

ECONOMY**Four Years of the GST**

Recently, the Central Board of Indirect Taxes and Customs (CBIC) decided to felicitate around 54,000 taxpayers to mark the competition of 4 years of Goods and Services Tax (GST).

Key Points**Achievements of GST:**

- **Automated Indirect Tax Ecosystem:**
 1. The introduction of e-way bills coupled with the crackdown on fake invoicing has helped in bringing in a substantial portion of GST revenues, which were either being evaded or under-reported.
 2. E-invoicing system would also usher the taxpayers into a fully automated compliance regime wherein the computation of tax liabilities and matching of input tax credit would become very simple.
- **Simplification of Compliance :** Various initiatives viz. linking the customs portal with GST portal for credit availability on imports, making available proper means for matching input tax credit, increased automation of the refund procedure to seamless operation of the Invoice Registry Portal, helped simplify tax compliance.
- **Functioning of GST Council :** The GST Council made corrections to law, issued clarifications on complex issues, rationalized GST rates and introduced relaxations for dealing with the Covid-19 pandemic, which establishes that the GST Council structure has been very functional and agile.
- **Example to the World :** India has served as an example to the world by successfully implementing one of the most complex tax transformation projects for the country.

Challenges:

- **Fiscal Federalism:**
 1. This issue became controversial when GST collections fell because of the pandemic.
 2. Because GST entailed a bigger surrender of taxation powers for the states – states do not levy direct taxes or customs duties – a guaranteed revenue growth of 14% for a period of five years was offered to them by the centre to get them to agree.
- **Issues Highlighted by the 15th Finance Commission :** The 15th Finance Commission has highlighted several areas of concern in the GST regime relating to multiplicity of tax rates, shortfall in GST collections vis-à-vis the forecast, high volatility in GST collections, inconsistency in filing of returns, dependence of States on the compensation from Centre and so on.
- **Large Businesses vs Small Businesses:**
 1. The fundamental principles on which the GST law was built viz. seamless flow of input credits and ease of compliance has been impaired by IT glitches.
 2. Indirect taxes, unlike direct taxes such as income tax, do not differentiate between the rich and the poor and therefore put a bigger burden on the latter.
 3. Further, small and medium businesses are still grappling to adapt to the tech-enabled regime.

Suggestions:

- With oil prices sky-rocketing across the country, the policymakers need to contemplate the inclusion of petroleum and related products within the GST net.
- It is vital to finally constitute the GST Appellate Tribunal as it is obvious that all taxpayers do not have the finances or means to approach the High Court for every practical difficulty faced.
- Streamlining of anti-profiteering measures and simplification of compliance procedures also needs to be revisited to ensure that the cost efficiency and reduction in prices envisaged under GST law finally reaches the common man.

Goods And Services Tax**About:**

- The GST is a value-added tax levied on most goods and services sold for domestic consumption.
- The GST is paid by consumers, but it is remitted to the government by the businesses selling the goods and services.
- GST, which subsumed almost all domestic indirect taxes (petroleum, alcoholic beverages and stamp duty are the major exceptions) under one head, is perhaps the biggest tax reform in the history of independent India. It was launched into operation on the midnight of 1st July 2017.

Features of GST:

- **Applicable on Supply Side:** GST is applicable on 'supply' of goods or services as against the old concept on the manufacture of goods or on sale of goods or on provision of services.
- **Destination based Taxation:** GST is based on the principle of destination-based consumption taxation as against the principle of origin-based taxation.
- **Dual GST:** It is a dual GST with the Centre and the States simultaneously levying tax on a common base. The GST to be levied by the Centre is called Central GST (CGST) and that to be levied by the States is called State GST (SGST). Import of goods or services would be treated as inter-state supplies and would be subject to Integrated **Goods & Services Tax (IGST) in addition to the applicable customs duties.**
- **GST rates to be mutually decided:** CGST, SGST & IGST are levied at rates to be mutually agreed upon by the Centre and the States. The rates are notified on the recommendation of the GST Council.
- **Multiple Rates:** GST is levied at four rates viz. 5%, 12%, 18% and 28%. The schedule or list of items that would fall under these multiple slabs are worked out by the GST council. This is aside from the tax on gold that is kept at 3% and rough precious and semi-precious stones that are placed at a special rate of 0.25% under GST.

GST Council:

- It is a constitutional body (Article 279A) for making recommendations to the Union and State Government on issues related to GST.
- The GST Council is chaired by the Union Finance Minister and other members are the Union State Minister of Revenue or Finance and Ministers in-charge of Finance or Taxation of all the States.
- It is considered as a federal body where both the centre and the states get due representation.

Reforms brought about by GST:

- **Creation of a common national market:** By amalgamating a large number of Central and State taxes into a single tax.
- **Mitigation of cascading effect:**
 1. The GST that a merchant pays to procure goods or services (i.e. on inputs) can be set off later against the tax applicable on supply of final goods and services. The set off tax is called input tax credit.
 2. The GST thus avoids cascading effect or tax on tax which increases the tax burden on the end consumer.
- **Reduction in Tax burden:** From the consumers' point of view, the biggest advantage is in terms of reduction in the overall tax burden on goods.
- **Making Indian products more competitive:** Introduction of GST is making Indian products more competitive in the domestic and international markets owing to the full neutralization of input taxes across the value chain of production.

Way Forward

The law is still a 'work-in-progress' and the process of evolution, in such a complex journey, cannot be eliminated. The Government should continue to take measures to deliver on its promise of a 'Good & Simple Tax' in the times to come.

2.Forex Reserves In India

According to the recent data from the Reserve Bank of India, India's Foreign Exchange (Forex) Reserves surged by \$ 5 billion to \$ 609 billion in the week ended 25th June, 2021. Increase in the Foreign Currency Assets (FCA) is the major component of overall reserves.

Key Points
Changes in forex reserves holdings:

- FCA rose by \$ 4.7 billion to \$ 566 billion.
- Gold reserves rose by \$ 365 million to \$ 36.296 billion.
- The special drawing rights (SDRs) with the International Monetary Fund (IMF) remained unchanged at \$1.498 billion.
- The country's reserve position with the IMF increased marginally by \$ 1 million to \$ 4.965 billion in the week.

Foreign Exchange Reserves:

- Foreign exchange reserves are assets held on reserve by a central bank in foreign currencies, which can include bonds, treasury bills and other government securities. It needs to be noted that most foreign exchange reserves are held in US dollars.
- **India's Forex Reserve include:**
 1. Foreign Currency Assets
 2. Gold reserves
 3. Special Drawing Rights
 4. Reserve position with the International Monetary Fund (IMF).

Objectives of Holding Forex Reserves:

- Supporting and maintaining confidence in the policies for monetary and exchange rate management.
- Provides the capacity to intervene in support of the national or union currency.
- Limits external vulnerability by maintaining foreign currency liquidity to absorb shocks during times of crisis or when access to borrowing is curtailed.

Significance of rising forex reserves:

- Comfortable Position for the Government: The rising forex reserves give comfort to the government and the RBI in managing India's external and internal financial issues.
- Managing Crisis: It serves as a cushion in the event of a Balance of Payment (BoP) crisis on the economic front.
- Rupee Appreciation: The rising reserves have also helped the rupee to strengthen against the dollar.
- Confidence in Market: Reserves will provide a level of confidence to markets and investors that a country can meet its external obligations.

GOVERNANCE

Drop in Open Defecation: Wash Report

According to a new report by the Wash Institute (a global non-profit organisation), India was responsible for the largest drop in open defecation since 2015, in terms of absolute numbers. Universal access to water, sanitation and hygiene (WASH) to achieve the United Nations-mandated Sustainable Development Goal (SDG) 6 was also emphasised.

WASH

- WASH is an acronym that stands for the interrelated areas of Water, Sanitation and Hygiene.
- The World Health Organisation (WHO) WASH Strategy 2018-25 has been developed in response to Member State Resolution (WHA 64.4) and the 2030 Agenda for Sustainable Development (SDG 3: Good Health and Well Being, SDG 6: Clean Water And Sanitation).
- It is a component of WHO's 13th General Programme of Work 2019-2023 which aims to contribute to the health of three billion through multisectoral actions like better emergency preparedness and response; and one billion with Universal Health Coverage (UHC).
- It also takes on board the need for progressive realization of the human rights to safe drinking-water and sanitation, adopted by the UN General Assembly in July 2010.

Key Points

Findings of the Report:

- **On Open Defecation:**
 1. Within India, open defecation had been highly variable regionally since at least 2006 but by 2016 open defecation had decreased in all states, with the largest drops seen in Himachal Pradesh and Haryana.
 2. Progress in curbing open defecation in sub-Saharan Africa was slow.
- **On SDG 6:**
 1. Between 2016 and 2020, the global population with access to safely managed drinking water at home increased to 74%, from 70%.
 2. There is an improvement in at-source water resources and onsite sanitation systems. At-source water resources include piped water, boreholes or tubewells, protected dug wells, protected springs, rainwater and packaged or delivered water. Onsite sanitation system is a system in which excreta and wastewater are collected, stored and/or treated on the plot where they are generated.
 3. There was an increase in safely managed sanitation services to 54%, from 47% between 2016 and 2020.

Challenges:

- In order to ensure long-term sustainability of both centralised and decentralised sanitation, proper funding and investment was required.
 - The Report also talked about hygiene, especially in the context of the novel coronavirus disease (Covid-19).
1. In June 2020, the World Health Organization and Unicef jointly launched the ‘Hand Hygiene for All’ initiative, which aims to improve access to handwashing infrastructure as well as stimulating changes in handwashing practices where facilities are available.
 2. Handwashing facilities with soap and water increased to 71%, from 67%.
- However, 3 in 10 people worldwide could not wash their hands with soap and water at home during the Covid-19 pandemic due to lack of water resources.

Open Defecation:

- It refers to the practise whereby people go out in fields, bushes, forests, open bodies of water, or other open spaces rather than using the toilet to defecate.
- It poses a serious threat to the health of children in India.
- It exposes women to the danger of physical attacks and encounters such as snake bites.
- Poor sanitation also cripples national development, by diverting people’s hard-earned money towards out of pocket expenditure on health (leading cause of dragging people into poverty), rather than productive investment like education.

NATIONAL ISSUE

Andhra Pradesh-Telangana Water Dispute

Amid escalating tensions, the Police forces were deployed at various hydel power projects in bordering districts of Andhra Pradesh and Telangana.

- Andhra Pradesh has complained to the Krishna River Management Board (KRMB) about the drawing of water from the Srisaillam project by Telangana for power generation.
- The KRMB, in its recent orders, had asked Telangana to stop power generation. The tension has emerged over defiance of orders of the KRMB by Telangana Government.

Key Points

About Dispute:

- Telangana and Andhra Pradesh share stretches of the Krishna and the Godavari and own their tributaries.
 - Both states have proposed several new projects without getting clearance from the river boards, the Central Water Commission and the Apex Council, as mandated by the Andhra Pradesh Reorganisation Act, 2014.
1. The Andhra Pradesh Reorganisation Act, 2014 mandates for the constitution of an Apex Council by the Central Government for the supervision of the functioning of the Godavari River Management Board and Krishna River Management Board.
 2. The Apex Council comprises the Union Water Resources Minister and the Chief Ministers of Telangana and Andhra Pradesh.
- The Andhra Pradesh government’s proposal to increase the utilisation of the Krishna water from a section of the river above the Srisaillam Reservoir led to the Telangana government filing a complaint against Andhra Pradesh. The Srisaillam reservoir is constructed across the Krishna River in Andhra Pradesh. It is located in the Nallamala hills.
 - The Andhra Pradesh government retaliated with its own complaints saying that Palamuru-Rangareddy, Dindi Lift Irrigation Schemes on the Krishna river and Kaleshwaram, Tupakulagudem schemes and a few barrages proposed across the Godavari are all new projects.

Inter-State River Water Disputes:

- Article 262 of the Constitution provides for the adjudication of inter-state water disputes.
1. Under this, Parliament may by law provide for the adjudication of any dispute or complaint with respect to the use, distribution and control of waters of any inter-state river and river valley.
 2. Parliament may also provide that neither the Supreme Court nor any other court is to exercise jurisdiction in respect of any such dispute or complaint.
- The Parliament has enacted the two laws, the River Boards Act (1956) and the Inter-State Water Disputes Act (1956).

- The River Boards Act provides for the establishment of river boards by the Central government for the regulation and development of inter-state river and river valleys. A River Board is established on the request of state governments concerned to advise them.
- The Inter-State Water Disputes Act empowers the Central government to set up an ad hoc tribunal for the adjudication of a dispute between two or more states in relation to the waters of an inter-state river or river valley.
 1. The decision of the tribunal is final and binding on the parties to the dispute.
 2. Neither the Supreme Court nor any other court is to have jurisdiction in respect of any water dispute which may be referred to such a tribunal under this Act.

Godavari River

- **Source:** Godavari river rises from Trimbakeshwar near Nasik in Maharashtra and flows for a length of about 1465 km before outfalling into the Bay of Bengal.
- **Drainage Basin:** The Godavari basin extends over states of Maharashtra, Telangana, Andhra Pradesh, Chhattisgarh and Odisha in addition to smaller parts in Madhya Pradesh, Karnataka and Union territory of Puducherry.
- **Tributaries:** Pravara, Purna, Manjra, Penganga, Wardha, Wainganga, Pranhita (combined flow of Wainganga, Penganga, Wardha), Indravati, Maner and the Sabri

Krishna River

- **Source:** It originates near Mahabaleshwar (Satara) in Maharashtra. It is the second biggest river in peninsular India after the Godavari River.
- **Drainage:** It runs from four states Maharashtra (303 km), North Karnataka (480 km) and the rest of its 1300 km journey in Telangana and Andhra Pradesh before it empties into the Bay of Bengal.
- **Tributaries:** Tungabhadra, Mallaprabha, Koyna, Bhima, Ghataprabha, Yerla, Warna, Dindi, Musi and Dudhganga.

BIODIVERSITY & ENVIRONMENT

Conservation of Vultures

Recently, 150 vultures were seen in the Valmiki Tiger Reserve (VTR), Bihar, which has prompted a vulture conservation plan in the protected region of VTR.

Key Points

About Vultures:

- It is one of the 22 species of large carrion-eating birds that live predominantly in the tropics and subtropics.
- They act an important function as nature's garbage collectors and help to keep the environment clean of waste. Vultures also play a valuable role in keeping wildlife diseases in check.
- India is home to 9 species of Vulture namely the Oriental white-backed, Long-billed, Slender-billed, Himalayan, Red-headed, Egyptian, Bearded, Cinereous and the Eurasian Griffon. Most of these 9 species face danger of extinction. Bearded, Long-billed, Slender-billed, Oriental white-backed are protected in the Schedule-1 of the Wildlife Protection Act 1972. Rest are protected under 'Schedule IV'.

Threats:

- Poisoning from diclofenac that is used as a medicine for livestock.
- Loss of Natural Habitats due to anthropogenic activities.
- Food Dearth and Contaminated Food.
- Electrocution by Power lines.

Conservation Efforts:

- Recently, the Ministry for Environment, Forests and Climate Change launched a Vulture Action Plan 2020-25 for the conservation of vultures in the country.
 1. It will ensure minimum use of Diclofenac and prevent the poisoning of the principal food of vultures, the cattle carcasses.
 2. The Vulture Safe Zone programme is being implemented at eight different places in the country where there were extant populations of vultures, including two in Uttar Pradesh.
 3. To upscaling conservation four rescue centres will be opened like Pinjore in the north, Bhopal in central India, Guwahati in Northeast and Hyderabad in South India.
 4. The ministry has now also launched conservation plans for the red-headed and Egyptian vultures, with breeding programmes for both.

- To study the cause of deaths of vultures in India, a Vulture Care Centre (VCC) was set up at Pinjore, Haryana in 2001.
- Later in 2004, the VCC was upgraded to being the first Vulture Conservation and Breeding Centre (VCBC) in India. At present, there are nine Vulture Conservation and Breeding Centres (VCBC) in India, of which three are directly administered by the Bombay Natural History Society (BNHS).

Valmiki Tiger Reserve

Location:

- located at the India-Nepal border in the West Champaran district of Bihar.
- It forms the easternmost limits of the Himalayan Terai forests in India.
- Situated in the Gangetic Plains bio-geographic zone of the country, the forest has a combination of bhabar and terai tracts.

Establishment : This was established in March 1994 under Project Tiger.

Biodiversity:

- The wildlife found in the forest of National Park are the Bengal tiger, Indian rhinoceros, black bear, Indian sloth bear, otter, Indian leopard, wild dog, buffalo, and boar.
- Also Indian flying foxes can be sighted here.
- The Reserve has rich avifauna diversity. Over 250 species of birds have been reported.
- Tharu', a scheduled tribe, is the dominant community in the landscape of the Valmiki National Park.

Other Protected Areas in Bihar:

- Bhimbandh Sanctuary.
- Rajgir Sanctuary.
- Kaimur Sanctuary.
- Kanwar Jheel Bird Sanctuary.
- Vikramshila Gangetic Dolphin.
- Gautambudha Sanctuary.

IMPORTANT FACTS FOR PRELIM

Vembanad Lake: Kerala

Kerala houseboats in Vembanad Lake are about to begin soon amid a robust vaccination drive. This is the largest lake in Kerala and the longest Lake in India.

Key Points

- Vembanad Lake is also known as Vembanad Kayal, Vembanad Kol, Punnamada Lake (in Kuttanad) and Kochi Lake (in Kochi).
- Spanning several districts of Kerala and covering a territory of more than 2033.02 km².
- The lake has its source in four rivers, Meenachil, Achankovil, Pampa and Manimala
- It is separated from the Arabian Sea by a narrow barrier island and is a popular backwater stretch in Kerala.
- Vallam Kali (i.e Nehru Trophy Boat Race) is a Snake Boat Race held every year in the month of August in Vembanad Lake.
- In 2002, it was included in the list of wetlands of international importance, as defined by the Ramsar Convention. It is the second-largest Ramsar site in India only after the Sundarbans in West Bengal.
- The Government of India has identified the Vembanad wetland under the National Wetlands Conservation Programme.
- The Kumarakom Bird Sanctuary is located on the east coast of the lake.
- In 2019, Willingdon Island, a seaport located in the city of Kochi, was carved out of Vembanad Lake.
- One of the most outstanding features of this lake is the 1252 m long saltwater barrier, Thanneermukkom, which was built to stop saltwater intrusion into Kuttanad.

DAILY ANSWER WRITING PRACTICE

Qns. Examine the background and the objectives that were laid in the Cripps Mission Plan, 1942 and the reasons for its failure. (250 word)

Ans:

Introduction

- In March 1942, a mission headed by Stafford Cripps was sent to India with constitutional proposals to seek Indian support for the World War II.
- Because of the reverses suffered by Britain in South-East Asia, the Japanese threat to invade India seemed real now and Indian support became crucial.
- There was pressure on Britain from the Allies (USA, USSR, and China) to seek Indian cooperation.
- Indian nationalists had agreed to support the Allied on a condition that substantial power was transferred immediately and complete independence would be given after the war.

Main proposals of the mission

- An Indian Union with a dominion status would be set up; it would be free to decide its relations with the Commonwealth and free to participate in the United Nations and other international bodies.
- After the end of the war, a constituent assembly would be convened to frame a new constitution. Members of this assembly would be partly elected by the provincial assemblies through proportional representation and partly nominated by the princes. Hence, all members would be Indians.
- The British government would accept the new constitution subject to two conditions: (i) any province not willing to join the Union could have a separate constitution and form a separate Union, and (ii) the new constitution-making body and the British government would negotiate a treaty to effect the transfer of power and to safeguard racial and religious minorities.
- In the meantime, defence of India would remain in British hands and the Governor-General's powers would remain intact.

Reasons of its Failure**The Congress objected to:**

- The offer of dominion status instead of a provision for complete independence;
- Representation of the princely states by nominees and not by elected representatives;
- Right to provinces to secede as this went against the principle of national unity; and
- Absence of any plan for immediate transfer of power and absence of any real share in defence; the Governor-General's supremacy had been retained, and the demand that the Governor-General be only the constitutional head had not been accepted.

The Muslim League

- Criticised the idea of a single Indian Union;
- Did not like the machinery for the creation of a constituent assembly and the procedure to decide on the accession of provinces to the Union; and
- Stated that the proposals denied the Muslims the right to self-determination and the creation of Pakistan.

Other roadblocks for its acceptance were

- Other groups also objected to the provinces' right to secede. Further, the incapacity of Cripps to go beyond the Draft Declaration and the adoption of a rigid "take it or leave it" attitude added to the deadlock.
- The procedure of accession was not well-defined.
- It was not clear as to who would implement and interpret the treaty affecting the transfer of power.
- Talks broke down on the question of the viceroy's veto.

Conclusion

Stafford Cripps returned home leaving behind a frustrated and embittered Indian people, who, though still sympathising with the victims of Fascist aggression, felt that the existing situation in the country had become intolerable and that the time had come for a final assault on imperialism. The failure of the mission led to the nationwide launch of the Quit India Movement as Indians refused to support Britain in the war efforts.

DAILY QUIZ

- Q1. With reference to One Nation One Ration Card Scheme, which of the following statements are correct?
1. Under the initiative, eligible beneficiaries would be able to avail their entitled foodgrains under the National Food Security Act (NFSA) from any Fair Price Shop in state across India using the same ration card.

2. For national portability, the state governments have been asked to issue the ration card in bi-lingual format.
3. The integrated Aadhaar Enabled Payment System (AePS) provides the technological platform for the inter-state portability of ration cards.

Select the correct answer using the given code below:

- a. **1 and 2 only**
- b. 2 and 3 only
- c. 1 and 3 only
- d. 1, 2 and 3

Q2. Consider the following statements regarding the International Court of Justice (ICJ):

1. It is one of the six principal organs of the United Nations (UN).
2. It settles disputes between states in accordance with international law and gives advisory opinions on international legal issues.
3. The seat of the Court is at the Peace Palace in The Hague (Netherlands).

Select the correct answer using the given code below:

- a. 1 and 2 only
- b. 2 and 3 only
- c. 1 and 3 only
- d. **1, 2 and 3**

Q3. Project HIMANK is a project of which of the following?

- a. Indian Defense Service of Engineers (IDSE)
- b. Military Officers (Corps of Engineers)
- c. **Border Roads Organisation (BRO)**
- d. All of the above

Q4. Kamlang wildlife sanctuary is located in

- a. Assam
- b. **Arunachal Pradesh**
- c. Nagaland
- d. Manipur

Q5. In which of the following states/UTs you are most likely to find Tropical evergreen forest, semi evergreen, deciduous, Pine and Temperate forests?

- a. **Arunachal Pradesh**
- b. Kerala
- c. Andaman and Nicobar
- d. Karnataka