongba, Lazi, and Kangma. The route is highlighted in red. The map also shows the borders of India, Nepal, and Bhutan.

the mount next to Kailash, is where the first Tirthankara, Rishabhadeva, attained moksha

- Bon religion, predating Buddhism in Tibet, believes Kailash-Mansarovar region is the seat of all spiritual power

The Kailash-Mansarovar Yatra through the Nathu La pass in Sikkim has been cancelled due to ongoing face-off between Indian and Chinese troops along the India-China border.

- China had declined permission for the first group of 50 pilgrims to proceed to Mount Kailash through the Nathu La pass.
- The pilgrims had to return to Gangtok after they were denied permission.



### Lipulekh pass in Uttarakhand

- Lipulekh pass in Uttarakhand is another pass used by pilgrims to proceed to Mount Kailash.

### Nathu La versus Lipulekh pass:

- The route through the Nathu La pass that opened two years ago shortens the entire distance, making the pilgrimage less arduous.
- The Lipulekh route involves a treacherous trek of about 200 km, while the Nathu La route calls for trekking for only 35 km.

### 3. [German Parliament Approves Same-Sex Marriage](#)

#### In news:

- German lawmakers voted to legalise **same-sex marriage** after a short but emotional debate, bringing the country in line with many of its Western peers.
- Germany has allowed same-sex couples to enter civil partnerships since 2001, but has not granted them full marital rights, which include the possibility to jointly adopt children.

#### C. GS3 Related

### Category: ECONOMICS

#### 1. [At stroke of midnight, India gets a “good and simple tax”™](#)

#### In news:

- Prime Minister Narendra Modi termed the new Goods and Services Tax (GST) regime, to be implemented from Saturday, as a “**Good and Simple Tax**”™ and said its introduction was **not just a tax or economic reform**, but a **social reform** that would nudge people on the path to honesty and benefit the poor the most.
- “**More transparent**”™:
- GST will do away with 500 different taxes levied across the country’s 29 States and seven Union Territories
- It would end the spectre of tax terrorism and Inspector Raj that India’s businesses have had to endure for long.
- The GST Council chaired by Finance Minister Arun Jaitley slashed the tax rate on fertilizers from 12% to 5% and tractor parts from 28% to 18%, in a bid to make the new tax regime more farmer-friendly.

#### 2. [For upstream companies: Exemption of petro products from GST to push up cost of production](#)

#### In News:

- Keeping petroleum products such as petrol, diesel, natural gas out of the ambit of the Goods and Service Tax (GST) is expected to result in higher cost of production
- This will be for upstream companies such as oil and gas exploration firms as well as for downstream refining companies
- For the end-consumer, this exclusion from GST, however, is unlikely to result in any significant increase in prices

#### Inclusion/Exclusion:

- The output of upstream and downstream companies have been kept out of the GST
- The inputs that go into their making is subject to levy of GST
- For instance, an oil or gas refiner that imports inputs such as gases, platforms, parts of platform, cranes, chemicals etc will have to pay 5 per cent tax under the GST regime
- All these are tax-free in the current regime

### **Increase in prices + No input tax credit:**

- No passing on to customers: Even though the cost of production increases, these can't be totally passed on to customers such as domestic refineries or exports since the prices of these products are linked to international benchmarks
- Possible migration: Any increase in prices due to higher taxes locally will encourage buyers to scout for international contracts offering similar products at cheaper prices
- For refineries, nearly 70 per cent of their refined products are petrol, diesel, natural gas, aviation turbine fuel (ATF), which are out of the GST net
- Currently, the refineries take input tax credit on almost 80 per cent of the taxes paid
- Now the refineries cannot take credit for inputs that go in for production of petrol, diesel and ATF

### **3. Under the GST umbrella, three taxes for states/UTs and Centre**

#### **Context**

Under the GST regime, the Centre and states/Union Territories shall simultaneously levy indirect taxes on a common tax base

#### **Taxes within GST**

- Within the umbrella of GST, the GST levied by the Centre on intra-state supply of goods and/or services will be called Central GST (CGST) and levied by states/UTs, State GST (SGST/UTGST)
- Integrated GST (IGST) will be levied and administered by the Centre on the inter-state supply of goods and services

#### **Why the state tax?**

- CGST and SGST/UTGST were decided keeping in mind the federal structure of the country
- Here both the Centre and the states have the powers to levy and collect taxes through appropriate legislation
- The CGST and SGST will be levied simultaneously on every transaction of supply of goods and services except exempted goods and services
- They will not be implemented on goods which are outside the purview of GST, and transactions which are below the prescribed thresholds

#### **Some understanding of GST implementation**

- SGST and CGST will be levied on the same price or value
- This will be unlike state VAT, which is levied on the value of the goods inclusive of CENVAT
- The location of the supplier and recipient within the country is immaterial for the purpose of CGST
- SGST will be chargeable only when the supplier and recipient are both located within a state
- IGST shall be levied and collected by the Government of India, and such tax shall be apportioned between the Centre and the states

#### **How Will GST Work?**

- Under the GST regime, tax liability arises when the taxable person crosses the turnover threshold of Rs 20 lakh
- For Northeastern and "Special Category" states, it is Rs 10 lakh
- Cross-utilisation of input credit of one component of tax against the other is allowed except utilisation of credit of CGST for SGST and vice versa

### **4. Don't Tax Clean Energy**

#### **Context**

The GST Rate Schedule for goods has put "solar power generating systems" and "photovoltaic cells whether or not assembled into modules or made into panels" into different tax brackets

#### **Tax on solar power**

- GST rate schedule suggested that all solar power generating systems will be taxed at 5%
- This will be similar to the tax on wind systems
- This would put solar and wind in the same tax bracket as coal
- Coal was previously taxed at 11.69%
- Nuclear fuel too will be taxed at 5%

#### **The state of confusion**

- Another chapter of the GST rate schedule noted that semi-conductor devices including PV cells, which may or may not be assembled into modules or panels, would be taxed at 18%
- The council has put solar panels in the 5% category
- The issue of tax on the remaining components of solar systems remains unresolved even on the eve of the rollout of the new fiscal regime

#### **What will be the impact?**

- In the first scenario, utility scale solar (panels and parts), along with other renewable energy sources of electricity as well as coal, is taxed at 5%
- Analysis suggests that GST would result in a minor rise of 1.6% in solar tariffs
- In a thriving solar market, this is unlikely to create any setback for the sector

- While 5% doesn't seem a mammoth figure, the rise in price of solar power is not insignificant when seen in conjunction with the decline in taxes on coal
- 60% decline in taxation on coal is likely to make thermal power cheaper by as much as Rs 0.15
- This would set back some of the rapid advances made in recent times to close the price gap between the prices of solar power and thermal power
- The cumulative result, with a lower tax bracket for coal and higher (effective) tax implication for solar, would do little to incentivise already apprehensive utilities to purchase more solar power

### What about the cess?

- The change in the tax regime would be accompanied by a change in use for the coal cess
- The cess is currently contributing to the National Environment Fund (NEF), with a mandate to finance and promote clean energy initiatives
- It is a carbon tax that will now be redirected

### Use of cess:

- Collections from the cess on coal are now expected to be used to compensate states for the loss of revenue due to the GST regime
- Between 2010 and 2017, this cess has been used to make budgetary allocations to the ministries of New and Renewable Energy; Environment, Forests, and Climate Change; Water Resources, etc.

### Category: **SCIENCE AND TECHNOLOGY**

#### 1. [NASA launches Rocket to produce Colourful Artificial Clouds](#)

##### In news:

- The NASA has successfully launched **Terrier-Improved Malemute sounding rocket** that created colourful artificial clouds visible in the skies of the US.
- The rocket was launched from its Wallops Flight Facility in Virginia.
- **Salient Facts:**
- The rocket during the 8-minute flight had released 10 canisters about the size of a soft drink into space.
- The canisters deployed blue-green and red vapour that formed artificial clouds visible in the skies of the United States from New York to North Carolina.
- The artificial clouds are formed through the interaction of barium, strontium and cupric-oxide.
- The vapour tracers will help in understanding the movement of the particles in the ionosphere.
- It will help to learn more about the movement of the air currents at that altitude.

##### Basic Information:

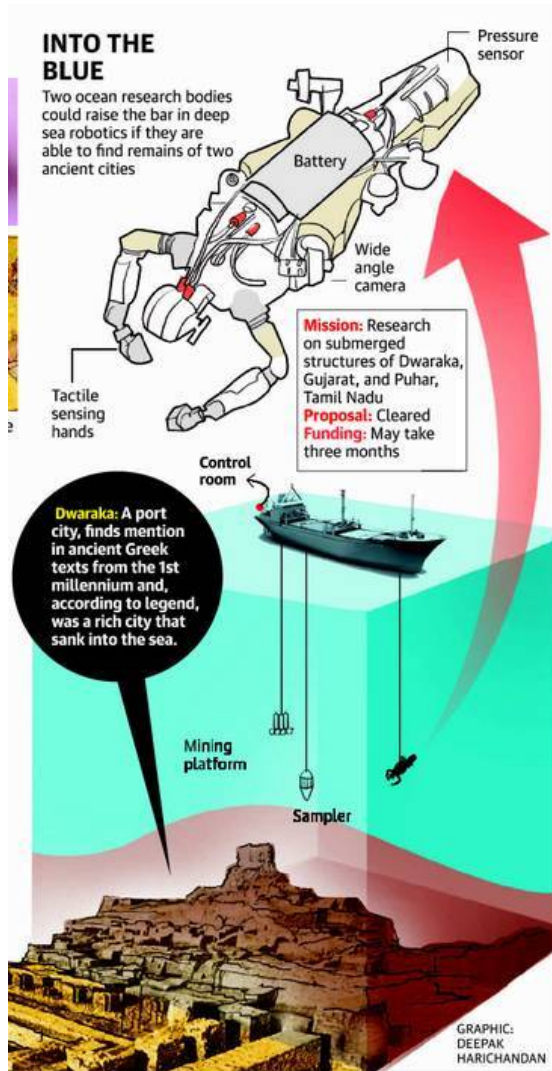
- **Ionosphere:** The ionosphere is called so because it is ionised by solar radiation. It plays an important part in atmospheric electricity and forms the inner edge of the magnetosphere. Ionosphere stretches from 50 to 1,000 km and typically overlaps both the exosphere and the thermosphere. It has practical importance because it influences, for example, radio propagation on the Earth. It is also responsible for auroras.

#### 2. [Lost and found: the tale of two cities](#)

##### In news:

## INTO THE BLUE

Two ocean research bodies could raise the bar in deep sea robotics if they are able to find remains of two ancient cities



- The Department of Science and Technology (DST) is looking to send robotic vehicles into the sea **near Dwaraka, Gujarat, and Puhar, Tamil Nadu** , to look **for submerged structures** that may point to evidence on the ancient cities.
- The programme, still a preliminary proposal, is expected to involve organisations such as the **National Institute of Ocean Technology, Chennai, and the National Institute of Oceanography (NIO), Goa.**
- NIO, Chennai has indigenously built vehicles capable of plumbing 5,000 metres underwater and the NIO has previous experience in marine archaeology.
- New technology to be tested: Along with historical interest, this is also to test several technologies such as **sophisticated imaging technology** , being able to **map the ocean floor with sonar** and **being able to date old stones and recoverable implements using the latest techniques** .

### Previous excavations findings:

- Nearly a decade ago, the Underwater Archaeology Wing of the Archaeological Survey of India (ASI) found copper coins and segments of granite structures.
- Mentioned in the Mahabharata as "Dwaraka" or "Dwaravati," it is also linked to the god Krishna.
- Dwaraka, a port city, finds mention in ancient Greek texts from the 1st millennium and, according to legend, was a rich city that sank into the sea.
- Last year, divers, geologists and archaeologists with the NIO, working off the coast of Tamil Nadu, reportedly found stone remains suggestive of an ancient port and temples, which were reportedly buried about 30 feet into the sea.
- Tamil and Buddhist literature have references to Poompuhar, or Puhar, as being the port capital of the Chola dynasty.

### Evidence of the course of the Saraswati:

- An expert committee of geologists, archaeologists and hydrologists said it had found evidence of the course of the Saraswati, a river mentioned in the Rig Veda and in Hindu mythology.
- A study commissioned by the Water Resources Ministry and led by Professor K.S. Valdiya of the Jawaharlal Nehru Centre for Advanced Scientific Research.
- Report concluded that evidence from palaeochannels "remnants of defunct rivers" suggested that the **Saraswati-Markanda rivulets in Haryana were the water courses of the "eastern branch of a Himalayan river" and the Ghaggar-Patiali channels were the western branches.**

**Nothing here for Today!! !**

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