



PIB, THE HINDU Newspaper and Editorial

Current Affairs

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1. **China must maintain status quo on Doklam:**

Why in news?

Calling for China to maintain status quo in the Doklam region, Bhutan's Prime Minister Lotay Tshering said "no side" should do anything near the **trijunction point** between India, China and Bhutan "unilaterally".

Need for status quo:

- Bhutanese leader on the Doklam issue which had seen a near conflict between the Indian and Chinese armies in 2017, he said that as long as status quo was maintained, "there will be peace and tranquillity in the region."
- Mr. Tshering was reacting to a question about the recent reports of an **unprecedented build-up of military infrastructure** on the Chinese side of the Doklam plateau that has been part of a boundary dispute between Bhutan and China.
- He said the boundary talks between the two sides had made good progress, however, with 25 rounds completed.
- Asked whether the talks could lead to diplomatic ties being established, he reiterated **Bhutan's policy of not establishing ties with any permanent member** of the UN Security Council.

Reviving SAARC:

- Mr. Tshering also called on India and Pakistan to work together for the growth of South Asia and said it was "too early" to call the SAARC unviable.
- His comments follow calls by Sri Lanka's President Maithripala Sirisena and Nepal's Prime Minister K. P. Sharma Oli to revive the SAARC, which hasn't held a summit since 2014.

2. **Eco-friendly flats for MPs:**

Why in news?

With the first round of redevelopment of flats for MPs on North Avenue complete, the remaining flats on the North and South Avenues here are also likely to be demolished and re-constructed using fly ash and construction and demolition (C&D) waste bricks, Central Public Works Department officials said.

- Around 400 flats on North Avenue and South Avenue are likely to be rebuilt along the lines of the 36 flats on North Avenue that have just been rebuilt after being demolished in 2017.
- The next phase is likely to include 144 flats on North Avenue, after the MPs vacate the spaces. With the 36 flats ready and another 76 under construction at a multi-storey complex on B.D. Marg, the newly elected parliamentarians could be accommodated in them, the official said.
- The new flats have four bedrooms, offices for the MP and his or her secretary and parking spaces and are centrally air-conditioned.
- In addition, the flats have elevators that connect the basement parking, the ground floor office and living spaces and the first-floor bedrooms.

Eco-friendly structures:

- The official said fly ash bricks were used for the construction of the structure, while C&D waste bricks were used for the external walls.
- There are also five rainwater harvesting pits on the premises, the official added. The project cost, according to the tender, was around Rs. 57.32 crore.
- The next phase of redevelopment is likely to include similar features, the official said, adding that the Lok Sabha and Rajya Sabha House Committees would allot the homes and finalise the plans.
- With the first session of the 17th Lok Sabha starting on Monday, the allotment and the future plans would be decided by the new Speaker and the committees.

3. PM calls meet on 'one nation, one poll':

Why in news?

Prime Minister Narendra Modi invited heads of all parties in Parliament to a meeting to discuss "one nation, one election".

For Participatory democracy:

- Ahead of the first session of the 17th Lok Sabha, Mr. Modi addressed leaders of the Opposition at an all-party meeting where he asked them to introspect and urged Parliament to "reflect upon a new way of thinking along with new faces who have entered the august House
- We are for the people; we cannot win hearts by disrupting the functioning of Parliament. All parties must keep political differences aside and commit

themselves to tirelessly work in the direction of nation's progress," he was quoted as saying by Parliamentary Affairs Minister Pralhad Joshi.

- The June 19 meeting had also been called to discuss celebrations of 75 years of Independence in 2022 and 150 years of Mahatma Gandhi's birth anniversary this year, Mr. Joshi said.
- The Prime Minister will be hosting a dinner for all parliamentarians on June 20.

Will carry on fight: Cong.

- Though the Opposition seems in disarray, Leader of the Opposition in the Rajya Sabha Ghulam Nabi Azad said they would continue with their ideological fight.
- We have told the government that we will help pass all the bills that are in the interest of the people and the country," he said, without indicating its stand on the triple talaq ordinance.
- Along with triple talaq, there are 10 ordinances that need to be converted into law within six weeks of the Parliament session that gets under way and will continue until July 26.
- Another ordinance is on extending President's Rule in Jammu and Kashmir. If the government can conduct Lok Sabha polls peacefully, there is no reason why Assembly elections can't be held. It's because the government; the result won't be in their favour and that's why they want to rule through Central rule, Mr. Azad said.

President's address:

- After the first three days of oath taking, President Ram Nath Kovind will address a joint sitting of Parliament on June 20 and on July 5, the government will announce the Budget for 2019-2020.
- The Opposition raised issues such as unemployment, farmers' distress, drought, press freedom, women's safety and price rise.

4. Pak. fails to take measures to curb terror funding:

Why in news?

Pakistan has failed to complete 25 of the 27 action points given by the international terror financing watchdog **Financial Action Task Force (FATF)** to check funding to terrorist groups such as the Lashkar-e-Taiba, the Jaish-e-Mohammad and frontal groups like the Jamat-ud-Dawah and the Falah-e-Insaniat Foundation.

Implications:

- With this, multilateral lenders like the IMF, the World Bank and the EU may continue downgrading Pakistan, making its financial situation more precarious
- The **Paris-headquartered FATF** has asked Pakistan to explain whether it has launched any investigation into the \$7 million allocated to maintain schools,

madrasas, clinics and ambulances originally operated by the terror groups.

- It is in deep trouble at the FATF meeting beginning in Florida in the U.S., people aware of the development said.
- It has been unable to complete 25 action points. It has one last chance, till its 15-month deadline ends in October, when the FATF Plenary will be held.

5. **Aviation pacts hurt national carriers:**

Why in news?

The Enforcement Directorate has alleged that a substantial jump in seat entitlements and Indian points-of-call (airports) for the operation of foreign airlines, due to bilateral agreements struck with the United Arab Emirates (UAE) and Qatar between 2005 and 2009, resulted in huge losses to the national carriers.

Convention of Civil Aviation:

- Being a signatory to the Convention of Civil Aviation, India has to comply with its principles.
- As part of the arrangement, two countries hold talks to decide routes and allocation/increase of seats on the basis of equality and reciprocity.
- Under these agreements, traffic rights and capacity entitlements are exchanged based on market requirements.
- They specify the entitlements in terms of frequency of operations, number of seats and airport.
- Between 2005 and 2009, India held bilateral meetings with the UAE and Qatar.

Substantial increase:

- After each meeting, the ED alleges, a substantial increase in seat entitlements and airports was made, from which the airlines of both the countries allegedly gained more than the Indian carrier. In case of the UAE, the agreements were held separately for Dubai, Sharjah, Abu Dhabi and Ras-al-Khaima.
- According to the data quoted by the agency, under the agreement with respect to Dubai, seat entitlements for the Emirates were 8,400 up to 2001.
- However, after three agreements in 2005, 2007 and 2008, they went up to 54,200. Finally, the seats were increased to 54,200 and points of call to 10 during the meeting held on April 23, 2008.
- As part of the **Sharjah agreement**, the seat entitlements that was 4,536 till April 2006 jumped to 17,841 in June 2008. As for Qatar, the number rose from 1,288 in June 2002 to 24,292 in February 2009.
- Under the agreement dated June 9, 2008, the points of call stood at eight, says the ED.
- Every time [agreements during the check period] the foreign carriers obtained more points of call, which resulted in the loss to the Indian carrier as India got

only one the foreign airlines were exercising the benefit of 6th freedom traffic. It means they are carrying the traffic of the countries other than their own,” says the agency.

- The ED probe revealed that both Air India and the erstwhile Indian Airlines were of the firm view that traffic rights on these routes should not be enhanced as the existing ones were sufficient to take care of the requirement for to-and-fro traffic.
- They had also highlighted the “undue advantage flows” to the foreign carriers as the national carriers were unable to take benefit of the “sixth freedom” traffic right.
- Despite these reservations, the foreign airlines allegedly managed to get more allocations.
- The ED, in its chargesheet against lobbyist Deepak Talwar, alleges that in lieu of the favourable traffic rights, the beneficiary airlines made huge payments to him through various routes.

6. **This will be a tough budget to balance:**

Why in news?

Over the next 20 days, two major policy events will take place — the Budget and a GST Council meeting that will reveal the government’s intent and vision for the next five years. While there are a number of issues that it can take up at both these events, there are three main problems that are relatively more noteworthy.

Major Concerns:

- The first is the issue of **private investment** and how, despite the government’s best efforts so far, it has not recovered enough to shoulder its share of the burden as a prime driver of economic growth.
- The second issue is the **fiscal deficit** and whether the government is artificially hamstringing itself by curtailing public expenditure in order to meet an arbitrary target. In other words, can the government afford to shift the target meaningfully to, say, 4% from the current 3.4%?
- The third important policy element is whether the government can afford to **reduce GST rates** even further and whether there are any more steps it can take to widen the tax net.
- The first two issues are to be addressed in the Union Budget, while the third is the exclusive domain of the GST Council. However, in all three, it has only limited options.

Private performance:

- The consensus view among economists seems to be that the government has pretty much done all it can in terms of creating the right environment for the private sector to grow.

- Policy measures such as the Insolvency and Bankruptcy Code, the 'Make in India' initiative, power sector reforms, easing of FDI norms, and the concerted effort to improve the ease of doing business are all considered welcome steps.
- All of these provide a better environment for the private sector to work in.
- In the Budget, however, there are a few steps the government can take that can make it more attractive for the private sector to invest.
- On the expenditure side, if it continues spending what it has been on capital expenditure, it will definitely have a positive impact on the private sector.
- For example, if the government spends on roads, it automatically creates demand for cement and steel, which is produced by the private sector. Similarly, if the government spends on power infrastructure.
- However, the caveat here is that this positive impact on the private sector will not be felt in the very short term. That is, capital expenditure undertaken in this financial year will only begin to boost the private sector in the next financial year.
- The other thing the government can do in the Budget is giving certain kinds of tax concessions. For example, the corporate tax rate, which was to be lowered to 25% from 30%, they have done it only for the smaller companies. They have said they would do it for the rest of the companies over a period of time, but there have not been any steps taken.
- Here, too, while there is no guarantee that reducing corporate tax rate will definitely lead to increased investments, it is definitely seen as a good first step.

Fiscally constrained:

- So, if increased capital expenditure and reduced corporate tax collections are the major way private sector investment can be encouraged, then the natural extension of that argument should be that the government give itself some more flexibility when it comes to the fiscal deficit. While this might seem logical, the government's own actions have rendered this option nearly impractical.
- The central government is relying quite heavily on the public sector for its own infrastructure expansion programme.
- Last year, the increment in government debt was considerably higher than the fiscal deficit. The difference is about 1% of GDP, which are all extra budgetary resources.
- These constitute liabilities of the government, but are not included in the fiscal deficit calculations.
- On the revenue side, a lot of the expenditure on food subsidies is being picked up by the Food Corporation of India (FCI), which has borrowed from the National Small Savings Fund on behalf of the government.
- And so, when FCI has to service that debt, the government will have to come to rescue. So, these are all government liabilities that are just gathering up.
- In other words, since tax revenues either through direct taxes or indirect taxes did not meet their targets last year and don't look like they will this year, the only way the government can increase its expenditure is by borrowing more. However, by committing to repay debt taken on by the public sector on its behalf, the government has tied its hands in this regard as well.

- The only practical option before the government is for a favourable recommendation by the **Bimal Jalan committee** on the quantum of the Reserve Bank of India's reserves that can be transferred to the Centre.
- The information is that if you estimate how much of reserves the RBI has got based on its past profits, then that comes to about 28% of its total assets and the global norm is 14%.
- It looks like there is room available for it to transfer the excess to the government. That should close some of the shortfall in tax revenues that happened in 2018-19.

Boosting consumption:

- There is another engine of economic growth, which, while firing strongly so far, has now begun to show signs of weakness **private consumption expenditure**.
- Individuals, driven by static salaries but increasing costs, have begun to defer purchases and this can be seen in a number of metrics that have slowed down, such as car sales.
- Boosting personal consumption can also go a long way in reviving the private sector.
- One way to encourage individuals to spend more is to increase the amount of money in their pockets. That is, **reduce the tax burden**.
- There is some talk in the Finance Ministry about reducing GST rates and addressing the revenue shortfall by widening the tax net.
- The view among tax experts is that the tax rates currently are already significantly lower than those in the pre-GST era.
- And, while the impact of a cut in rates affects revenues immediately, the positive impact of trying to increase tax compliance is felt with a delay.
- While the existing GST rates for products are generally lower or at par with the rates prevailing prior to the introduction of GST, there could be some cases where there is scope for further reductions, keeping in mind the revenue implications.
- While rate reductions would lead to an expansion of the tax base in the medium term, it needs to be noted that collections go down immediately while the compliance and expansion of the tax base happens over a period of time.
- In the next one year or so, the government could look at collapsing the 12% and 18% categories into a 15-16% single category.
- While there is scope for expanding the tax base by plugging the tax leakages, that is a process and cannot happen immediately.

7. Hong Kong Crisis:

Why in news?

Hong Kong leader Carrie Lam apologised on June 16 as hundreds of thousands of black-clad protesters-maintained calls for her to resign over her handling of a Bill that

would have allowed people to be sent to mainland China for trial.

Lam's pledge:

- The Chief Executive issued the rare apology one day after she indefinitely delayed the extradition Bill, which sparked one of the most violent protests in the city in decades.
- A government spokesman said that poor government work over the Bill had led to substantial controversies and disputes in society, causing disappointment and grief.
- Ms. Lam apologised to the people of Hong Kong for this and pledged to adopt a most sincere and humble attitude to accept criticisms and make improvements in serving the public, the statement added.
- Protesters formed a sea of black along roads, walkways and train stations across Hong Kong's financial centre to vent their frustration and anger at the Bill and the government's handling of the resulting demonstrations.
- Saturday's dramatic suspension of the Bill was one of the most significant political retreats by the Hong Kong government since **Britain returned the territory to China in 1997**, and it threw into question Ms. Lam's ability to continue to lead the city.

Political crisis:

- The protests have plunged Hong Kong into political crisis, just as months of pro-democracy "**Occupy**" **demonstrations** did in 2014, heaping pressure on Ms. Lam's administration and her official backers in Beijing.
- The turmoil comes at a difficult time for Beijing, which is already grappling with an escalating U.S. trade war, a faltering economy and tensions in the South China Sea.
- Chinese censors have been working hard to erase or block news of the Hong Kong protests, wary that any large public rallies could inspire protests in the mainland.
- The violent clashes near the heart of the financial centre on June 12 grabbed global headlines and forced some shops and banks, including HSBC, to shut branches.
- In a weekly blog post published on June 16, Hong Kong Financial Secretary Paul Chan sounded a reassuring note about the city's financial position.
- Even if the external environment continues to be unclear and the social atmosphere is tense recently, overall Hong Kong's economic and financial markets are still operating in a stable and orderly manner.
- At the start of the march, protesters paused for a minute's silence to remember an activist who died from a fall on June 15 near the site of the recent demonstrations.
- In the self-ruled island of Taiwan, which China claims as its own, about 5,000 people rallied outside the parliament building in Taipei with banners saying, "No China extradition law" and "Taiwan supports Hong Kong."

- Some of the protesters in Hong Kong also waved Taiwan flags.

Extensive meddling:

- The city's independent legal system was guaranteed under laws governing Hong Kong's return from British to Chinese rule 22 years ago, and is seen by business and diplomatic communities as its strongest asset.
- Hong Kong has been governed under a “**one country, two systems**” formula since its return to Beijing, allowing freedoms not enjoyed in mainland China but not a fully democratic vote.
- Many accuse Beijing of extensive meddling since then, including obstruction of democratic reforms, interference with elections and of being behind the disappearance of five Hong Kong-based booksellers, starting in 2015, who specialised in works critical of Chinese leaders.

Still uncertain future:

- Pro-democracy lawmaker Claudia Mo said protests would continue if Ms. Lam does not scrap the bill.
- Asked repeatedly on June 15 if she would step down, Ms. Lam avoided answering directly and appealed to the public to “give us another chance”. Ms. Lam said she had been a civil servant for decades and still had work she wanted to do.
- Ms. Lam's reversal was hailed by business groups including the American Chamber of Commerce, which had spoken out strongly against the bill, and overseas governments.
- The U.K. Foreign Secretary Jeremy Hunt said on Twitter, “Well done HK Government for heeding concerns of the brave citizens who have stood up for their human rights.”
- China's top newspaper on Sunday condemned “anti-China lackeys” of foreign forces in Hong Kong.
- Certain people in Hong Kong have been relying on foreigners or relying on young people to build themselves up, serving as the pawns and lackeys of foreign anti-China forces,” the ruling People's Daily said in a commentary.
- This is resolutely opposed by the whole of the Chinese people including the vast majority of Hong Kong compatriots
- The Hong Kong protests have been the largest in the city since crowds came out against the bloody suppression of pro-democracy demonstrations centred around **Beijing's Tiananmen Square on June 4, 1989.**
- Ms. Lam had argued that the extradition law was necessary to prevent criminals hiding in Hong Kong and that human rights would be protected by the city's courts which would decide on any extradition on a case-by-case basis.
- Critics, including leading lawyers and rights groups, have noted China's justice system is controlled by the Communist Party, and say it is marked by torture and forced confessions, arbitrary detention and poor access to lawyers.

8. **U.S. doesn't want war with Iran:**

Why in news?

Secretary of State Mike Pompeo vowed that the U.S. will guarantee free passage through the vital Strait of Hormuz, as he accused Iran of recent attacks on oil tankers and the downing of a U.S. drone.

Freedom of navigation:

- Mr. Pompeo confirmed in an interview with CBS that a U.S. MQ-9 "Reaper" drone was shot down June 6 with a missile fired from Yemen "that we assess had Iranian assistance.
- Mr. Pompeo would not be drawn on what options the U.S. is considering to protect shipping or to punish Iran in the wake of Thursday's attacks on two tankers in the Gulf of Oman, but reiterated that President Donald Trump is not seeking war with Iran.
- What you should assume is we are going to guarantee freedom of navigation throughout the Strait," he said in an interview on "Fox News Sunday."
- Iran has denied the U.S. charges as "baseless" and said they were made without "a shred of factual or circumstantial evidence.
- We don't want a war. We've done what we can to deter this, Mr. Pompeo said.
- The Secretary would not lay out U.S. evidence for Iran's involvement in the Gulf of Oman explosions, but insisted: "It's unmistakable what happened here.
- These were attacks by the Islamic Republic of Iran on commercial shipping, on the freedom of navigation, with the clear intent to deny transit through the strait.
- The Pentagon had previously released a video showing what it said was an Iranian boat that pulled up alongside one of the stricken tankers and removed a limpet mine attached to its hull.

Tankers arrive in UAE:

- Earlier on Sunday, the two damaged tankers arrived safely at locations off the Emirati coast.
- The Japanese-owned Kokuka Courageous was carrying highly flammable methanol through the Gulf of Oman on Thursday when it came under attack along with the Norwegian-operated Front Altair .
- The Japanese vessel's Singapore-based owners BSM Ship Management said in a statement on Sunday that it had "arrived safely at the designated anchorage" and that its crew were "safe and well". The other ship, the Front Altair, was under safe tow by tug boats towards an area off the coast of the eastern Emirati port of Fujairah.
- First inspections are under way and no hot spots have been identified following the fire," the vessel's owners said in a statement on Sunday.
- It said all crew members were in Dubai, where they will "assist with the debrief to the owner's legal team and the appropriate authorities, before returning home".

- The UAE's Foreign Minister Sheikh Abdullah bin Zayed al-Nahyan called on world powers "to secure international navigation and access to energy".

9. **Assam temple bids adieu to turtle hatchlings:**

Why in news?

For the first time since it was established 294 years ago, a temple in Guwahati has let its presiding deity play second fiddle to the offspring of its resident reptiles the **rare black softshell turtle** (*Nilssonia nigricans*).

Back to the wild:

- The Ugratara Temple, one of the city's landmarks, organised a special darshan of 34 hatchlings of the freshwater turtle.
- Members of the temple committee and devotees turned up for what was essentially a ceremony to welcome and bid goodbye to these hatchlings.
- The welcome was because the eggs of black softshell were collected from temple ponds for incubation at the Assam State Zoo. And the goodbye was because these hatchlings will be reintroduced in the wild, never to return.
- Jorpukhuri translates into twin tanks, one of which abuts Ugratara Temple that is dedicated to Goddess Tara, a 'fiery' avatar of Kali.
- The black softshell turtle is extinct in the wild. The few that remain are in the ponds of some temples in Assam. they started the conservation programme by involving the temples and collected the eggs in December last year. Of the 70 eggs, 34 hatched in the zoo about 10 days ago.
- He agreed that the ponds are too crowded for the hatchlings to be brought back.

Target 1,000:

- A similar homecoming of 11 hatchlings of the equally endangered Indian **roofed turtle** (*Pangshura tecta*) and the **Indian tent turtle** (*Pangshura tentoria*) was organised at the Hayagriv Madhab Temple in Hajo, about 30 km west of Guwahati. Help Earth members had collected 150 eggs of these two turtle species a few months ago.
- We have identified 18 temple ponds and we can hope to reintroduce 1,000 freshwater turtles into the wild every year if we can have a nodal network of at least 15 of these ponds. Incubating the eggs away from the ponds was necessary because of the low hatching rate in the ponds," Mr. Purkayastha said.
- The eggs of the freshwater turtles have a soft shell. Unlike rivers or natural water bodies where they lay eggs a foot under silt, the clayey bottom of the ponds forces the turtles to lay eggs on the surface. Only about 20% of the eggs laid in these ponds hatch because of other factors such as shallowness and resultant water temperature.

10. **G20 agrees to tackle ocean plastic waste:**

Why in news?

Group of 20 environment ministers agreed to adopt a new implementation framework for actions to tackle the issue of marine plastic waste on a global scale, the Japanese government said after hosting the two-day ministerial meeting.

Plastic Menace:

- Environment and energy ministers of the Group of 20 major economies met this weekend in Karuizawa, northwest of Tokyo, ahead of the G20 summit in Osaka, western Japan, on June 28-29.
- One of the top issues was ocean plastic waste as images of plastic debris-strewn beaches and dead animals with stomachs full of plastic have sparked outrage, with many countries banning plastic bags outright.
- Japanese Prime Minister Shinzo Abe has said he wants his country to lead the world in reducing marine plastic trash, including developing biodegradables and other innovations.

G20 action plan on marine litter:

- The new framework is aimed at facilitating further concrete action on marine waste, though on a voluntary basis, after the G20 Hamburg Summit in Germany adopted the “G20 action plan on marine litter” in 2017.
- Under the new framework, G20 members will promote a comprehensive life-cycle approach to prevent and reduce plastic litter discharge to the oceans through various measures and international cooperation.
- They will also share best practices, promote innovation and boost scientific monitoring and analytical methodologies.
- Japan plans to host the first meeting under the new framework this autumn when officials of environment ministers in the G20 countries are due to meet for the G20 Resource Efficiency Dialogue.

