# The Hindu News Analysis – 03rd July 2019 – Shankar IAS Academy

<table>
<thead>
<tr>
<th>S. No</th>
<th>News Articles</th>
<th>Page Number*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Not by wishful thinking (Editorial)</td>
<td>8 8 10</td>
</tr>
<tr>
<td>2</td>
<td>Mekedatu to claim 52.5 sq km of forest; Taking land away from Cauvery Wildlife Sanctuary</td>
<td>6 1 8 - 5 -</td>
</tr>
<tr>
<td>3</td>
<td>Centre ratifies convention to curb company profit shifting</td>
<td>13 13 15</td>
</tr>
<tr>
<td>4</td>
<td>Union Minister opposes U.P. move to shift 17 OBCs to SC list</td>
<td>1, 10 1 1, 12</td>
</tr>
<tr>
<td>5</td>
<td>Safety First? (Data Point)</td>
<td>9 9 11</td>
</tr>
<tr>
<td>6</td>
<td>Practice cum Revision - MCQs</td>
<td>@end of the video</td>
</tr>
</tbody>
</table>

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*C – Chennai; T – Thiruvananthapuram; B – Bengaluru; D – Delhi
• Real growth rate → 9% per year @ 4% inflation target (RBI)

  ▶ Last 5 years GDP growth rate – 7.1%

• Growth rate of Asian Countries
  China – 11.7% (2003-07)
  S. Korea – 11% (1983-87)

• Growth rate target of 9% achievable for India

• Requirements for growth
  ▶ Domestic Savings rate – 30.8% of GNDI
  ▶ Investment rates – 32.5% of GCF to GDP ratio

• GNDI – Gross National Domestic Income
  → Sum of all income earned while producing goods & services within India

• Prime Minister → India will become a $5 trillion dollar economy by 2024 (Target)

• $5 trillion → 350 lakh crore of GDP at current prices

• GDP → Total value of goods and services

• Current Prices → Market value

• India’s GDP at current prices → 2018-19 – 190.1 lakh crore

  ▶ Annual per capita Income – ₹ 1,42,719
  ▶ Monthly per capita Income – ₹ 11,900

• For achieving $5 trillion dollar

  ▶ Output Expansion – 84% in 5 years

  ▶ Compound annual growth rate – 13%

  → Rate of return that would be required for an investment to grow from beginning balance to end balance

• GNDI → Based on income

  GDP → Based on production

• Investment rate = Gross Capital formation to GDP ratio (GCF to GDP ratio) – Investments made into a country

• For a 9% GDP growth rate,

  ▶ Domestic saving rate – 39%

  ▶ Investment rates – 41.2%

  ▶ Private Consumption – 59% → 50%

  ▶ Foreign Capital Inflow – 1.7% of GDP

• Private Consumption

  ▶ Consumption expenditure (CE)

  ▶ High CE → Country is poor (less savings)
* Foreign Capital Inflow
  -> Investment from foreign countries into India
* India should turn into an investment-led economy
* Booster for domestic savings & Investment rate
  -> Incremental Capital - Output Ratio (ICOR) > 8-9%
  -> Relationship between the level of investment made in the economy and the consequent increase in GDP.
* Views of the present government about investments
  -> FDI - Foreign Direct Investments will help fill the investment gap

Author's views -> Not possible
-> For higher growth rate -> at least 40% domestic savings rate necessary
-> China 5-6%
-> India: 2008-09 -> 2.7% of GDP
  2017-18 -> 1.5% of GDP

* Problems in Indian Economy
  -> Slow down
  -> Decline in domestic savings rate
    -> 2013-14 -> 31.4%
    -> 2016-17 -> 29.6%
  -> Decline in gross capital formation rate
    -> 2013-14 -> 33.87%
    -> 2016-17 -> 30.67%

-> Financial Sector
  -> Banks - Lesser Credit Growth
    * NPA Issue
    * Governance crisis
  -> Export to GDP ratio declined
* Baltic Dry Index - Chances for a huge global trade war
  -> Shipping & trade Index
  -> Created by London based Baltic exchange
  -> Present - 1354 pts
  All time high - 11,793 pts (May 2008)

* Author -> Increase in domestic savings & investments will help India achieve the goal

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Mekedatu to claim 52.5 sq km of forest
Cost of project shoots up by ₹3,000 cr.

- Mekedatu - Place in Karnataka
- River Cauvery
  - Inter-state river
  - Originates in Karnataka - Passes TN - drains in Bay of Bengal
  - One of the major East flowing rivers
- Mekedatu Balancing Reservoir and Drinking Water Project
  - Reservoir across River Cauvery
  - Objectives:
    1. To provide drinking water facility to Bengaluru Metropolitan Region
    2. To regulate required quantum of water to TN - as per CWC/D award - modified by Supreme Court in Feb, 2018

3. To store the flood waters that may escape into sea
4. To harness 400 MW of renewable energy in a year

- With respect to River Cauvery,
  - Karnataka - Upper Riparian State
  - Tamil Nadu - Lower Riparian State
- Mekedatu Project
  - to be built by Cauvery Neeravari Nigam Limited (CNNL) - Company completely owned by State government of Karnataka
  - Pre-feasibility report for the project
  - Submitted by Chief Engineer, CNNL
  - Released by MoEF & CC

Part A—Preliminary Examination
Paper I - (200 marks)
- Current events of national and international importance.
- General issues on Environmental ecology, Bio-diversity and Climate Change - that do not require subject specialization.

Part B—Main Examination
PAPER-IV
General Studies-III: Technology, Economic Development, Biodiversity, Environment, Security and Disaster Management
- Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment.
- Conservation, environmental pollution and degradation, environmental impact assessment.
- Cauvery Wildlife Sanctuary (CWS)  
  Est. In 1987 - Karnataka

- Cauvery North Wildlife Sanctuary  
  Est. In 2014 - Tamil Nadu

- Total Land to be acquired for the Project is 52.5 Sq.Km
  - From Cauvery Wildlife Sanctuary - 28.25 Km²
  - From Forest Land - 18.69 Km²
  - \( \frac{28.25 + 18.69}{52.5} \) \approx 90%
  - Area of Submergence

- Concerns
  - Affects habitat and development of endemic and endangered species
    - Important Species in CWS
      - Grizzled Giant Squirrel
      - Deccan Mahseer Fish
      - Smooth - coated otter
      - Oriental small clawed otter\text{ Vulnerable}
      - Indian Pangolin (Endangered)
      - Maqras Tree Shrew
      - Kallegal Ground Gecko
  - CWS - important Elephant Corridor
    - part of Mysore Elephant Reserve
    - lot of instances of Human - Animal Conflict
    - further fragmentation will escalate

- CWS - acts as a buffer to absorb surplus tiger populations from B.R. Hills and M.M. Hills

- Bheemeshwari Fishing Camp and Galibore fishing camp will be submerged

- Requires displacement of people from Iruliga Community and people from 5 villages (near-by)

- TN Govt - opposes - thinks construction may lower the water release required for Tamil Nadu
Centre ratifies convention to curb company profit shifting

- Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI for preventing BEPS)
  - India has ratified this convention
  - To prevent Base Erosion and Profit Shifting
  - Shifting of profit erodes a country’s tax revenues (base)
- OECD + G20 + Interested Countries
  - Finalized this MLI Convention to prevent BEPS
- to ensure that profits are taxed where Substantive economic activities are carried out
- Covered Tax Agreements (CTAs)
  - Double Taxation Avoidance Agreements (DTAAs) that are modified as per MLI for BEPS (or) MLI Compliant DTAAs

As of now, India has CTAs with 93 countries
- 22/93 have ratified MLI
- For these 22 countries, the DTAAs has to be made MLI Compliant

MLI - comes into force for India on 1st October 2019
- MLI to have effect on DTAAs from FY 2021

So far, 89 countries have signed MLI
- 29 countries have ratified it
Union Minister opposes U.P. move to shift 17 OBCs to SC list

Pg 1 - A
Pg 1, 10 - C; T
Pg 1, 12 - D

⇒ U.P State Govt – directed Dist. Magistrates and Commissioners to issue Scheduled Caste Certificates to 17 OBCs
⇒ Minister of Social Justice and Empowerment
  ♦ Action of U.P. Govt is unconstitutional
  ♦ Only Parliament has the right to alter the notified list of Scheduled Castes (Article 341)
⇒ Article 342 – Power of President to notify certain Tribes to be deemed as ‘Scheduled Tribes’
⇒ Part 16 of Indian Constitution
  ♦ Special Provisions relating to certain classes
  ♦ Article 330 to 342

⇒ Article 341
  ♦ President may specify the castes that are deemed to be ‘Scheduled Castes’
  ♦ To include / exclude a name in the notified list, Parliament has to enact a law
Part A—Preliminary Examination

Paper I - (200 marks)
- Current events of national and international importance.
- Indian Polity and Governance
- Economic and Social Development- Social Sector Initiatives, etc.

Part B—Main Examination
PAPER-II

General Studies-I: Indian Heritage and Culture, History and Geography of the World and Society.
- Role of women and women’s organization, population and associated issues, poverty and developmental issues, urbanization, their problems and their remedies.

PAPER-III

General Studies- II: Governance, Constitution, Polity, Social Justice and International relations.
- Government policies and interventions for development in various sectors and issues arising out of their design and implementation.
- Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes

2. Crime against women Vs Utilisation of Funds

Crime and safety
The graph plots the proportion of funds utilised against crimes against women per lakh female population across States in 2016. In nine States/UTs, the crime rate is high but the use of funds is low.

3. Scheme-wise expenditure of worst performing states

Scheme-wise expenditure
The table lists States from section A of the second graph and the % utilisation under different schemes. Even the small amount that Delhi and W.B. have spent has been on victim compensation.

Nirbhaya Fund
- Announced in 2013
- Fund for supporting the initiatives to ensure the safety of women
- Nodal Ministry → Ministry of Women and Child Development

1. Utilisation of Nirbhaya Fund Vs Fund Allocation

Underutilised
The graph plots the amount released under the Nirbhaya Fund against its utilisation in various States/UTs. Maharashtra has not utilised a single rupee and West Bengal has used less than 1%
Practice Question – Prelims

Q1. Consider the following statements with reference to River Cauvery.

1. It is a west flowing river.
2. It originates from Karnataka and drains in Bay of Bengal.
3. The State Government of Karnataka has proposed a water reservoir project across the river at Mekedatu.

Which of the above statements is/are correct?

a) 1 only
b) 1 and 2 only
c) 2 and 3 only
d) 1, 2 and 3
Practice Question – Prelims

Q2. With reference to India’s ratification to the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting, consider the following statements.

1. India has signed the convention in 2017, but ratified it only in 2019.
2. The ratification will help India in addressing the loss of revenue as a result of treaty abuse and profit shifting.
3. India will have to modify the Double Taxation Avoidance Agreements with countries that have already ratified the Convention.

Which of the above statements is/are correct?
(a) 1 and 2 only
(b) 2 and 3 only
(c) 1 and 3 only
(d) 1, 2, and 3

Practice Question – Prelims

Q3. By which of the following procedures, can the notified list of Scheduled Castes, be altered?

a) A State Government may order the District Magistrates to issue caste certificates to one or more Other Backward Castes.

b) State Legislature has to pass a legislation, to include or exclude the name of a particular caste.

c) The Governor of a state has to issue a public notification to that effect.

d) The Parliament, by enacting a law.
Practice Question – Prelims
Q4. The nodal ministry for appraising and recommending the proposal/schemes under ‘Nirbhaya Fund’ is
   a) Ministry of Finance
   b) Ministry of Social justice and Empowerment
   c) Ministry of Women and Child Development
   d) Ministry of Labour

Practice Question – Mains
GS – III
Q. “India’s Target of 5 trillion-dollar economy by 2024 is challenging but achievable”. Discuss.

Practice Question – Prelims
Answers
Q1. Option ‘c’ – 2 and 3 only
Q2. Option ‘d’ – 1, 2, and 3
Q4. Option ‘c’ - Ministry of Women and Child Development