

JINESH IAS

Current Affairs Today

Year 1/ Issue 1/August 2017

HIGHLIGHTS

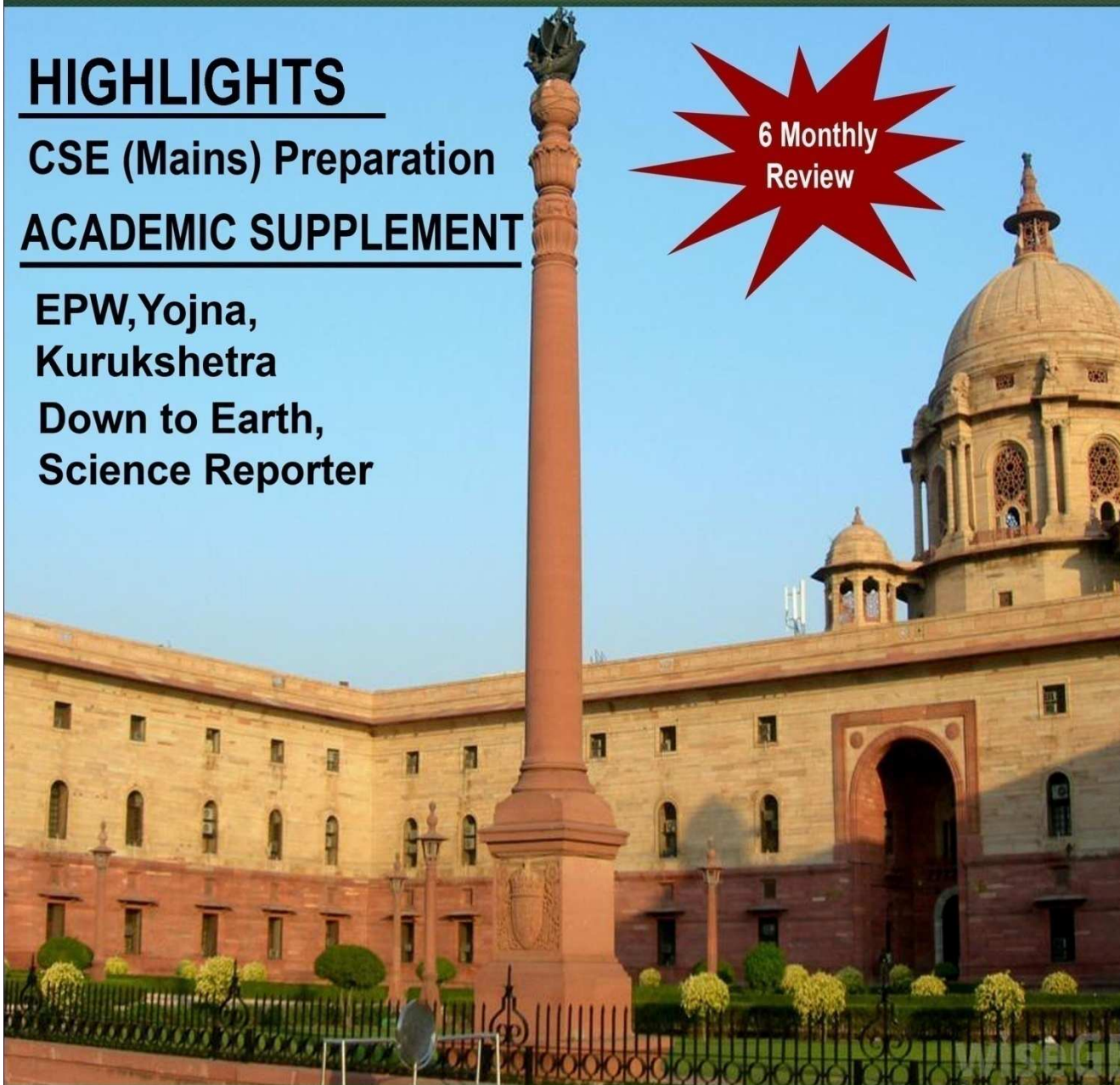
CSE (Mains) Preparation

ACADEMIC SUPPLEMENT

EPW, Yojna,
Kurukshetra

Down to Earth,
Science Reporter

6 Monthly
Review



Extensive current affairs coverage, Target Mains, Learning Through maps and much more...

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Dear Aspirants,

**“The starting point of all achievement is desire. Keep this constantly in mind.
Weak desire brings weak results, just as a small fire makes a small amount of heat”.**

– Napoleon Hill

It is true that the fire in the belly is the one thing which drives us all and unites us all in this site. We all started with one dream, the dream might have taken different shapes for all of us as the journey has progressed but the one thing that remains is the hunger, the hunger to make something happen, the hunger to strive and the hunger to create a difference – both in our individual lives and the lives of others.

After the results of UPSC CSE 2016 were declared last month, I am sure all of you must have seen the mark sheets of the toppers. What an Aspirant miss is that the syllabus of UPSC has been designed to select the civil services officers equipped with the sound knowledge of what is referred to as ‘general studies’ (GS) in the jargon of this examination. GS is simply the working knowledge of your country, society, heritage, the times you are living in, the latest developments in various fields and so on. And, leaving aside the model of examination to the best analysis of those equipped and chosen for it, nobody should doubt that this body of knowledge which is tested is the most apt metaphor for the multifaceted persona of an ideal civil servant. What should an ideal civil servant be like has been often adapted from one of **Robert A. Heinlein’s** most famous quotes which says, **“He should be able to heal a wound, plan an expedition, order from a French menu, climb a mountain face, enjoy a ballet, balance accounts, roll a kayak, embolden a friend, tell a joke, laugh at himself, cooperate, act alone, sing a children's song, solve equations, throw a dog a stick, pitch manure, program a computer, cook a tasty meal, love heartily, fight efficiently, die gallantly. Specialization is after all for insects”.**

One of the things we try to do in this magazine is to keep you in sync with all the facets of the examination. It makes us tilt on a bit heavier side (we are working on it consistently, though) but gives us the satisfaction of us having done our part of assisting in your preparation in a holistic manner.

Lastly, we wish that all of you who’ll be preparing for Mains and also, those who are beginning their journey of UPSC CSE preparation from the scratch or once again, have a very successful year ahead.

With Best Wishes

(Jinesh Choudhary)



Beginning CSE 2017 Mains Preparation

The Civil Services (Mains) Examination has undergone a sea change in its content and character and has been completely revamped by the **Union Public Service Commission (UPSC)**. This change has been for the greater good and has ushered the exam into a new era, where General Studies plays a vital role in 'making or breaking' a candidate.

GS Paper 1 which is of 250 marks includes **Indian and World History, Art and Culture, Indian and World Geography and Sociology**. This new paper ensures that a candidate is judged on the basis of in-depth knowledge and understanding rather than just by hearing collected information at the last moment. A civil servant should know and understand the history and geography of a particular place, including the behavior of the society, to help himself mold and get transformed in such a way that his duties/actions would have the highest efficacy on the citizenry.

GS Paper 2 which is of 250 marks is all about governance at its core. **This paper tests the wisdom of the candidate in are as related to the Legislative, Executive and the Judiciary**. It also deals with various sacrosanct institutions and other development agendas which become imperative for a budding civil servant to delve into. Because, once they start on the ladder of their career, much of their lives will be affected by this activity of governance.

GS Paper 3 which is of 250 marks is based on **Technology, Economic Development, Biodiversity, Environment, Security Issues and Disaster Management**. The syllabus imbibes various subjects from a very diverse arena of life. A budding bureaucrat is expected to know the issues in depth as well as in breadth as far as possible. Issues like economy and development can never be expected to be static and mere rote memorization will never equip them with enough weapons in their arsenal to attack the CS(M).

GS Paper 4 which is also of 250 marks is on **Ethics, Integrity, and Aptitude**. **The exam which earlier used to judge the level of knowledge and intelligence of candidates will now also look into their wisdom and moral conception**. It also checks if the candidate has aptitude and values for surviving and successfully performing his duties as a civil servant. Thus, this step would theoretically make every new recruit ethical and moral with high integrity values.

It is in this context that we at **www.jineshiasacademy.com** acknowledge this challenge put forth by the draconian UPSC and so are making a concerted and honest effort to come out with subject matter that can address the issues faced by the candidates. Our focus and approach have been in such a manner that a student gradually moves from a microscopic concept to a macroscopic view.

The website and this strategy have been designed in such a way that it is extremely comprehensive but at the same time, lucid and compact. This strategy intends to serve the objective of the aspirants by acquainting them with conceptual development so that they may channelize their effort in developing a critical understanding of the subject matter and eventually develop their own potential to the optimum level, which would help them in excelling this gigantic examination conducted by the UPSC.

At the end, let us very clear about some myths

1. you do not need any coaching
2. you do not need to read any news paper daily
3. please do not read any book that is more than 300 page (it is totally not worth it)
4. you do not need to study India Year Book ..its useless
5. you do not need to study full budget

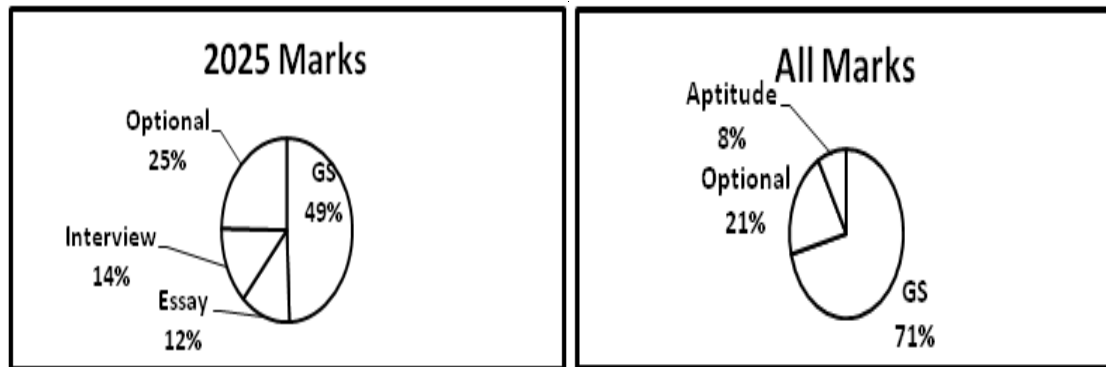
STEP 1: Now what you need to do is get a time table for yourself.

STEP 2: Set weekly targets and complete it by writing a test at the end of the week . For better perspective one can visit www.jineshiasacademy.com

STEP 3: Solve as many question papers as you can.

Now at the beginning you might not score well. Don't worries...Chill!! It happens. See you never lose in life you either win or u learn. Make a copy and write down those questions which you couldn't answer this way you will be getting concise notes of only relevant issues. Do not bother yourself with mains at this stage . Even if you have not touched optional than also don't panic. Solve questions and maintain notes of them to revise.

Please do not read yojana and kurukshetra at this stage. If time permits you can but it has more relevant stuff for mains. You can read economic affairs but selectively not fully. At the end of the day you should evaluate your progress and just before a month from CS (Mains) just solve papers and keep revising the notes which you made in a copy, this will pay you the most.



Do share your views and thoughts since your acknowledgment is our Fuel

All the very Best!

ARTICLES

TEAM: JINESH IAS ACADEMY

SOCIAL,
ECONOMICS
CONSTITUTIONAL,
INTERNATIONAL,
INTERNAL SECURITY

Think Beyond Loan waivers



Child sexual Abuse and Exploitation



The story of India's youngest state: Telangana



Encounter killings of criminals by police is illegal and unconstitutional ?



Think beyond Loan waivers

In India where annual agriculture waste is about Rs 96,000 crore, farm loan waiver is just a poll sop with no long term economic gain for farmers in distress. The money waived could be invested for creating infrastructure that makes farmers independent of cartel of traders and help them to reap maximum economic benefit of their produce

Summary:

Recent events — the UP government's waiver of farmer loans, dramatic protests by Tamil Nadu farmers in Delhi and a warning from the RBI Governor against loan waivers — have once again brought farm loan write offs under public glare.



Need for farm loan write-offs:

Farm loans may be crop loans or investment loans taken to buy equipment. Both farmers and banks reap a good harvest when all is well. But when there is a poor monsoon or natural calamity, farmers may be unable to repay loans. The rural distress in such situations often prompts States or the Centre to offer relief — reduction or complete waiver of loans. Essentially, the Centre or States take over the liability of farmers and repay the banks. Waivers are usually selective — only certain loan types, categories of farmers or loan sources may qualify.

Minimum Support Price

- 1 –Minimum Support Price is the price at which government purchases crops from the farmers, whatever may be the price for the crops.
- 2 –Government's agricultural policy has three important components-the MSP, Buffer Stocks and issue of food grains through the PDS. The interconnectivity between the three is very clear. MSP helps to procure adequate food grains through FCI, state agencies and cooperatives. The PDS network through the policy of issue price delivers it to the weaker sections.
- 3 –The minimum support prices are announced by the Cabinet Committee on Economic Affairs (CCEA) Government of India at the beginning of the sowing season for certain crops (currently 26) on the basis of the recommendations of the Commission for Agricultural Costs and Prices (CACP).
- 4 –The MSP helps to incentivize the farmers and thus ensures adequate food grains production in the country. It gives sufficient remuneration to the farmers, provides food grains supply to buffer stocks and supports the food security programme through PDS and other programmes.

Loan Waivers in Past:

The government led by V. P. Singh offered an agricultural debt relief program of up to Rs10, 000 for each borrower in 1990. In February 2008, the UPA government formulated a proposal on waiving farm loans. It incorporated the proposal in that year's Budget. The proposal had been discussed at the highest level politically. Finally, in the 2008-09 Budget, then Finance Minister P Chidambaram announced a full waiver of dues up to March 31, 2007, for 3 Crore small and marginal farmers. It was a one-time settlement scheme for all others, with a 25% rebate thrown in. The value of the loan waiver was pegged at Rs 50,000 crore; that of the settlement scheme at Rs 10,000 crore.

Issues related to agriculture:

1. Fragmented land holding
2. Depletion of water table level
3. Deteriorating soil quality
4. Rising input costs and less output
5. Low productivity
6. Vagaries of monsoon

Due to these reasons, often farmers are unable to manage their expenses and have to borrow money from moneylenders at extremely high rates as they are not eligible for bank credit. Indebtedness is a major reason for farmer suicides in the country.



Hope: The Modi government aims to double farm income by 2022 through the complete transformation of Indian agriculture.

Reality: Farmers across the nation are on boil over their pitiable condition despite a normal monsoon and bumper crop.

Why Double Farmers' Income?

- Past strategy for development of the agriculture sector in India has focused primarily on raising agricultural output and improving food security.
- The net result has been a 45 per cent increase in per person food production, which has made India not only food self-sufficient at aggregate level, but also a net food exporting country.
- The strategy did not explicitly recognise the need to raise farmers' income and did not mention any direct measure to promote farmers welfare.
- The net result has been that farmers income remained low, which is evident from the incidence of poverty among farm households.

Doubling real income of farmers till 2022-23 over the base year of 2015-16, requires annual growth of 10.41 per cent in farmer's income. This implies that the on-going and previously achieved rate of growth in farm income has to be sharply accelerated. Therefore, strong measures will be needed to harness all possible sources of growth in farmers' income within as well as outside agriculture sector.

The **major sources of growth** operating within agriculture sector are:

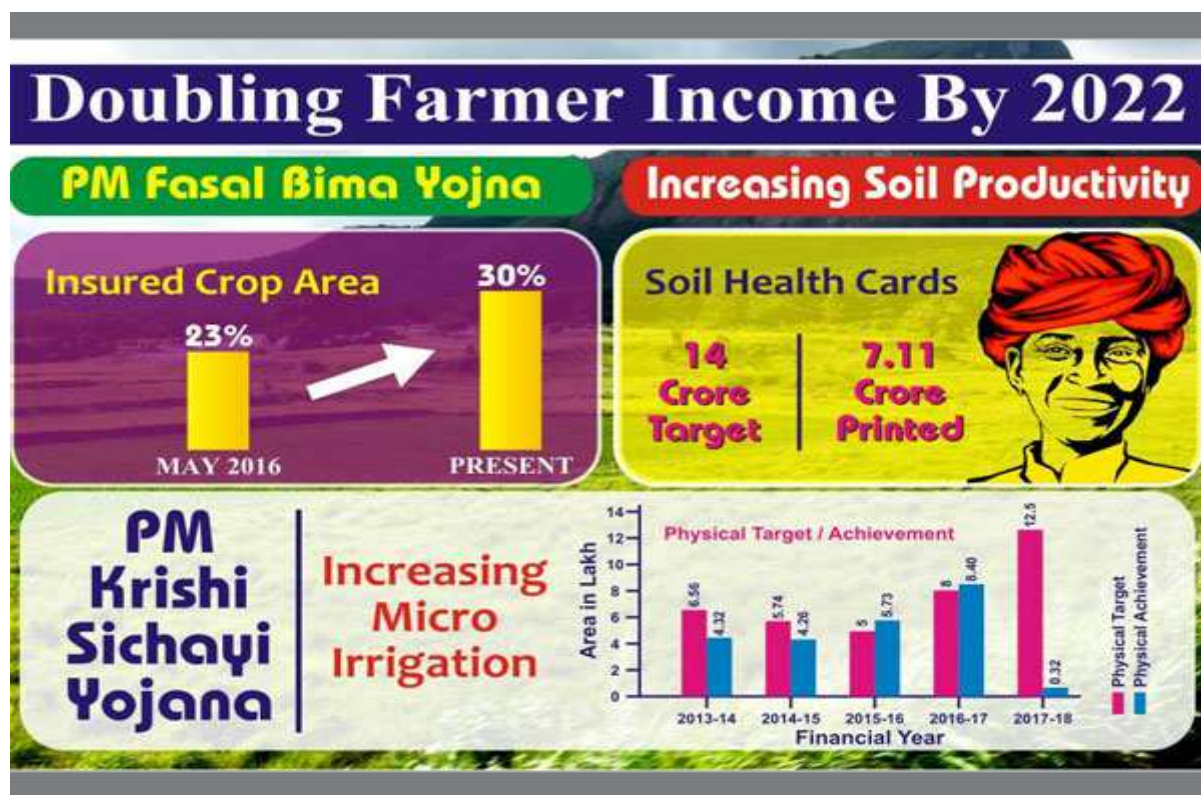
- Improvement in productivity
- Resource use efficiency or saving in cost of production
- Increase in cropping intensity
- Diversification towards high value crops

The sources outside agriculture include:

- Shifting cultivators from farm to non-farm occupations, and
- Improvement in terms of trade for farmers or real prices received by farmers.

The Niti Aayog recently came out with its 'Three Year Action Agenda' – a plan that covers a time period that is politically crucial as it leads up to the 2019 Lok Sabha elections.

In its chapter on agriculture titled '*Agriculture: Doubling Farmer's Incomes*', the economic think-tank has put forth a four-point action plan to double the incomes of India's farmers.



Although there is nothing radically new in what has been suggested by the Niti Aayog, the measures proposed are in the right direction if the farmers' incomes have to be doubled. However, various experts have cast a pall of gloom over the claim that it is indeed possible to double incomes by 2022-23. This is primarily because agricultural growth in the post-reform period, barring a few exceptional years, has been stagnant and has historically failed to meet the target set by the government. For example the average annual rate of growth in agriculture and allied sector during the period from (1991-92 to 2013-14) comes at 3.2% – lower than the targeted 4%.

Further, massive investment is needed in irrigation if productivity of India's farms are to be increased. But if we look at the budgetary allocation for the same, one is filled with a sense of sheer disappointment. For example, as Gulati and Jain note, at the beginning of the twelfth Plan, there were 337 major and medium irrigation projects requiring an indicative budget of more than Rs 4,22,012 crore. Against this need, the annual allocation for irrigation was less than Rs. 20,000 crore.

The Niti Aayog has also mooted the modernisation of farms and adoption of new technologies like adopting GM crops and using new farm equipment. However, this is not as easy as it seems. For example as per Agriculture Machinery and Manufacture Association in India, tractor penetration is 38% for large farmers, 18% for medium

farmers and just around 1% for marginal farmers. Since the majority of the farmers in India are marginal, the almost negligible penetration of tractors tells us as to how difficult it is to mechanise these farms. One idea mooted by the Economic Survey of 2015-16 is to develop a rental market for farm equipments. This is a good suggestion but again the hurdle is how to connect the various stakeholders involved in constructing such a market?

Niti Aayog's Action Plan		
Remunerative prices	MSP reform	Raising productivity
<p>1-Under this point, the Niti Aayog has suggested reforms in two areas:</p> <p>(a)Marketing reforms and</p> <p>(b)Minimum support price (MSP) reform.</p> <p>However it must be noted here that since agriculture is a state subject, the central government cannot do much here apart from facilitating the reform process.</p>	<p>1-The major disadvantage of MSP regime is that it totally ignores the demand dimension, thereby resulting in not only an inefficient use of resources but also accumulation of unwarranted stocks of cereals.</p> <p>2- Since resources for agriculture – water and land – are scarce, it is very important to use the resources efficiently if our aim is to double the income of the farmers.</p> <p>3-The Niti Aayog has aptly highlighted the distortion in cropping patterns caused by MSP regime. Since the MSP regime favours cultivation of wheat, rice and sugarcane, not only has it led to reduction in the area under acreage of other crops like pulses, oil seed and coarse grains</p> <p>4-The Niti Aayog, on the other hand, has suggested a system of “price deficiency payments” to cure the distortion caused by the MSP regime</p> <p>5-Under this system a subsidy would be provided on targeted produce in case the price falls below MSP-linked threshold. One advantage of this, as highlighted by the action plan, is that it would spread price incentives to producers in all the regions and all the crops considered important for providing price support.</p>	<p>1-As per the Agriculture Census 2010-11, 67.10% of India's total farmers are marginal farmers (below 1 h.a.) followed by small farmers (1-2 h.a.) at 17.91%.</p> <p>2-Since Indian agriculture is dominated by marginal farmers who have small holdings, raising productivity is likely the single most important factor if incomes of this group are to be doubled.</p> <p>3-The Niti Aayog has also called for substantive investment in irrigation, seeds & fertilisers and new technology coupled with a shift into high-value commodities such as horticulture, poultry and dairying to double incomes.</p> <p>4-The three major input subsidies are our fertiliser subsidy, the irrigation subsidy, the power subsidy.</p> <p>5- A fourth indirect subsidy is the credit subsidy; an interest subsidy on credit obtained from various financial institutions.</p> <p>6-A major portion of these subsidies is accounted by India's fertiliser subsidy which has increased by around five times in the last ten years from Rs 12, 595 crore in 2001-02 to Rs 67, 971 crore in 2012-14 at current prices.</p> <p>7-In 2015-16, the government budgeted Rs 73,000 crore (about 0.5% of GDP) on fertiliser subsidy.</p> <p>8-While the Niti Aayog has called for the application of soil cards for customising fertiliser use, the Economic Survey of 2015-16 pitched for reforms to increase domestic availability via less restrictive imports and to provide benefits directly to farmers using 'JAM' (Jan Dhan, Aadhaar, mobile).</p>

The way forward:

Government Initiative	
Pradhan Mantri Krishi Sinchai Yojana	<p>The primary objectives of PMKSY are:</p> <ul style="list-style-type: none"> To increase the area of agricultural lands covered by irrigation and reduce dependency on monsoon. To improve on farm water use efficiency by adopting water management techniques adoption of precision-irrigation and other water-saving technologies to reduce wastage of water. Enhancing recharge of aquifers and introducing sustainable water conservation practices.
National Agriculture Market	<p>The Department of Agriculture & Cooperation formulated a Central Sector scheme for Promotion of National Agriculture Market through Agri-Tech Infrastructure Fund (ATIF) through provision of the common e-platform.</p> <p>Implications / Benefits for various stakeholders:</p> <p>Farmers</p> <ul style="list-style-type: none"> They can sell produce without the interference of any brokers or middlemen thereby making competitive returns out of their investment. <p>Traders</p> <ul style="list-style-type: none"> Traders will be able to do secondary trading from one APMC to another one anywhere in India. Local traders can get access to larger national market for secondary trading. <p>Buyers, Processers & Exporters</p> <ul style="list-style-type: none"> Buyers like large retailers, processors or exporters will be able to source commodities from any mandi in India thereby reducing the inter-mediation cost. Their physical presence and dependence on intermediaries will not be needed. <p>Consumers</p> <ul style="list-style-type: none"> NAM will increase the number of traders and the competition among them increases. This translates into stable prices and availability to the consumers.
Paramparagat Krishi Vikas Yojana	<p>Paramparagat Krishi Vikas Yojana is an elaborated component of Soil Health Management (SHM) of major project National Mission of Sustainable Agriculture (NMSA). Under PKVY Organic farming is promoted through adoption of organic village by cluster approach and PGS certification.</p> <p>The Scheme envisages:</p> <ul style="list-style-type: none"> Promotion of commercial organic production through certified organic farming. The produce will be pesticide residue free and will contribute to improve the health of consumer. It will raise farmer's income and create potential market for traders. It will motivate the farmers for natural resource mobilization for input production.
Pradhan Manthri Fasal Bima Yojana	<p>The new Crop Insurance Scheme is in line with One Nation – One Scheme theme. It incorporates the best features of all previous schemes and at the same time, all previous shortcomings / weaknesses have been removed.</p> <p>Objectives</p> <ul style="list-style-type: none"> To provide insurance coverage and financial support to the farmers in the event of failure of any of the notified crop as a result of natural calamities, pests & diseases. To stabilise the income of farmers to ensure their continuance in farming. To encourage farmers to adopt innovative and modern agricultural practices. To ensure flow of credit to the agriculture sector.

Conclusion

The farm loan waiver would only alleviate the debt problems of the farmers. It cannot be considered a permanent solution for the agricultural problems in India. The pioneer of the green revolution in India **M S Swaminathan** summed up the Indian agriculture crisis when he said that a Punjab farmer, which was the heartland of the green revolution, with an average of 3.79 hectares, gets less than the starting salary of a class-four employee. This explains what kind of problems and stresses are being faced by medium and small farmers in India. So both center and states governments must come out with a deep- rooted structural policies for farmers instead of just waving of their debts.

Approach to Civil Services Examination

GS Paper II

- Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

GS Paper III

- Major crops cropping patterns in various parts of the country, different types of irrigation and irrigation systems storage, transport and marketing of agricultural produce and issues and related constraints; e-technology in the aid of farmers
- Issues related to direct and indirect farm subsidies and minimum support prices; Public Distribution System- objectives, functioning, limitations, revamping; issues of buffer stocks and food security; Technology missions; economics of animal-rearing.
- Food processing and related industries in India- scope and significance, location, upstream and downstream requirements, supply chain management.
- Land reforms in India.

GS Paper IV

- Values- empathy in administration
- Farm suicides- Possible case study

UPSC Mains Practice Questions

1. What are the impediments in marketing and supply chain management in developing the food processing industry in India? Can e-commerce help in overcoming these bottlenecks? (250 words)
2. Critically discuss the ethical aspects of farmer suicides in India. (250 words)
3. Livestock rearing has a big potential for providing non-farm employment and income in rural areas. Discuss suggesting suitable measures to promote this sector in India. (250 words)

Child sexual Abuse and exploitation

Sexual abuse of children is a very real problem in India, and the situation is aided by the silence that surrounds the offence.

I am filled with shame, disgust, guilt and low self-esteem. What I thought all along was affection, I realise now - after 12 years of sexual relationship with my uncle - was sexual abuse.

- Sarita, 15 years



Shockingly, over half the children in the country share Sarita's anguish. Stories of abuse are strange. Sometimes they are blazing headlines — '18 month old raped in Kolkata', 'Teenagers rape toddler in Delhi' — but mostly, they silently wrap up inside themselves. In an overwhelming majority of cases, the abuser (almost always male) is part of the household. These are uncles, the cook who has been around since before the kids were born, older cousins, tuition teachers and even the family priests. 'Stranger danger' is one thing but how do we tell our children to watch out for faces who are part of the house?

"Children who have suffered sexual abuse at the hands of the sexual perpetrators do not only suffer from physical pain but are also subjected to mental and emotional trauma." Child sexual abuse (CSA) is a universal problem with grave life-long outcomes. The World Health Organisation (WHO) defines CSA as "the involvement of a child in sexual activity that he or she does not fully comprehend and is unable to give informed consent to, or for which the child is not developmentally prepared, or else that violate the laws or social taboos of society." The term CSA includes a range of activities like "intercourse, attempted intercourse, oral-genital contact, fondling of genitals directly or through clothing, exhibitionism or exposing children to adult sexual activity or pornography, and the use of the child for prostitution or pornography."

Global Scenario of the problem:

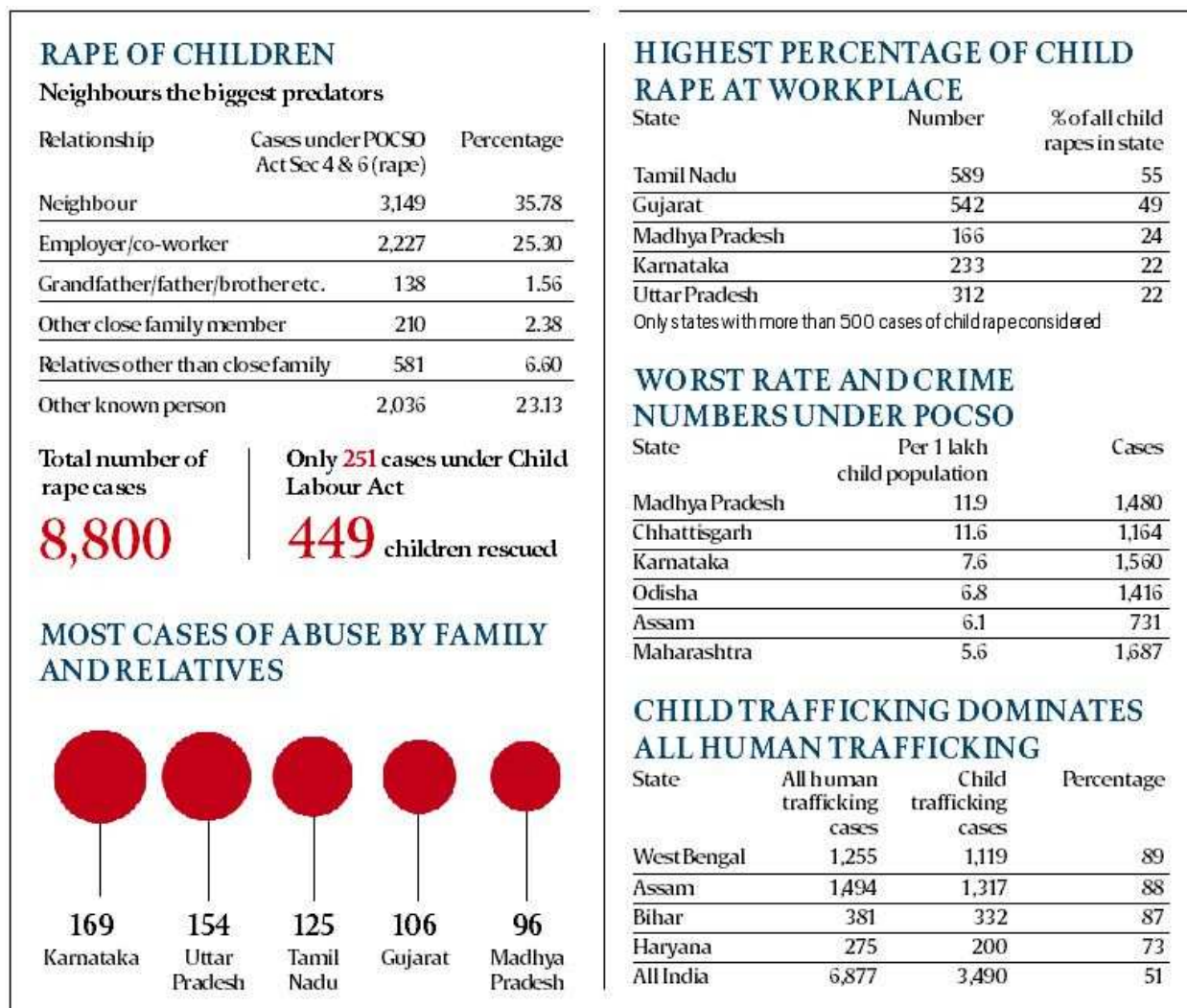
The WHO in 2002 estimated that 73 million boys and 150 million girls under the age of 18 years had experienced various forms of sexual violence. The Center's for Disease Control and the US Department of Justice conducted a study in the US and reported prevalence of being forced to have sex at some point of time in their lives as 11% and 4% of the high-school girls and boys, respectively. The main findings of the study were:

- An estimated 7.9% of males and 19.7% of females universally faced sexual abuse before the age of 18 years.
- The highest prevalence rate of CSA was seen in Africa (34.4%).
- Europe, America, and Asia had prevalence rate of 9.2%, 10.1%, and 23.9%, respectively.

- With regards to females, seven countries reported prevalence rates as being more than one fifth i.e., 37.8% in Australia, 32.2% in Costa Rica, 31% in Tanzania, 30.7% in Israel, 28.1% in Sweden, 25.3% in the US, and 24.2% in Switzerland.
- The lowest rate observed for males may be imprecise to some extent because of under reporting. The study concluded that CSA is an extensive problem and even the lowest prevalence includes a huge number of victims who still need to be considered.

Indian scenario of the problem:

India is home to 19% of the world's children. As per the 2001 census, about 440 million individuals in India were below 18 years of age and constitute 42% of total population. A total of 33,098 cases of sexual abuse in children were reported in the nation during the year 2011 when compared to 26,694 reported in 2010 which increased by 24%. A total of 7,112 cases of child rape were reported during 2011 as equated to 5,484 in 2010 depicting a growth by 29.7%. India has the world's largest number of CSA cases: For every 155th minute a child, less than 16 years is raped, for every 13th hour child under 10, and one in every 10 children sexually abused at any point of time. Studies propose that over 7,200 children, including infants, are raped every year and it is believed that several cases go unreported. It is estimated by the government that 40% of India's children are susceptible to threats like being homeless, trafficking, drug abuse, forced labor, and crime. In India, every second child is being exposed to one or the other form of sexual abuse and every fifth child faces critical forms of it.



(Source: National crime Records Bureau, 2015)

The child sexual abuse is an under-reported offence in India, which has reached epidemic proportion. A recent study on prevalence of sexual abuse among adolescents in Kerala, reported that 36 per cent of boys and 35 per cent of girls had experienced sexual abuse at some point of time.

Sexual abuse and sex trafficking remain highly prevalent and are among the serious problems in India. In the last two decades, an increase in the prevalence of sexually transmitted diseases has been shown in children. Children who are victims of sexual abuse often know the perpetrator in some way. Hence, the problem of child sexual abuse needs to be addressed through less ambiguous and more stringent punishment. The Protection of Children from Sexual Offences (POCSO) Act, 2012 was formulated to effectively address the heinous crimes of sexual abuse and sexual exploitation of children. Legal provisions were made through implementation of the Criminal Law (amendment) Act, 2013 which amended the Indian Penal Code, the Code of Criminal Procedure, 1973, The Indian Evidence Act, 1972, and the Protection of Children from Sexual Offences Act, 2012. This Criminal Law (Amendment) Act 2013 also dictates punishment on stalking, voyeurism, and disrobing, trafficking and acid attack

Law before the 2012 legislation was passed	
Goa Children's Act, 2003, was the only specific piece of child abuse legislation before the 2012 Act. Child sexual abuse was prosecuted under the following sections of Indian Penal Code:	
<ul style="list-style-type: none"> • I.P.C. (1860) 375- Rape • I.P.C. (1860) 354- Outraging the modesty of a woman • I.P.C. (1860) 377- Unnatural offences 	<p>However, the IPC could not effectively protect the child due to various loopholes like:</p> <p>1-IPC 375 doesn't protect male victims or anyone from sexual acts of penetration other than "traditional" peno-vaginal intercourse.</p> <p>2-IPC 354 lacks a statutory definition of "modesty". It carries a weak penalty and is a compoundable offence. Further, it does not protect the "modesty" of a male child.</p> <p>3-In IPC 377, the term "unnatural offences" is not defined. It only applies to victims penetrated by their attacker's sex act, and is not designed to criminalize sexual abuse of children.</p>
Indian Penal Code (IPC)	<p>1-The Indian Penal Code (IPC) is the main criminal code of India. It is a comprehensive code intended to cover all substantive aspects of criminal law.</p> <p>2-The code was drafted in 1860 on the recommendations of first law commission of India established in 1834 under the Charter Act of 1833 under the Chairmanship of Thomas Babington Macaulay.</p> <p>3-It came into force in British India during the early British Raj period in 1862. However, it did not apply automatically in the Princely states, which had their own courts and legal systems until the 1940s.</p> <p>4-The Code has since been amended several times and is now supplemented by other criminal provisions.</p>

The Protection of Children from sexual offences (POSCO) Act, 2012:

The POCSO Act, 2012 is a gender neutral legislation. It defines a child as any individual below 18 yr and provides protection to all children from sexual abuse. Definition of child sexual abuse is comprehensive and encompasses the following: (i) penetrative sexual assault, (ii) aggravated penetrative sexual assault, (iii) sexual assault, (iv) aggravated sexual assault, (v) sexual harassment, (vi) using child for pornographic purpose, and (vii) trafficking of children for sexual purposes. The above offences are treated as "aggravated", when the abused child is mentally ill or when the abuse is committed by a person in a position of trust or authority *vis-a-vis* the child. The Act prescribes stringent punishment graded as per the gravity of the offence, with a maximum term of rigorous imprisonment for life, and fine.

The POCSO Act further makes provisions for avoiding re-victimization, child friendly atmosphere through all stages of the judicial process and gives paramount importance to the principle of "best interest of the child". It incorporates child friendly mechanisms for reporting, recording of evidence, investigation and speedy trial of offences, trial in-camera and without revealing the identity of the child through designated Special Courts. It also provides for the Special Court to determine the amount of compensation to be paid to a child who has been sexually abused, so that this money can then be used for the child's medical treatment and rehabilitation.

The Ministry of Women and Child Development to setup National Alliance against online Child sexual abuse and exploitation :

Even though India has a comprehensive legal framework for protection of child rights in the form of Juvenile Justice (Care and Protection of Children) Act 2015, POCSO Act, 2012 along with RTE Act 2009 and recently amended Child Labour (Prohibition and Regulation) Amendment Act, 2016, there is limited awareness of online risks for children, both among parents and guardian and children themselves,

National Alliance on Child Sexual Abuse and Exploitation has the following broad objectives:	
1.	Bring a common definition of child pornography including amendment of acts (Information technology Act, POCSO Act).
2.	Set up a multi-member secretariat based in MWCD with a portal inclusive of a hotline for reporting and Strengthening existing service delivery systems.
3.	Provide a platform for Government/ NGOs and other child rights activists for networking and information sharing.
4.	Document and showcases success stories and best practices in terms of prevention of online abuse and Exploitation of children.
5.	Inform and educate member organizations, parents, teachers, front line service providers and children on the rights of the children and various issues related to online child abuse and exploitation.
6.	Provide a forum for advocacy for child rights and policy inputs based on research and studies

Role of doctors in providing care in the present legal framework:

The Act also makes provisions for the medical examination of the child in a manner that is least distressful. The Act also clearly vocalizes that doctors should not demand legal records or legal procedure or documentation to be completed before initiating the treatment or examination. Legal procedures can be done later after initiating the medical care. It is now mandatory for doctors to register a medico-legal case in all cases of child sexual abuse. Failure of reporting could result in six months imprisonment and/or a fine under Sec 21 of the POCSO Act, 2012. The registered medical practitioner rendering medical care shall (i) collect evidence after a thorough medical examination, (ii) treat the physical and genital injuries, (iii) conduct age assessment of the victim (if required), (iv) offer prophylaxis for sexually transmitted diseases including HIV, (v) discuss emergency contraceptives with the pubertal child and her parent, (vi) do baseline evaluation for mental health issues, (vii) monthly follow up at least for six months to look for development of psychiatric disorders, (viii) do family counselling and (ix) assist the court in interviewing the child and testifying in the court.

Another significant provision made in this law is that no hospital under the jurisdiction of the Indian constitution can refuse to admit the victim of child sexual abuse for examination and treatment. This issue has been re-emphasized in Section 23 of the Criminal Law Amendment Act, which inserts Section 357C into the Code of Criminal Procedure, 1973. This Section provides that all hospitals are required to provide first-aid or medical treatment, free of cost, to the victims of a sexual offence. The amended Act, Section 166B of Indian Penal Code specifies that no hospital whether the private or public can deny treatment to a rape victim. Treatment should be provided immediately and free of cost. If a hospital staff is involved in rape, then law dictates punishment for a minimum of seven years.

Child sexual abuse: Challenges and Controversies	
<i>(a) Consent</i>	If the child/adolescent refuses to undergo medical examination but the family member or investigating officer is insisting for the medical examination, the POCSO Act is silent and does not give clear direction.
<i>(b) Medical examination</i>	The POCSO Act, Section 27(2) mandates that in case of a female child/adolescent victim, the medical examination should be done by a female doctor. However, the law mandates the available medical officer to provide emergency medical care.
<i>(c) Treatment cost</i>	The law has casted legal obligation on the medical fraternity and establishment to provide free medical care to the survivors.
<i>(d) Consented sexual intimacy</i>	Sexual contact between two adolescents or between an adolescent and an adult are considered illegal under the POCSO Act 2012.
<i>(e) Child marriage</i>	Child marriage and consummation of child marriage are considered illegal under the POCSO Act, 2012. In India even though child marriage is prohibited under secular law, it enjoys sanction under certain Personal Law thus complicating matters. These issues need to be addressed when the law is open for amendment.
<i>(f) Training</i>	There is an urgent need to train the medical, teachers, judicial, advocates and law enforcing agencies in the POCSO Act, 2012.
<i>(g) Role of mental health professional</i>	Child sexual abuse can result in both short-term and long-term harmful mental health impact. Mental health professionals need to be involved in follow up care of the victim with regard to emergence of psychiatric disorders, by providing individual counselling, family therapy and rehabilitation.

A golden rule to all the medical professionals working with children is to report all reasonable degree of suspicion in child sexual abuse to the legal authorities. Hence, professionals need to keep watch on sexual abuse, explore and assess the child thoroughly. Though the POCSO Act, 2012 is an excellent piece of legislation and it recognizes almost every known form of sexual abuse against children as punishable offence, a few challenges remain to be answered. A multi-dimensional, multi-agency team and multi-tier approach including access to psychosocial support is to be made available to deliver holistic comprehensive care under one roof for victims of child sexual abuse.

Approach to Civil Services Examination

GS Paper II

- Discuss the multi layered problem of child abuse?
- Discuss the National Alliance against Online Child Sexual Abuse and Exploitation?

GS Paper IV

- Child abuse and exploitation- Possible case study

UPSC Mains Practice Questions

4. Critically discuss the ethical aspects of child abuse in India. (250 words)

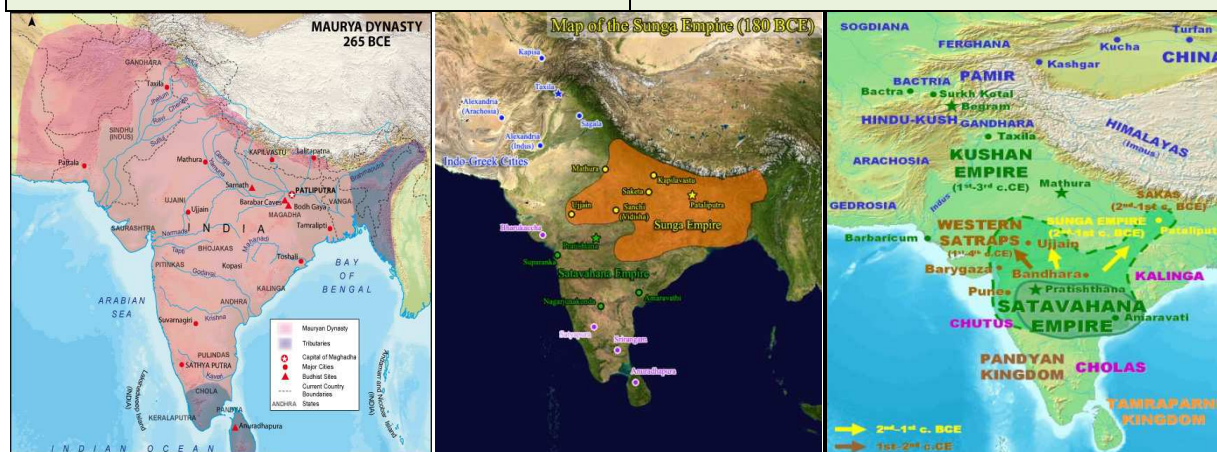
The story of India's youngest state: Telangana

Telangana, the India's most recently formed state, has a short past but a long history encompassing rich heritage, powerfull dynasties, political manoeuvres and noble sacrifices.

The Indian state of Telangana has a cultural history of about 5,000 years, the region emerged as the foremost centre of culture in Indian Subcontinent during the Hindu Kings of Kakatiya dynasty and the Muslim rulers of Qutb Shahi and Asaf Jahi Dynasty—(also known as the Nizams of Hyderabad), the rulers patronage and interest for arts and culture had transformed Telangana into a unique multi cultural region where two different cultures coexist parallel to each other, thus making Telangana the representative of the Deccan plateau and its heritage with Warangal and Hyderabad being its epicenter. The regions major cultural events celebrated are "Kakatiya Festival".

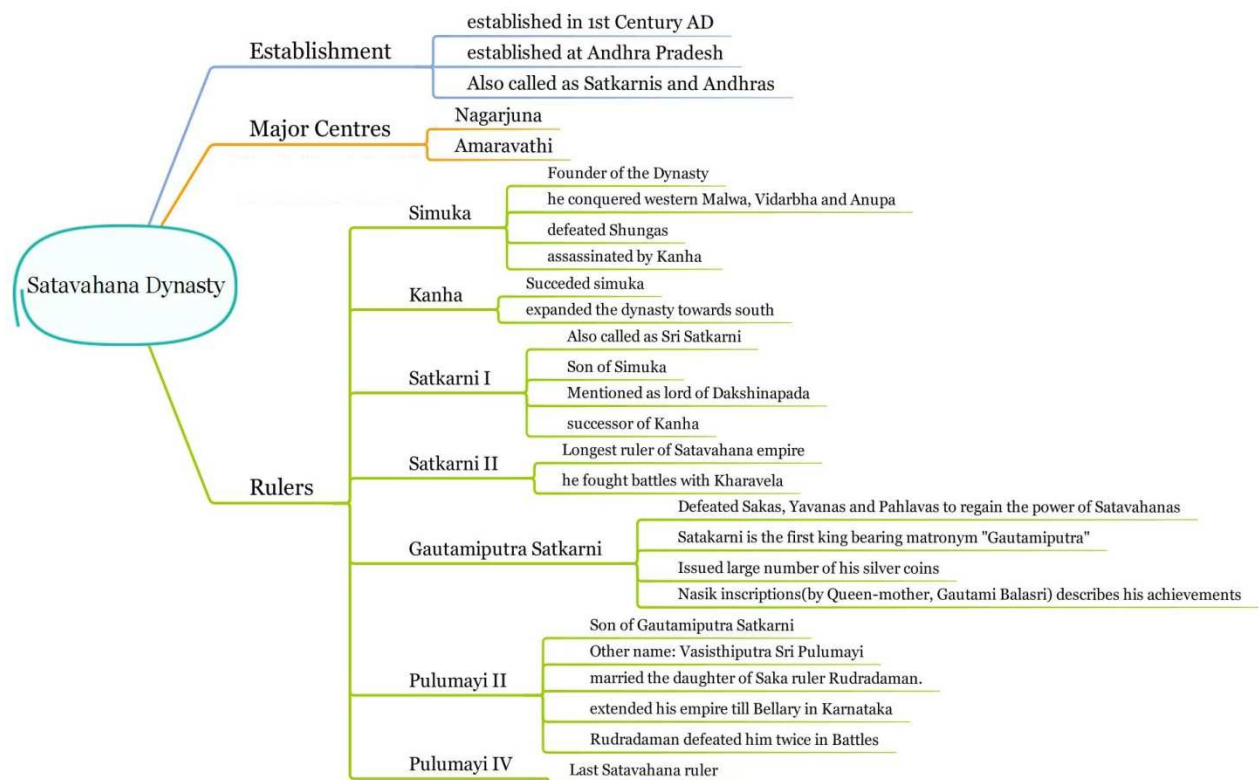
A Brief History of Telangana:

Satavahanas Dynasty	
Preceded by	Succeeded by
<p>Haryanka dynasty (c. 600 – 413 BCE)</p> <p>Shishunaga dynasty (413 BCE–345 BCE)</p> <p>Nanda Dynasty (345 BCE–321 BCE)</p> <p>Maurya Dynasty (326 BCE-180 BCE)</p> <p>Sunga dynasty (185 BCE-71 BCE)</p> <p>Kanva Dynasty (72 BCE-27 BCE)</p> <p>Cheta Dynasty of kalinga (1st century BCE)</p>	<p>Kushana dynasty (45 AD-73 AD)</p>



Satavahanas (250 BCE – 200 CE)

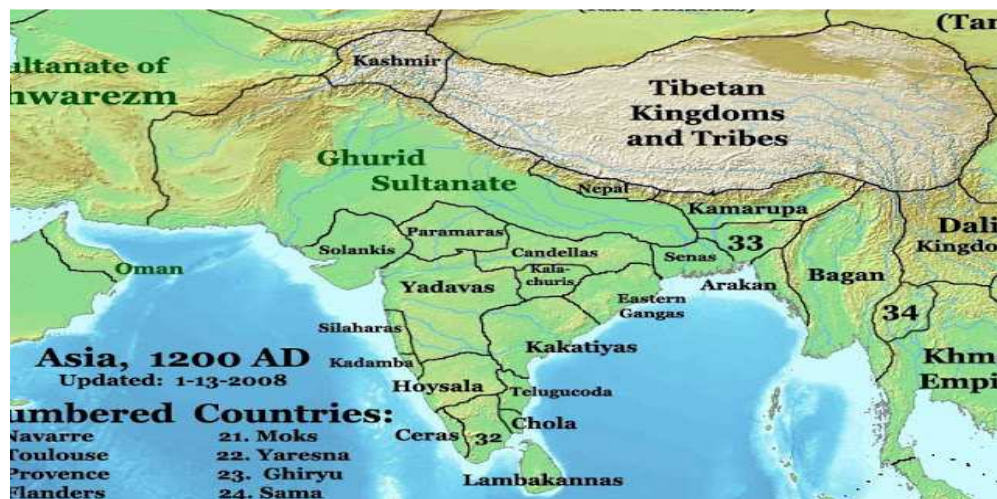
After the fall of the Mauryan Empire, around the third century BC there arose the first significant kingdom under the Satavahanas from this region. The earliest capital of the Satavahanas was Kotalingala and then moved to the other popular capitals like Paithan and Amaravati (Dharanikota) only after two centuries of their rule. However, the first capital was either ignored or brushed aside to give prominence to the later place in coastal Andhra. The coins issued by the Satavahana kings Simuka (BC 231-208), Siri Satavahana, Satakani I, Satasiri, Satakani II, Vasittiputta Pulumayi, Vasittiputta Satakani and their governors were discovered in Kotalingala.



Post-Satavahana (200 CE – 950 CE)

After the fall of Satavahanas in the third century AD, Telugu-speaking areas were divided under various small rulers and till the emergence of the Kakatiyas.

Kakatiyas:



The 12th and the 13th centuries saw the emergence of the Kakatiyas. They were at first the feudatories of the Western Chalukyas of Kalyana, ruling over a small territory near Warangal. A ruler of this dynasty, Prola II, who ruled from A.D.1110 to 1158, extended his sway to the south and declared his independence. His successor Rudra (A.D.1158--1195) pushed the kingdom to the north up to the Godavari delta. He built a fort at Warangal to serve as a second capital and faced the invasions of the Yadavas of Devagiri.

The next ruler Mahadeva extended the kingdom to the coastal area. In A.D.1199, Ganapati succeeded him. He was the greatest of the Kakatiyas and the first after the Satavahanas to bring the entire Telugu area under one rule. He put an end to the rule of the Velanati Cholas in A.D.1210. He forced the Telugu Cholas of Vikramasimhapura to accept his suzerainty. He established order in his vast dominion and encouraged trade.

As Ganapati Deva had no sons, his daughter **Rudramba** succeeded him in A.D.1262 and carried on the administration. Some generals, who did not like to be ruled by her, rebelled. She could, however, suppress the internal rebellions and external invasions with the help of loyal subordinates. The Cholas and the Yadavas suffered such set backs at her hands that they did not think of troubling her for the rest of her rule. **Marco polo**, who visited India probably some time around 1289–1293, made note of Rudrama Devi's rule and nature in flattering terms.

1-Kakatiya Dynasty	
Preceded by	Succeeded by
1-Western Chalukya Empire	1-Bahmani Sultanate
2-Eastern Chalukyas	2-Musunuri Nayaks
	3-Reddy dynasty
	4-Vijayanagar empire
2-Rulers of kakatiya Dynasty	
1-Prataparudra I 2-Ganapati 3-Rudrama Devi(one of the few queens in Indian history, reigned around 1262–1289 CE) 4-Prataparudra II	

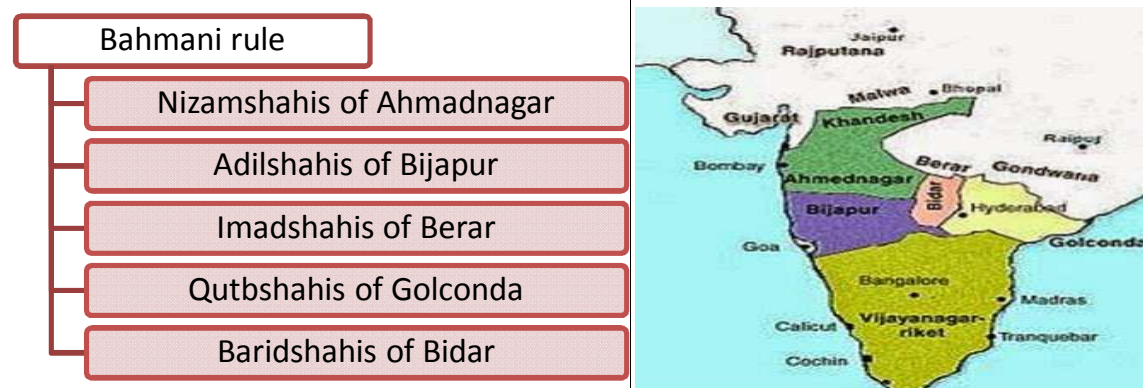
Prataparudra succeeded his grandmother Rudramba in A.D.1295 and ruled till A.D.1323. In his time the territory constituting Andhra Pradesh had the first experience of a Muslim invasion. In A.D.1303, the **Delhi Sultan Ala-ud-din Khilji** sent an army to plunder the kingdom. But Prataparudra defeated them at Upparapalli in Karimnagar district. In A.D. 1310, when another army under **Malik Kafur** invaded Warangal, Prataparudra yielded and agreed to pay a large tribute. In A.D.1318, when Ala-ud-din Khilji died, Prataparudra withheld the tribute. It provoked another invasion of the Muslims. In A.D.1321, **Ghiaz-ud-din Tughlaq** sent a large army under Ulugh Khan to conquer the Telugu country then called Tilling. He laid siege to Warangal, but owing to internal dissensions he called off the siege and returned to Delhi. Within a short period, he came back with a much bigger army. In spite of unpreparedness, Prataparudra fought bravely. For want of supplies, he surrendered to the enemy who sent him to Delhi as a prisoner, and he died on the way. Thus ended the Kakatiya rule, opening the gates of the Telugu land to anarchy and confusion yielding place to an alien ruler.

Bahmanis:



The disastrous fall of Warangal in A.D.1323 brought the Andhras, for the first time in their history, under the yoke of an alien ruler, the Muslims. In A.D.1347 an independent Muslim State, the Bahmani kingdom was established in south India

by Alla-ud-din Hasan Gangu by revolting against the Delhi Sultanate. By the end of the 15th century the Bahmani rule was plagued with faction fights and there came into existence the five Shahi kingdoms, the Nizamshahis of Ahmadnagar, the Adilshahis of Bijapur, the Imadshahis of Berar, the Qutbshahis of Golconda and the Baridshahis of Bidar. Thereafter, the rule of the Bahmani dynasty came to an end in A.D.1527. Of the five Shahi dynasties, it was the Qutbshahi dynasty that played a significant and notable role in the history of Andhras.



Qutb Shahis:



In 1463, disturbances broke out in the Telangana area of the Bahamani kingdom of Deccan. Sultan Quli Qutbul Mulk, a Turk who was a high ranking military officer under Muhammad Shah Bahamani, was sent to quell the trouble. He was successful and was rewarded by being made the Subedar of Telangana in 1495, with Golconda as his head- quarters. Subsequently, with the disintegration of the Bahamani Kingdom in the early 16th century, Sultan Quli assumed virtual independence. Thus he founded the Qutub Shahi dynasty that lasted from 1518 right up to 1687 when Aurangzeb's armies swept the Deccan.

Qutb Shahi rulers adopted religious tolerance. They treated Hindus equal with Muslims as well and maintained cordial relations between the two throughout. They encouraged the local language Telugu besides the Deccani Urdu. They patronised scholars and awarded them titles and Jagirs. The builder of Hyderabad, Muhammad Quli Qutb Shah was an eminent poet in Persian and was an author of several Persian works. The fourth king, Ibrahim was a great patron of Telugu. His court was crowded with Telugu poets besides many others. **Ibrahim** took an active part in the battle of **Rakkasi Tangadi** in A.D.1565. The rulers adopted the local customs to a great extent. This tolerance and patronage of the kings were followed by the nobles as well. Ramadas (Goppanna), a great devotee of Sri Rama who lived in the period of Abul Hassan, wrote a number of poetical works and songs in praise of his deity.

The Mughal Rule:

Aurangzeb, the Mughal emperor, invaded Golconda in A.D.1687 and annexed it to the Mughal empire. When this was done, Golconda became part of the Deccan Subha and a Nazim was appointed as an agent of the Mughal emperor. Thus, for about a period of 35 years it was ruled by Nazims, the last one being Mubariz Khan.

Asaf Jahi Dynasty:**Asaf Jahi Rulers Of Hyderabad**

Name	Birth	Ruled	Died
Mir Qamaruddin Khan (Asaf Jah I)	11-07-1671	31-07-1724 to 1748	22-05-1748
Mir Ahmed Ali Khan Nasir Jung Nizam-ud-daula*	15-02-1712	23-05-1748 to 1750	05-12-1750
Hidayath Mohiuddin Khan Muzaffar Jung*	-	05-12-1750 to 1751	03-02-1751
Syed Mohammed Khan Amir-ul-Mulk Salabat Jung*	1718	03-02-1751 to 1762	11-09-1763
Nizam Ali Khan Nizam-ul-Mulk (Asaf Jah II)	24-02-1734	08-07-1762 to 1803	06-08-1803
Mir Akbar Ali Khan Sikander Jah (Asaf Jah III)	11-11-1768	11-08-1803 to 1829	21-05-1829
Mir Farkhunda Ali Khan Nasir-ud-daula (Asaf Jah IV)	25-04-1794	23-05-1829 to 1859	17-05-1857
Mir Tahniat Ali Khan Afzal-ud-Daula (Asaf Jah V)	11-10-1827	18-05-1857 to 1869	26-02-1869
Mir Mahboob Ali Khan (Asaf Jah VI)	17-08-1866	29-02-1869 to 1911	29-08-1911
Mir Osman Ali Khan (Asaf Jah VII)	05-04-1886	18-09-1911 to 1948	24-02-1967

(* These three rulers are not enumerated in the serial order of the ASAF JAHs mainly because they were not granted the title of ASAF JAH by the Mughal Emperor.)

The founder of this dynasty was Mir Qamaruddin Khan, a noble and a courtier of the Mughal Muhammad Shah, who negotiated for a peace treaty with Nadirshah, the Iranian invader; got disgusted with the intrigues that prevailed in Delhi. He was on his way back to the Deccan, where, earlier he was a Subedar. But he had to confront Mubariz Khan, as a result of a plot by the Mughal emperor to kill the former. Mubariz Khan failed in his attempt and he was himself slain. This took place in AD 1724, and henceforth Mir Qamaruddin, who assumed the title of Nizam-ul-Mulk, conducted himself as an independent prince. Earlier, while he was one of the Ministers of the Mughal emperor Muhammad Shah, the latter conferred on him the title of Asaf Jah. Thus begins the **Asaf Jahi rule** over **Golconda** with the capital at **Aurangabad**.

After Nizam I, Asaf Jah, died in AD 1748, there was tussle for power among his son, Nasir Jung, and grandson Muzaffar Jung. The English supported Nasir Jung whereas Muzaffar Jung got support from the French. These two heirs were subsequently killed by Nawabs of Kurnool and Cuddapah, one after another, in AD 1750 and AD 1751 respectively. The third son of Nizam I, Salabat Jung became the ruler as Nizam under the support of the French.

Hostilities recommenced in India between the French and the English in AD 1758 on the outbreak of Seven Years' War in Europe in AD 1756. As a result, the French lost their power in India and consequently it also lost influence at Hyderabad. In AD 1762 Nizam Ali Khan dislodged Salabat Jung and proclaimed himself as Nizam.

British rule:

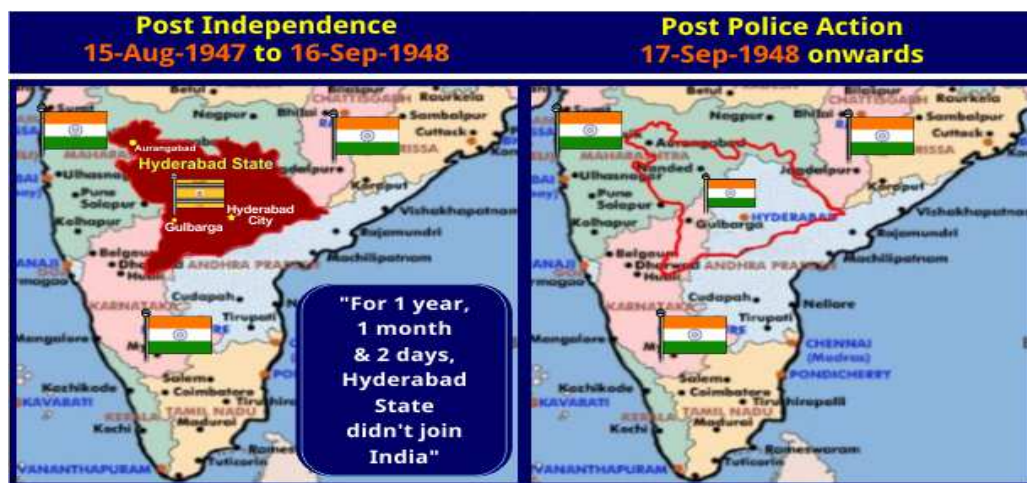
Following the decline of the Mughal power, the region of Deccan saw the rise of Maratha Empire. The Nizam himself saw many invasions by the Marathas in the 1720s, which resulted in the Nizam paying a regular tax (*Chauth*) to the Marathas. The major battles fought between the Marathas and the Nizam include Palkhed, Bhopal, Rakshasbhuvan, and Kharda, in all of which the Nizam lost. Following the conquest of Deccan by Bajirao I and the imposition of *chauth* by him, Nizam remained a tributary of the Marathas for all intent and purposes.

In 1805, after the British victory in the Second Anglo-Maratha War, Nizam of Hyderabad came under the protection of the British East India Company.,

In 1903 the Berar region of the state was separated and merged into the Central Provinces of British India, to form the Central Provinces and Berar.

In 1947, at the time of the partition of India, Britain offered the 565 princely states in the sub-continent the options of acceding to either India or Pakistan, or remaining independent.

Hyderabad was the largest and most prosperous state of all princely states in India. The Nizam decided to keep Hyderabad independent, unlike the other princely states, most of which acceded to India or to Pakistan voluntarily. The leaders of the new Indian Union did not want an independent - and possibly hostile - state in the heart of their new country, and were determined to assimilate Hyderabad into the Indian Union, by force if necessary. In September 1948, in **Operation Polo**, the Indian Army marched into Hyderabad, deposed the Nizam, and annexed the state into the Indian Union.



Post-independence

When India became independent from the British Empire in 1947, Hyderabad remained an independent princely state for a period of 13 months.

The peasants of Telangana waged an armed struggle to liberate the region. Scores of people lost their lives in the armed struggle. The private militia named Razakars, under the leadership of Qasim Razvi unleashed terror in the state by resorting to looting and murder.

On 17 September 1948, the Indian government conducted a military operation called Operation Polo to bring Hyderabad state into the Indian Union. It appointed a civil servant, M. K. Vellodi, as first chief minister of Hyderabad State on 26 January 1950. In 1952, Dr. Burgula Ramakrishna Rao was elected chief minister of the Hyderabad State in its first democratic election.

First Telangana Movement

In early 1950s, people of Telangana region in Hyderabad state, started organizing themselves with a demand for separate state. In 1953 the Indian government appointed the States Reorganization Commission (SRC) to look into various statehood demands in the country. The Commission was headed by Fazal Ali, Kavalam Madhava Panikkar and H.N. Kunzru. The Commission submitted its report on 30 September 1955, and recommended formation of Telangana state.

During the period between 1955 September and 1956 November, the people of Telangana launched a series of protests demanding statehood by implementing the SRC recommendations. But intense lobbying by leaders from Andhra state in New Delhi resulted in the merger of Telangana region in Andhra state to form the Andhra Pradesh state.

Telangana leaders insisted on a **Gentlemen's Agreement** before the merger could take place. The agreement was signed by Andhra and Telangana leaders and provided safeguards with the purpose of preventing discrimination against Telangana by the Andhra leaders. However, the agreement was violated from day one by the Andhra leaders.

1969 Telangana Agitation

Non-implementation of Gentlemen's Agreement and continued discrimination to Telangana region in government jobs, education and public spending resulted in the 1969 statehood agitation.

In January 1969, students intensified the protests for a separate state. On 19 January, all party accord was reached to ensure the proper implementation of Telangana safeguards. Accord's main points were 1) All non-Telangana employees holding posts reserved for Telangana locals will be transferred immediately. 2) Telangana surpluses will be used for Telangana development. 3) Appeal to Telangana students to call off agitation.

But the protests further intensified, as more and more students and employees joined the statehood movement. Police firing on protesters led to the death of about 369 youngsters during this phase of the agitation. Then Prime Minister Indira Gandhi called for a high-level meeting to discuss the statehood issue. After several days of talks with leaders of both regions, on 12 April 1969, the Prime Minister developed an Eight Point Plan. **Sri M. Chenna Reddy**, founded the Telangana Praja Samithi (TPS) political party in 1969 to spearhead the statehood movement.

Mrs. Indira Gandhi had called snap parliamentary elections in March 1971. In these parliamentary elections, Telangana Praja Samithi won 10 out of the 14 Parliament seats in Telangana. However, Indira Gandhi's Congress (R) Party scored a landslide victory on a platform of progressive policies such as poverty elimination (Garibi Hatao). She was reluctant to accept the Telangana statehood demand at that juncture. Sri M Chenna Reddy then merged TPS in Congress (R) party, after formulating a Six-Point Formula to safeguard Telangana's interests. The statehood movement continued until 1973, but subsided later.

Final Telangana Movement

Since mid 1990s, the people of Telangana started organizing themselves under various organizations with a demand for separate state of Telangana.

In 1997, the state unit of the Bharatiya Janata Party (BJP) passed a resolution seeking a separate Telangana. Though the party created the states of Jharkhand, Chhattisgarh, and Uttarakhand in 2000, it did not create a separate Telangana state citing resistance of its coalition partner, Telugu Desam Party.

Sri Kalvakuntla Chandrashekar Rao (KCR), who was then the Deputy Speaker of AP State assembly, had started background work on Telangana issue in early 2000. And after detailed discussions and deliberations with a plethora of Telangana intellectuals, KCR announced the launch of Telangana Rashtra Samithi on May 17th 2001.

KCR had resigned to the post of Deputy Speaker and MLA before launching the Telangana Rashtra Samithi party. **Prof Jayashankar**, the ideologue of statehood movement extended his support to KCR.

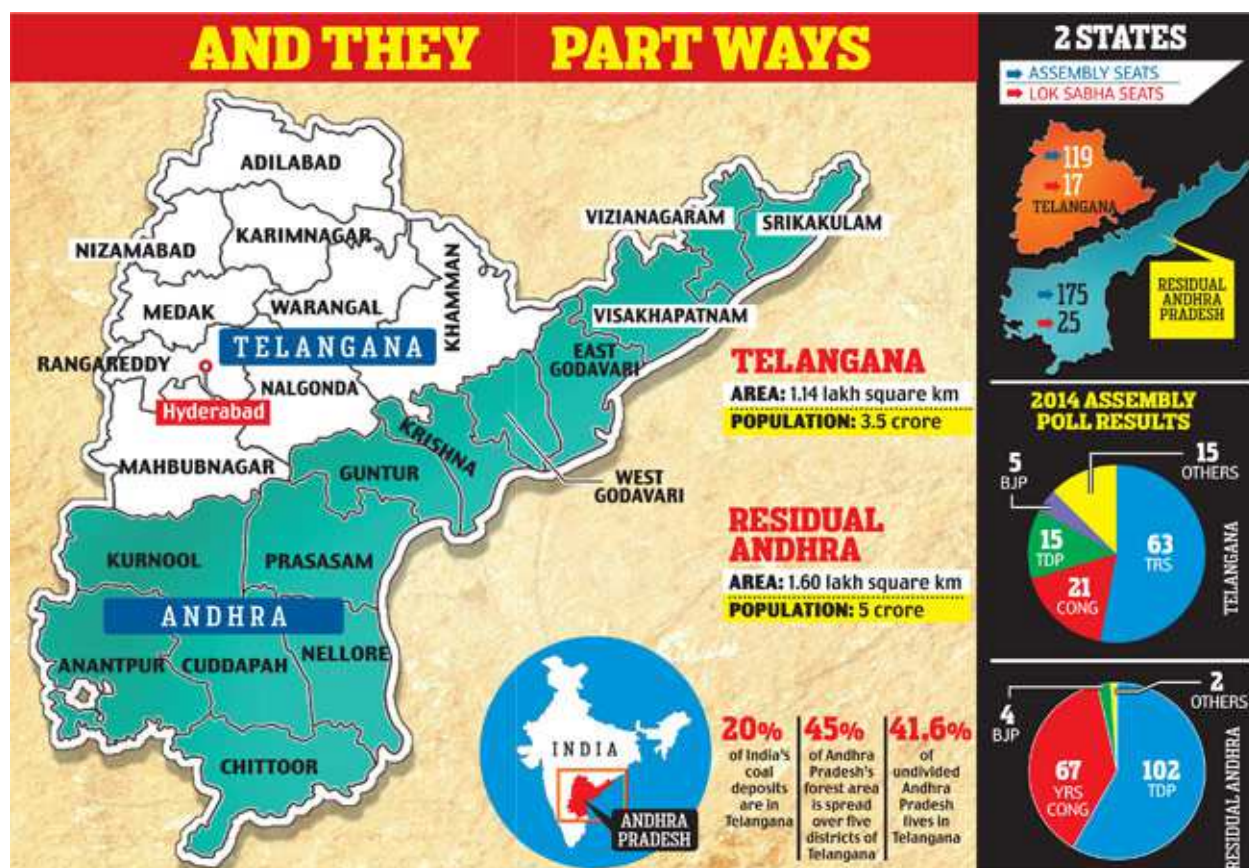
In 2004, TRS entered into a poll alliance with Congress party. The party won 26 MLAs and 5 MPs and entered into both the AP state and Indian government. Telangana issue found a place in UPA-1 Common Minimum Program. Statehood issue was also mentioned by President Abdul Kalam and Prime Minister Manmohan Singh in their speeches.

TRS president KCR, was initially allotted the Shipping portfolio. But another UPA ally DMK demanded Shipping portfolio and threatened to walk out of the coalition, if its demand was not met, KCR voluntarily relinquished the Shipping portfolio to save the fledgling UPA-1 government. KCR remained as a Union Minister without portfolio, before being given the Labour and Employment portfolio. As the UPA government continued to dilly-dally on the decades old demand for Telangana state, KCR resigned to his ministry in 2006.

When a Congress leader made a belittling statement on the statehood movement in September 2006, KCR resigned to the Karimnagar Lok Sabha seat and won it with a thumping majority. The massive majority achieved by KCR in that election proved the strong statehood aspirations in the region.

In April 2008, TRS party MLAs resigned also walked out of the state government in protest against the delay in Telangana formation. But, TRS could retain only 7 MLA and 2 Lok Sabha seats in this by-election.

In 2009 elections, TRS allied with TDP, CPI and CPM parties. The grand alliance did not yield the desired result, as the Pro-Telangana vote got split between TRS, Congress, PRP and BJP. In the end, TRS could win only 10 MLA seats and 2 MP seats.



Intensifying the movement

On Nov 29th, 2009, KCR had announced an indefinite hunger strike demanding statehood to Telangana. But en route, the state police had arrested him and sent to Khammam sub-jail. The movement spread like wildfire with students, employees, peoples' organizations plunging into it. In the next 10 days, the whole of Telangana region came to a standstill.

The state government, headed by Sri K Rosaiah had called for an all-party meeting on 7th December. Leaders of TDP and PRP parties promised that they would support a Telangana statehood resolution if it was tabled in the state Assembly. As KCR's health was deteriorating very fast, on Dec 9th 2009, the UPA government announced that the process of statehood for Telangana would be initiated.

But within 2 weeks, resistance from Seemandhra leadership resulted in UPA backtracking on this issue. KCR then brought all political forces in Telangana region together to form the Telangana JAC – an umbrella body of several organizations and parties, with Prof Kodandaram as its Chairman. TRS cadre and leaders actively participated in several agitations and protests launched by TJAC.

State Formation

After 4 years of peaceful and impactful protests, the UPA government started the statehood process in July 2013 and concluded the process by passing the statehood bill in both houses of Parliament in Feb 2014.

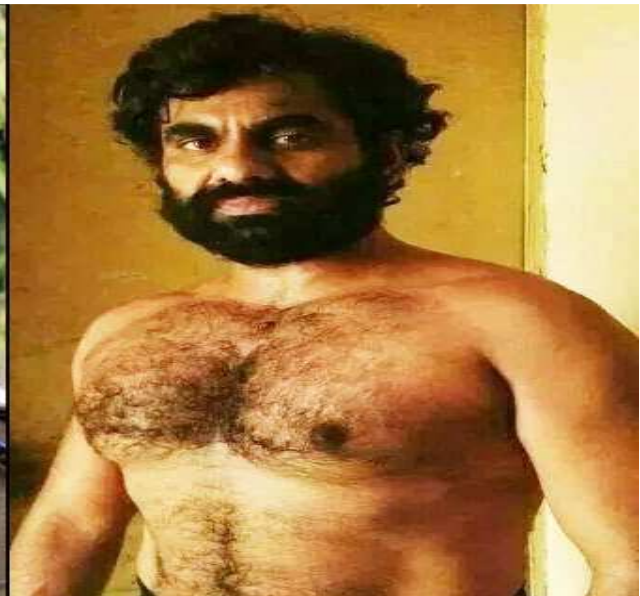
In the General Elections held in April 2014, Telangana Rashtra Samithi emerged victorious by winning 63 of the 119 seats and formed the government. Sri K Chandrashekar Rao was sworn in as the First Chief Minister of Telangana. The Telangana state was inaugurated formally on June 2nd 2014.





Encounter killings of criminals by police is illegal and unconstitutional?

“An encounter is a euphemism used in India since the late 20th century to describe Killings by the police or the armed forces of suspected gangsters or terrorists in gun battles.”



India is the largest democracy with the third largest economy in the world. Political and economic developments gave rise to social complexities, which has led to an immense increase in crime rates. The State with the aid of police machinery and judiciary invented various ways to curb the rising crime rates. Various laws were enacted in correspondence to the increasing crime rates, and the herculean task of arresting the criminals and summoning them to the court of justice was the job of the police department. The failure of the police department in arresting the criminals resulted in criminals going scot-free and there by diminishing the deterrent value of the penal laws. To deal with such possibilities, the police forces began to resort to retributive measures, there by giving rise to “extra judicial killings” or popularly known in India as “encounters”.


Is Encounter Constitutional?	Is Encounter Unconstitutional?
<p>1- 'Encounter is always unethical no matter what may be the circumstance. Because the police is a disciplined force and Encounter is always considered UNETHICAL for any disciplined force '</p> <p>2-The ethics we talk about are not absolute and universal that is , they don't apply under every circumstance .They are subject to specific situation. Each situation demand action specific to it and that specific action becomes ethical in that case .The word 'always ' doesn't hold .</p> <p>3-Historically, moral philosopher and religious books have</p>	<p>1-Though police forces were firm in its stand and supported encounters, various human rights activists, social welfare institutions and relatives of deceased strongly opposed the encounters. They believe that encounters are a violation of fundamental human rights and constitutional right to life of the person under article 21(The state is obliged to protect the life of every person and can not shake off its hands on the ground that it is a case of exception where a policeman under grave provocation acted violently causing death of the person). However, there have been many cases like the encounter</p>

<p>differed upon different issues .There are countless such example Ethics are not universal truth .They are subject to scrutiny, change and revision.</p> <p>4-One can't say only this or that is ethical and any deviation from them , regardless of circumstances is unethical .The bigger question is ' who determines what is ethical or unethical ' .There is no answer .So , one has to do what is best acceptable under that situation and that become ethical.</p> <p>5- Let us give you a practical example and that happens everyday ,not far away but our very own region of Jammu & Kashmir .Terrorist/extremists break into people' house and get themselves holed up into hiding .</p> <p>What are the possible options? To get him surrender .Do you really think that's gonna happen? They basically come to die .It is what their ultimate goal -kill as much personnel's as possible and then die. Encounter is the outcome of acting in self-defense by police/army (We are not talking here about brutal killing or unprovoked killing.</p> <p>6-In that case encounter becomes unethical surely .When forces act to defend themselves against the firing , the end result might be that some bullets would fatally hit the criminal .And that we call 'Encounter '.Forces always take utmost care while dealing with any violent group .They try to catch them alive .That's desirable .But when no such possibility is seen , they are forced to fire in reply because they need to protect themselves .</p>	<p>in Seshachalam forests and many others in maoist heartland which have been questioned. Such operations, it is alleged did not kill hard-core criminals. Instead they were cold blooded murders of innocent people which is then publicised as a successful operation by the security forces</p> <p>2-To prevent unethical and fake encounters, SC made following of some procedures after encounter taken place as compulsory. They are 1) FIRs must be registered in all police encounter cases. 2) an independent inquiry should be held in all police shooting case by CID or police station other than the one involved in it. 3) officer would not get promotion until it is proven that the encounter is genuine. 3-Killing a person is not the solution of the problem itself. Besides it's quite wrong that a person is killed by another then there is no difference between policy and goons. so killing is not an option ; other option should be given to the person.</p> <p>So in all it is said that encounter killing is no ethical at all because it hampers society, laws made by govt. and moreover equal protection before law is provided in our constitution which would be defied in encounter killings. It may affect law and order situation of the country. So reformatory justice should be the agenda of the govt.</p> <p>4-SC appointed AM Singhvi committee and NHRC have recommended that no such award should be given before a thorough enquiry and any killing that happens within 24-48 hours of release be considered encounters. The issue here is that wrong doings are extremely difficult to prove and clinching evidence is often destroyed by the investigative agencies themselves.</p> <p>5-Encounter killings or custody deaths due to public pressure cannot be justified as quick justice is a medieval concept, judicial proceedings are the only right way. It is really a serious matter as political vendetta in the form of encounter killings is a challenge to our democratic foundations.Clear guidelines regarding encounter killings have to be part of the much needed police reform process.</p> <p>"Quis custodiet ipsos custodes?": Who will guard the guards themselves?</p>
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Pro-encounter laws

It is pertinent to note that there is no provision in Indian law directly authorizing encounters of criminals Howsoever, grievous crime he is charged with but there are certain enabling provisions, which may be construed to vest police with certain powers to deal with criminals. In almost all cases where encounter have taken place, it is done for the self-defense of the police officer. This generally happens when the police is trying to arrest the criminal, but the criminal opens fire or tries to escape.

Pro-encounter laws	
IPC Section 96	Nothing is an offence which is done in the exercise of the right of private defense
IPC Section 100	In cases where there exists reasonable apprehension in mind of police officer that there exists threat to life or limb, they are justified in exercising right of self defense which may also extend to causing death.
Exception 3 of Section 300 of IPC enters	Culpable homicide is not murder if the offender, being a public servant or aiding a public servant acting for the advancement of public justice exceeds the power given to him by law and causes death by doing an act which he, in good faith, believes to be lawful and necessary for the discharge of his duty as such public servant and without ill-will towards the person whose death is caused
Section 160 of the Bombay Police Act 1951	It is read with Bombay Police Manual, which provides that no public servant shall be liable to any penalty for giving effect in good faith to any order or direction issued with apparent authority by the state government.
Section 28 of the Bombay Police Act 1951	A police officer will be always deemed to be on duty. So police officer is always vested with all the powers conferred by law, even though duty period is over. Thus it can be seen from abovementioned discussion that though, not directly or specifically permitted, encounter can be supported under various enactments.

	Why Rajputs in Rajasthan have erupted in anger over Gangster?
	1-Anand Pal belonged to the Ravna Rajput community, culturally similar to Rajputs. But they have historically faced caste discrimination. Events that marked his life were widely associated with Rajput-Jat rivalry. But how did a notorious criminal become the focal point of such demonstrations? The answer lies in Rajput's fraught history with Jats, the other big community in Rajasthan, and Anandpal's own meteoric rise from a relatively backward background. In the whole encounter the credit goes to the special operation group (SOG) of the Rajasthan Police .
	2-In order to dispel public suspicion that Gangster Anandpal Singh's encounter was fake, the Rajasthan police held a press brief to narrate step by step the details of how the gangster was gunned down.
	3-According to Rajasthan police, the SOG and commando crew of the Rajasthan police approached the compound where the gangster was suspected to be hiding in a house situated at Malasar village of Churu district. However, when Anandpal Singh spotted police units closing in on him, he opened heavy fire. Drawing from his previous experience, Anandpal thought that if he could kill a few cops, there would be confusion among the policemen and they would retreat. So, he opened fire in bursts from his AK-47 rifle and made a final attempt to flee through the stairs. The teams on the stairs spotted him rushing towards them. They opened fire killing Anandpal.

The way forward:

Thus, from above discussion it becomes clear that police force has right to injure or kill the criminal, for the sole and only purpose of self-defense or where it is imminently necessary for the maintenance of peace and order. However by no means police officer can be given a right to cause injury or death of the person, to settle personal feuds or with any ulterior motive, which could be apparent from facts of each case. It is the solemn obligation of the state to encourage police force to deter antisocial elements but at the same time also to punish the murderers in the veil of police.

Since there are lot of procedures to be followed after encounter to ascertain that it is not fake, it is best to left to the law enforce agency to decide of whether encounter is ethical or unethical, warrented or unwarranted in context of particular situation.

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MOST IMPORTANT

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1

Impact of GST on household expenses

	 Food	 Entertainment	 Transportation	 Household Personal Care	 Mobile Phone Services
Before	12.5%	30%	15%	28%	15%
After	5%	28%	18%	18%	18%

The Goods and Services Tax (GST), the biggest reform in India's indirect tax structure since the economy began to be opened up 25 years ago, at last looks set to become reality. The Constitution (122nd) Amendment Bill was passed in Upper house.

What is GST? How does it work?

1-GST is one indirect tax for the whole nation, which will make India one unified common market.

2-GST is a single tax on the supply of goods and services, right from the manufacturer to the consumer.

3-Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition at each stage. The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages.

Salient features of the Constitution (122nd Amendment) Bill, 2014

- (a). Conferring simultaneous power upon Parliament and the State Legislatures to make laws governing goods and services tax;
- (b). Subsuming of various Central indirect taxes and levies such as Central Excise Duty, Additional Excise Duties, Service Tax, Additional Customs Duty commonly known as Countervailing Duty, and Special Additional Duty of Customs;

- (c). Subsuming of State Value Added Tax/Sales Tax, Entertainment Tax (other than the tax levied by the local bodies), Central Sales Tax (levied by the Centre and collected by the States), Octroi and Entry tax, Purchase Tax, Luxury tax, and Taxes on lottery, betting and gambling;
- (d). Dispensing with the concept of 'declared goods of special importance' under the Constitution;
- (e). Levy of Integrated Goods and Services Tax on inter-State transactions of goods and services;
- (f). GST to be levied on all goods and services, except alcoholic liquor for human consumption. Petroleum and petroleum products shall be subject to the levy of GST on a later date notified on the recommendation of the Goods and Services Tax Council;
- (g). Compensation to the States for loss of revenue arising on account of implementation of the Goods and Services Tax for a period of five years;
- (h). Creation of Goods and Services Tax Council to examine issues relating to goods and services tax and make recommendations to the Union and the States on parameters like rates, taxes, cesses and surcharges to be subsumed, exemption list and threshold limits, Model GST laws, etc. The Council shall function under the Chairmanship of the Union Finance Minister and will have all the State Governments as Members.

Multi-tiered system

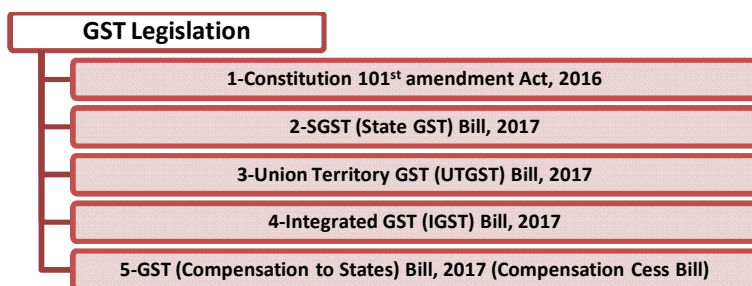
Tax rate	Indicative items
0%	50% of the consumer price basket, including foodgrains 
18%	Soaps, oil, toothpaste, refrigerator, smartphones 
5%	Mass consumption items like spices and mustard oil 
28%	White goods, cars 
12%	Processed foods 
28% plus cess	Luxury cars, pan masala, tobacco, aerated drinks 

Source: GST council

Benefit of GST: The benefits of GST can be summarized as under		
For business and industry	For Central and State Governments	For the consumer
<p>(a) Easy compliance: A robust and comprehensive IT system would be the foundation of the GST regime in India. Therefore, all tax payer services such as registrations, returns, payments, etc. would be available to the taxpayers online, which would make compliance easy and transparent.</p> <p>Uniformity of tax rates and structures: GST will ensure that indirect tax rates and structures are common across the country, thereby increasing certainty and ease of doing business. In other words, GST would make doing business in the country tax neutral, irrespective of the choice of place of doing business.</p> <p>(b) Removal of cascading: A system of seamless tax-credits throughout the value-chain, and across boundaries of States, would ensure that there is minimal cascading of taxes. This would reduce hidden costs of doing business.</p> <p>(c) Improved competitiveness: Reduction in transaction costs of doing business would eventually lead to an improved competitiveness for the trade and industry.</p> <p>(d) Gain to manufacturers and exporters: The subsuming of major Central and State taxes in GST, complete and comprehensive set-off of input goods and services and phasing out of Central Sales Tax (CST) would reduce the cost of locally</p>	<p>(a) Simple and easy to administer: Multiple indirect taxes at the Central and State levels are being replaced by GST. Backed with a robust end-to-end IT system, GST would be simpler and easier to administer than all other indirect taxes of the Centre and State levied so far.</p> <p>(b) Better controls on leakage: GST will result in better tax compliance due to a robust IT infrastructure. Due to the seamless transfer of input tax credit from one stage to another in the chain of value addition, there is an in-built mechanism in the design of GST that would incentivize tax compliance by traders.</p> <p>(c) Higher revenue efficiency: GST is expected to decrease the cost of collection of tax revenues of the Government, and will therefore, lead to higher revenue efficiency.</p>	<p>(a) Single and transparent tax proportionate to the value of goods and services: Due to multiple indirect taxes being levied by the Centre and State, with incomplete or no input tax credits available at progressive stages of value addition, the cost of most goods and services in the country today are laden with many hidden taxes. Under GST, there would be only one tax from the manufacturer to the consumer, leading to transparency of taxes paid to the final consumer.</p> <p>(b) Relief in overall tax burden: Because of efficiency gains and prevention of leakages, the overall tax burden on most commodities will come down, which will benefit consumers.</p>

manufactured goods and services. This will increase the competitiveness of Indian goods and services in the international market and give boost to Indian exports. The uniformity in tax rates and procedures across the country will also go a long way in reducing the compliance cost		
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Taxes to be subsumed	
At the Central level	At the State level
a. Central Excise Duty, b. Additional Excise Duty, c. Service Tax, d. Additional Customs Duty commonly known as Countervailing Duty, and e. Special Additional Duty of Customs.	a. Subsuming of State Value Added Tax/Sales Tax, b. Entertainment Tax (other than the tax levied by the local bodies), Central Sales Tax (levied by the Centre and collected by the States), c. Octroi and Entry tax, d. Purchase Tax, e. Luxury tax, and f. Taxes on lottery, betting and gambling.



Constitution 101st amendment Act	Article 246-A (Special provision with respect to GST)	1-Both Union and States in India now have “concurrent powers” to make law with respect to <u>goods & services</u> 2-The intra-state trade now comes under the jurisdiction of both centre and state; while inter-state trade and commerce is “exclusively” under central government jurisdiction.
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	<p>Article 269-A ((Levy and collection of GST in course of inter-State trade or commerce)</p>	<p>1-In case of the inter-state trade, the tax will be levied and collected by the Government of India and shared between the Union and States as per recommendation of the GST Council.</p> <p>2-The article also makes it clear that the proceeds such collected <u>will not be credited to the consolidated fund of India or state</u> but respective share shall be assigned to that state or centre. The reason for the same is that under GST, where centre collects the tax, it assigns state's share to state, while where state collects tax, it assigns centre's share to centre. If that proceed is deposited in Consolidated Fund of India or state, then, every time there will be a need to pass an appropriation tax. <u>Thus, under GST, the apportionment of the tax revenue will take place outside the Consolidated Funds.</u></p>
	<p>Article 279A (GST Council).</p>	<p>1-There will be a GST council constituted by President, headed by finance minister as its chairman and one nominated member from each state who is in charge of finance or taxation. GST Council has been discussed in detail here.</p> <p>2-All decisions taken at the GST council will be taken based on voting. Process of voting is clearly articulated in detail in the constitutional amendment bill.</p>
	<p>Other changes</p>	<p>1-Two schedules have been changed viz. 6th schedule and 7th</p> <p>2-The residuary power of legislation of Parliament under article 248 is now subject to article 246A.</p> <p>3-Article 249 has been changed so that if 2/3rd majority resolution is passed by Rajya Sabha, the Parliament will have powers to make necessary laws with respect to GST in national interest.</p> <p>4-Article 250 has been amended so that parliament will have powers to make laws related to GST during emergency period.</p> <p>5-Article 268 has been amended so that excise duty on medicinal and toilet preparation will be omitted from the state list and will be subsumed in GST.</p> <p>6-Article 268A has been repealed so now service tax is subsumed in GST.</p> <p>7-Article 269 would empower the parliament to make GST related laws for inter-state trade / commerce.</p> <p>8-Taxation Powers of Centre and States Post 101st Amendment Act The 101st constitution amendment act has resulted in some important changes into the taxation power of the union and states. Parliament as well as every state legislature in the country has powers to enact laws to levy GST . In case of inter-state trade, only parliament has power. {Article 248}</p> <p><u>The residual power of taxation i.e. to tax the subjects which are not in state or concurrent list is STILL with Parliament.</u> However,</p>

		<p>such power is now subject to Article 246-A. {Article 248}</p> <p>If Rajya Sabha by two-third majority passes a resolution that it is necessary and in national interest that parliament should make a law with respect to GST on any matter in state list, it shall be lawful for the parliament to do so. Such a tax shall be in force for <u>one year</u>. To extend it further, similar resolution from Rajya Sabha will be needed. {Article 249}</p> <p>During emergency, Parliament of India will have powers to make GST law on any subject in state list {article 250}.</p> <p>Duties levied by the Union but collected and appropriated by the States include only Stamp duties. The stamp duties collected shall not form the part of consolidated fund of India BUT will be assigned to states. {Article 268 (1); Kindly note that excise duty on medicinal and toilet preparations has been omitted from this article}</p> <p>9-Article 268-A (Service tax levied by Union and collected and appropriated by the Union and the States) has been omitted from constitution and now is part of GST.</p>
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CGST Bill	<p>1-CGST Registration Number One registration number is for CGST and it is being proposed at a pan-India level unlike the existing excise registration numbers at the factory/location based. This will reduce the number of registration numbers which business have to obtain and also the number of returns which have to be filed.</p> <p>2-Peak tax rate is 20% under CGST This bill once becomes an act, will allow the centre to levy CGST on goods and services <u>within the boundary of a state</u>. The rate of CGST will not exceed 20%. We note here that under GST, the peak rate is 20% for CGST and 20% for SGST, thus the highest tax that can be charged as GST would be 40%. However, this level of taxes has been provided only as enabling provisions. The highest tax rate tier currently is 28% (there are four tiers viz. 5, 12, 18 and 28%).</p> <p>3-For smaller taxpayers, the composition levy is 2.5% The taxpayers with turn over less than Rs. 50 Lakh will pay a flat rate on turnover instead of the value of goods and services supplied. This rate will be capped at 2.5%.</p> <p>4-Certain Goods to be exempted Certain goods and services will be exempted from GST via notification as per recommendation of GST council. {Currently, around 80 products and services including healthcare, food items, non-ac restaurants are on exemption list}.</p> <p>5-Registration, Returns and Refund (Consumer Welfare Fund) The businessmen whose turnover exceeds 20 Lakh will register in GSTN in their own state where they conduct business. The turnover threshold is Rs. 10 Lakh for special category states. The self assessment returns are to be filed <u>every month</u>. If the tax paid was in excess of or unutilized input credit, the taxpayers can apply for refund. Upon such application, the money will be credited either to the tax payer account or in a "Consumer Welfare Fund". The</p>
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	<p>money accrued in Consumer Welfare Fund will be used for consumer welfare.</p> <p>6-Prosecution and Appeals</p> <p>For GST related offenses, the persons may be fined or imprisoned or both by the CGST commissioners. Such orders can be appealed before the <u>GST appellate Tribunal</u>; and further before the high court.</p>
SGST /UTGST Bill	<p>1-This bill has been approved in GST Council but yet to be introduced and passed. Its tentative draft is available in public domain and most salient features are similar to CGST.</p> <p>2-There will be a SGST Registration Number. SGST is based on the state; similar to the current TIN numbers for VAT, each business will have to have one SGST registration number in the states where it has a presence.</p> <p>3-Similar to CGST registration number the SGST registration number will also be PAN-based. Each State, including Union territory with Legislature will pass its own State / UT Goods and services Tax (SGST) Bill.</p>
Integrated GST (IGST) Bill	<p>1-This Bill has been passed in Lok Sabha and Yet to be passed in Rajya Sabha. Once this is passed, it will pave the way to charge IGST tax on inter-state trade and commerce i.e. where supply and consumption is happening in to states or UTs.</p> <p>2-This tax will be paid by the Inter-state seller on value addition after adjusting available credit of IGST, CGST, and SGST on his purchases.</p> <p>3-The Exporting State will transfer to the Centre the credit of SGST used in payment of IGST.</p> <p>4-The Importing dealer will claim credit of IGST while discharging his output tax liability in his own State.</p> <p>5-The Centre will transfer to the importing State the credit of IGST used in payment of SGST.</p>
GST (Compensation to States) Bill, 2017 (Compensation Cess Bill)	<p>The salient features are as follows:</p> <p>1-This bill provides for compensation to states for any loss in revenue due to implementation of GST. The period of compensation will be five years from the date the state brings SGST in force.</p> <p>2-For the purpose of calculating the compensation amount in any financial year, year 2015-16 is to be considered as base year. The revenue in that year and a 14% growth rate in revenue will be taken for calculation for five years.</p> <p>3-The base year revenue of the state will be calculating by adding its revenues from VAT, CST, entry tax, octroi and other local body taxes, taxes on luxury, entertainment, advertisement etc. However, this will not include revenue on alcohol and certain petroleum products.</p> <p>4-The compensation will be provisionally calculated and released at the end of every two months. The annual calculation of revenue will be audited by CAG.</p> <p>5-The compensation payable to a state has to be provisionally calculated and released at the end of every two months. Further, an annual calculation of the total revenue will be undertaken, which will be audited by the Comptroller and Auditor General of India.</p> <p>6-The GST council has recommended a Compensation Cess which can be levied on certain goods and services and its proceeds will be credited to a Compensation Fund. This cess is capped at 135% for Pan Masala; Rs. 400 tonne for coal; Rs. Rs 4,170 + 290% per 1,000 sticks of tobacco, and 15% for all other goods and services including motor cars and aerated water.</p> <p>7-The unused money in Compensation Fund will be distributed as follows: 50% of the fund</p>

	to be shared between the states in proportion to revenues of the states, and (ii) remaining 50% will be part of the centre's divisible pool of taxes.
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History of introduction of GST

1986: Vishwanath Pratap Singh, Finance Minister in Rajiv Gandhi's government, proposed in the Budget a major overhaul of the excise taxation structure. This was similar to GST in a theoretical sense.

- **2000:** Initiating discussions on GST, Vajpayee government appoints an Empowered Committee headed by the then finance minister of West Bengal Asim Gupta.
- **2004:** Vijay Kelkar, then advisor to the Finance Ministry, recommends GST to replace the existing tax regime.
- **Feb 28, 2006:** GST appears in the Budget speech for the first time. Finance Minister Chidambaram sets an ambitious task of implementing GST by April 1, 2010.
- **Feb 28, 2007:** Chidambaram said in his Budget speech that the Empowered Committee of finance ministers will prepare a road map for GST.
- **April 30, 2008:** The Empowered Committee submits a report titled 'A Model and Roadmap Goods and Services Tax (GST) in India' to the government.
- **Nov 10, 2009:** Empowered Committee submits a discussion paper in the public domain on GST welcoming debate.
- **Feb 2010:** Government launches project for computerisation of commercial taxes. Finance Minister Pranab Mukherjee defers GST to April 1, 2011.
- **March 22, 2011:** Constitution Amendment Bill (115th) to GST introduced in the Lok Sabha
- **March 29, 2011:** Bill referred to Standing Committee on Finance.
- **Nov 2012:** Finance minister and state ministers decide to resolve all issues by Dec 31, 2012.
- **Feb 2013:** Declaring government's resolve to introduce GST, the finance minister makes provisions for compensation to states in the Budget.
- **Aug 2013:** The standing committee submits a report to parliament suggesting improvements. But the bill lapsed as the 15th Lok Sabha was dissolved.
- **Dec 18, 2014:** Cabinet approval for the Constitution Amendment Bill (122nd) to GST.
- **Dec 19, 2014:** The Amendment Bill (122nd) in the Lok Sabha
- **May 6, 2015:** The Amendment Bill (122nd) passed by the Lok Sabha.
- **May 12, 2015:** The Amendment Bill presented in the Rajya Sabha
- **May 14, 2015:** The Bill forwarded to joint committee of Rajya Sabha and Lok Sabha
- **Aug 2015:** Government fails to win the support of Opposition to pass the bill in the Rajya Sabha where it lacks sufficient number.
- **Aug 3, 2016:** Rajya Sabha passes the Constitution Amendment Bill by a two-thirds majority. *Note: GST Constitutional Amendment Bill needs to be passed by at least 50% of state legislatures to be implemented. Assam is 1st State to pass GST bill.*
- **1 July 2017:** GST to be applicable across India.

How this will be administered

Keeping in mind the federal structure of India, there will be two components of GST – Central GST (CGST) and State GST (SGST). Both Centre and States will simultaneously levy GST across the value chain. Tax will be levied on every supply of goods and services. Centre would levy and collect Central Goods and Services Tax (CGST), and States would levy and collect the State Goods and Services Tax (SGST) on all transactions within a State. The input tax credit of CGST would be available for discharging the CGST

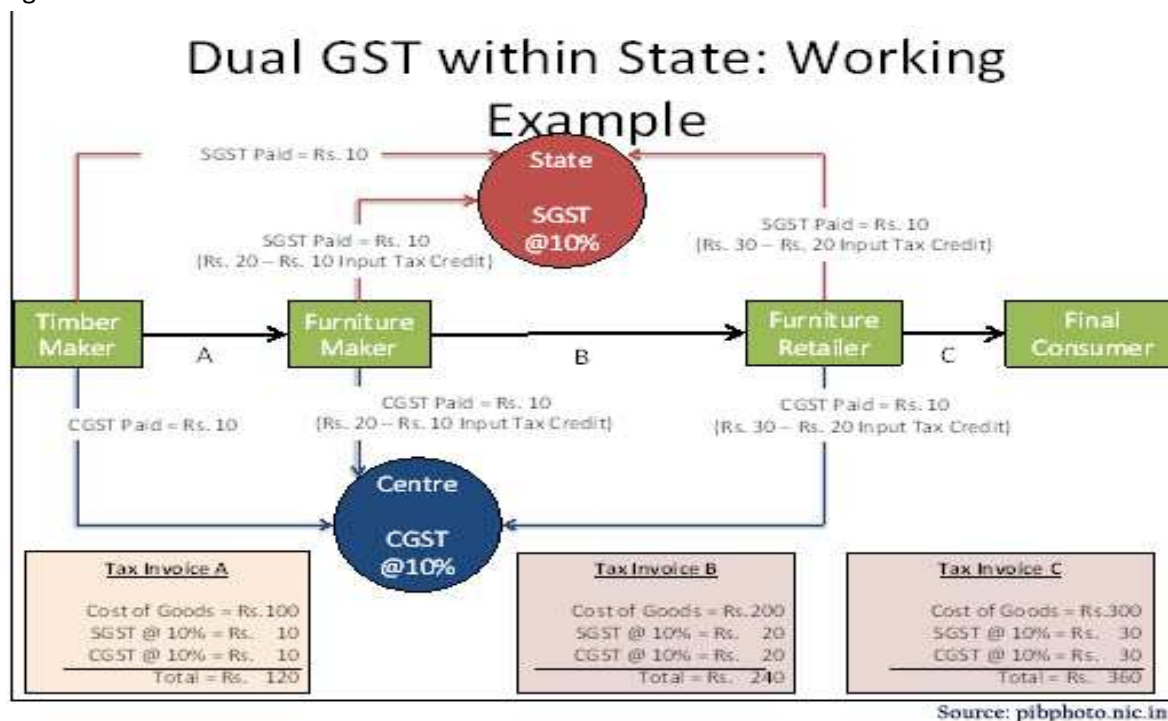
liability on the output at each stage. Similarly, the credit of SGST paid on inputs would be allowed for paying the SGST on output. No cross utilization of credit would be permitted.

How would a particular transaction of goods and services be taxed simultaneously under Central GST (CGST) and State GST (SGST)?

The Central GST and the State GST would be levied simultaneously on every transaction of supply of goods and services except on exempted goods and services, goods which are outside the purview of GST and the transactions which are below the prescribed threshold limits. Further, both would be levied on the same price or value unlike State VAT which is levied on the value of the goods inclusive of Central Excise.

A diagrammatic representation of the working of the Dual GST model within a State is shown in Figure 1 below.

Figure 1: GST within State



Will cross utilization of credits between goods and services be allowed under GST regime?

Cross utilization of credit of CGST between goods and services would be allowed. Similarly, the facility of cross utilization of credit will be available in case of SGST. However, the cross utilization of CGST and SGST would not be allowed except in the case of inter-State supply of goods and services under the IGST model which is explained in answer to the next question.

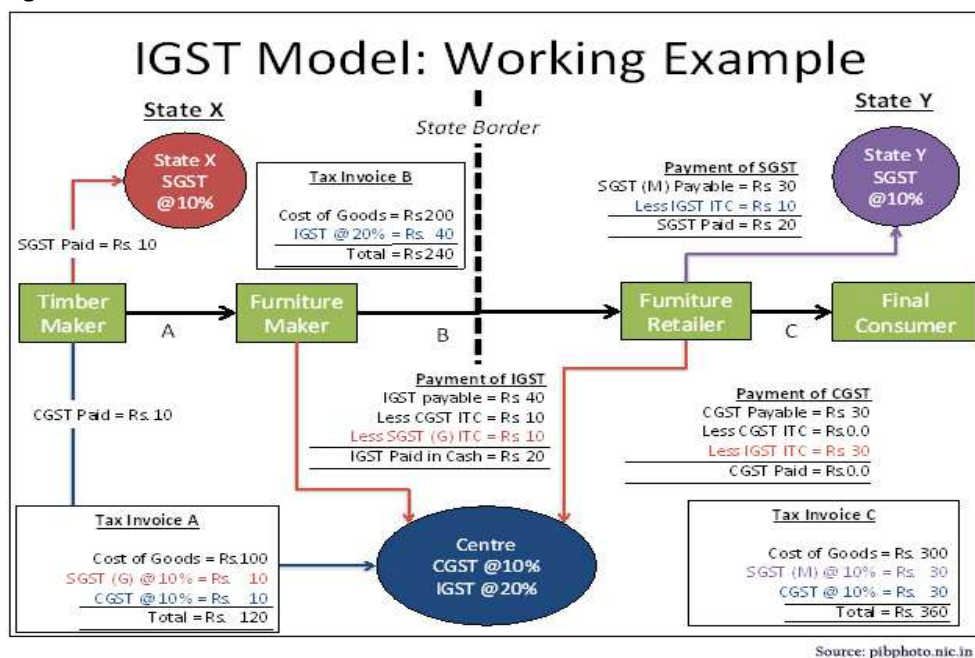
How will be Inter-State Transactions of Goods and Services be taxed under GST in terms of IGST

method?

In case of inter-State transactions, the Centre would levy and collect the Integrated Goods and Services Tax (IGST) on all inter-State supplies of goods and services under Article 269A (1) of the Constitution. The IGST would roughly be equal to CGST plus SGST. The IGST mechanism has been designed to ensure seamless flow of input tax credit from one State to another. The inter-State seller would pay IGST on the sale of his goods to the Central Government after adjusting credit of IGST, CGST and SGST on his purchases (in that order). The exporting State will transfer to the Centre the credit of SGST used in payment of IGST. The importing dealer will claim credit of IGST while discharging his output tax liability (both CGST and SGST) in his own State. The Centre will transfer to the importing State the credit of IGST used in payment of SGST. Since GST is a destination-based tax, all SGST on the final product will ordinarily accrue to the consuming State.

A diagrammatic representation of the working of the IGST model for inter-State transactions is shown in Figure 2 below.

Figure 2



How will imports be taxed under GST?

The Additional Duty of Excise or CVD and the Special Additional Duty or SAD presently being levied on imports will be subsumed under GST. As per explanation to clause (1) of article 269A of the Constitution, IGST will be levied on all imports into the territory of India. Unlike in the present regime, the States where imported goods are consumed will now gain their share from this IGST paid on imported goods.

What are the major features of the proposed registration procedures under GST?

The major features of the proposed registration procedures under GST are as follows:

- i. Existing dealers: Existing VAT/Central excise/Service Tax payers will not have to apply afresh for registration under GST.
- ii. New dealers: Single application to be filed online for registration under GST.
- iii. The registration number will be PAN based and will serve the purpose for Centre and State.
- iv. Unified application to both tax authorities.
- v. Each dealer to be given unique ID GSTIN.
- vi. Deemed approval within three days.
- vii. Post registration verification in risk based cases only.

What are the major features of the proposed returns filing procedures under GST?

The major features of the proposed returns filing procedures under GST are as follows:

- a. Common return would serve the purpose of both Centre and State Government.
- b. There are eight forms provided for in the GST business processes for filing for returns. Most of the average tax payers would be using only four forms for filing their returns. These are return for supplies, return for purchases, monthly returns and annual return.
- c. Small taxpayers: Small taxpayers who have opted composition scheme shall have to file return on quarterly basis.
- d. Filing of returns shall be completely online. All taxes can also be paid online.

What are the major features of the proposed payment procedures under GST?

The major features of the proposed payments procedures under GST are as follows:

- i. Electronic payment process- no generation of paper at any stage
- ii. Single point interface for challan generation- GSTN
- iii. Ease of payment – payment can be made through online banking, Credit Card/Debit Card, NEFT/RTGS and through cheque/cash at the bank
- iv. Common challan form with auto-population features
- v. Use of single challan and single payment instrument



Preventive Detention no quick fix says SC



Preventive detention of a person by a State after branding him a ‘goonda’ merely because the normal legal process is ineffective and time-consuming in ‘curbing the evil he spreads’ is illegal, the **Supreme Court** has held.

The judgment by a Bench of Justices L. Nageswara Rao and Navin Sinha dealt with the case of a seed manufacturer in Telangana who was taken into preventive detention by the authorities on the allegation that he is selling spurious chilli seeds to poor farmers.

Liberty of citizen

The judgment, authored by Justice Sinha, held that detention of a person was a serious matter affecting the liberty of the citizen.

“Preventive detention cannot be resorted to when sufficient remedies are available under the general laws of the land for any omission or commission under such laws,” the Supreme Court observed.

“The order of preventive detention, though based on the subjective satisfaction of the detaining authority, is nonetheless a serious matter, affecting the life and liberty of the citizen under Articles 14, 19, 21 and 22 of the Constitution. The power being statutory in nature, its exercise has to be within the limitations of the statute, and must be exercised for the purpose the power is conferred,” Justice Sinha wrote.

Abuse of power

“If the power is misused, or abused for collateral purposes, and is based on grounds beyond the statute, takes into consideration extraneous or irrelevant materials, it will stand vitiated as being in colourable exercise of power,” the court observed.

In this particular case, the petitioner, V. Shantha, moved the Supreme Court against the detention of her husband under the Telangana Prevention of Dangerous Activities of Bootleggers, Dacoits, Drug Offenders, Goondas, Immoral Traffic Offenders and Land Grabbers Act, 1986.

The court found faulty the State government’s reasoning that though the person was already in custody in two other similar cases, there was a probability that he might get bail.

The preventive detention order was passed to prevent him from coming out of prison.

The court found this reasoning flawed as the detainee had not even applied for bail.

‘Extreme measure’

The court further dismissed the State’s version that the order of preventive detention was passed as his illegal activities were causing danger to poor and small farmers and their safety and financial well-being. The State had reasoned that the order was passed as an extreme measure to help insulate society from his evil deeds.

Protection Against Arrest and Detention

Article 22 – Protection against arrest and detention in certain cases

(1) No person who is arrested shall be detained in custody without being informed, as soon as may be, of the grounds for such arrest nor shall he be denied the right to consult, and to be defended by, a legal practitioner of his choice.

(2) Every person who is arrested and detained in custody shall be produced before the nearest magistrate within a period of twenty-four hours of such arrest excluding the time necessary for the journey from the place of arrest to the court of the magistrate and no such person shall be detained in custody beyond the said period without the authority of a magistrate.

(3) Nothing in clauses (1) and (2) shall apply-

(a) to any person who for the time being is an enemy alien; or

(b) to any person who is arrested or detained under any law providing for preventive detention.

(4) No law providing for preventive detention shall authorise the detention of a person for a longer period than three months unless-

(a) an Advisory Board consisting of persons who are, or have been, or are qualified to be appointed as, Judges of a High Court has reported before the expiration of the said period of three months that there is in its opinion sufficient cause for such detention:

Provided that nothing in this sub-clause shall authorise the detention of any person beyond the maximum period prescribed by any law made by Parliament under sub-clause (b) of clause (7); or
(b) such person is detained in accordance with the provision of any law made by Parliament under sub-clauses (a) and (b) of clause (7).

(5) When any person is detained in pursuance of an order made under any law providing for preventive detention, the authority making the order shall, as soon as may be, communicate to such person the grounds on which the order has been made and shall afford him (he earliest opportunity of making a representation against the order.

(6) Nothing in clause (5) shall require the authority making any such order as is referred to in that clause to disclose facts which such authority considers to be against the public interest to disclose.

(7) Parliament may by law prescribe-

(a) the circumstances under which, and the class or classes of cases in which, a person may be detained for a period longer than three months under any law providing for preventive detention without obtaining the opinion of an Advisory Board in accordance with the provisions of sub-clause (a) of clause (4);

(b) the maximum period for which any person may in any class or classes of cases be detained under any law providing for preventive detention; and

(c) the procedure to be followed by an Advisory Board in an inquiry under sub-clause (a) of clause (4).

Explanation:

Article 22 grants protection to persons who are arrested or detained. Detention is of two types, namely, punitive and preventive.

Punitive detention is to punish a person for an offence committed by him after trial and conviction in a court. Preventive detention, on the other hand, means detention of a person without trial and

conviction by a court. Its purpose is not to punish a person for a past offence but to prevent him from committing an offence in the near future. Thus, preventive detention is only a precautionary measure and based on suspicion.

The Article 22 has two parts—the first part deals with the cases of ordinary law and the second part deals with the cases of preventive detention law.

(a) The first part of Article 22 confers the following rights on a person who is arrested or detained under an ordinary law:

- (i) Right to be informed of the grounds of arrest.
- (ii) Right to consult and be defended by a legal practitioner.
- (iii) Right to be produced before a magistrate within 24 hours, excluding the journey time.
- (iv) Right to be released after 24 hours unless the magistrate authorises further detention.

These safeguards are not available to an alien or a person arrested or detained under a preventive detention law.

The Supreme Court also ruled that the arrest and detention in the first part of Article 22 do not cover arrest under the orders of a court, civil arrest, arrest on failure to pay the income tax, and deportation of an alien. They apply only to an act of a criminal or quasi-criminal nature or some activity prejudicial to public interest.

(b) The second part of Article 22 grants protection to persons who are arrested or detained under a preventive detention law. This protection is available to both citizens as well as aliens and includes the following:

- (i) The detention of a person cannot exceed three months unless an advisory board reports sufficient cause for extended detention. The board is to consist of judges of a high court.
- (ii) The grounds of detention should be communicated to the detenu. However, the facts considered to be against the public interest need not be disclosed.
- (iii) The detenu should be afforded an opportunity to make a representation against the detention order.

Article 22 also authorises the Parliament to prescribe (a) the circumstances and the classes of cases in which a person can be detained for more than three months under a preventive detention law without obtaining the opinion of an advisory board; (b) the maximum period for which a person can be detained in any classes of cases under a preventive detention law; and (c) the procedure to be followed by an advisory board in an inquiry.

The 44th Amendment Act of 1978 has reduced the period of detention without obtaining the opinion of an advisory board from three to two months. However, this provision has not yet been brought into force, hence, the original period of three months still continues.

The Constitution has divided the legislative power with regard to preventive detention between the Parliament and the state legislatures. The Parliament has exclusive authority to make a law of preventive detention for reasons connected with defence, foreign affairs and the security of India.

Both the Parliament as well as the state legislatures can concurrently make a law of preventive detention for reasons connected with the security of a state, the maintenance of public order and the maintenance of supplies and services essential to the community.

The preventive detention laws made by the Parliament are:

- (a) Preventive Detention Act, 1950. Expired in 1969.
- (b) Maintenance of Internal Security Act (MISA), 1971. Repealed in 1978.
- (c) Conservation of Foreign Exchange and Prevention of Smuggling Activities Act (COFEPOSA), 1974.
- (d) National Security Act (NASA), 1980.
- (e) Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act (PBMSECA), 1980.
- (f) Terrorist and Disruptive Activities (Prevention) Act (TADA), 1985. Repealed in 1995.
- (g) Prevention of Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act (PITNDPSA), 1988.
- (h) Prevention of Terrorism Act (POTA), 2002. Repealed in 2004.

JINESH IAS ACADEMY

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Is India's ban on cattle slaughter 'food fascism'?

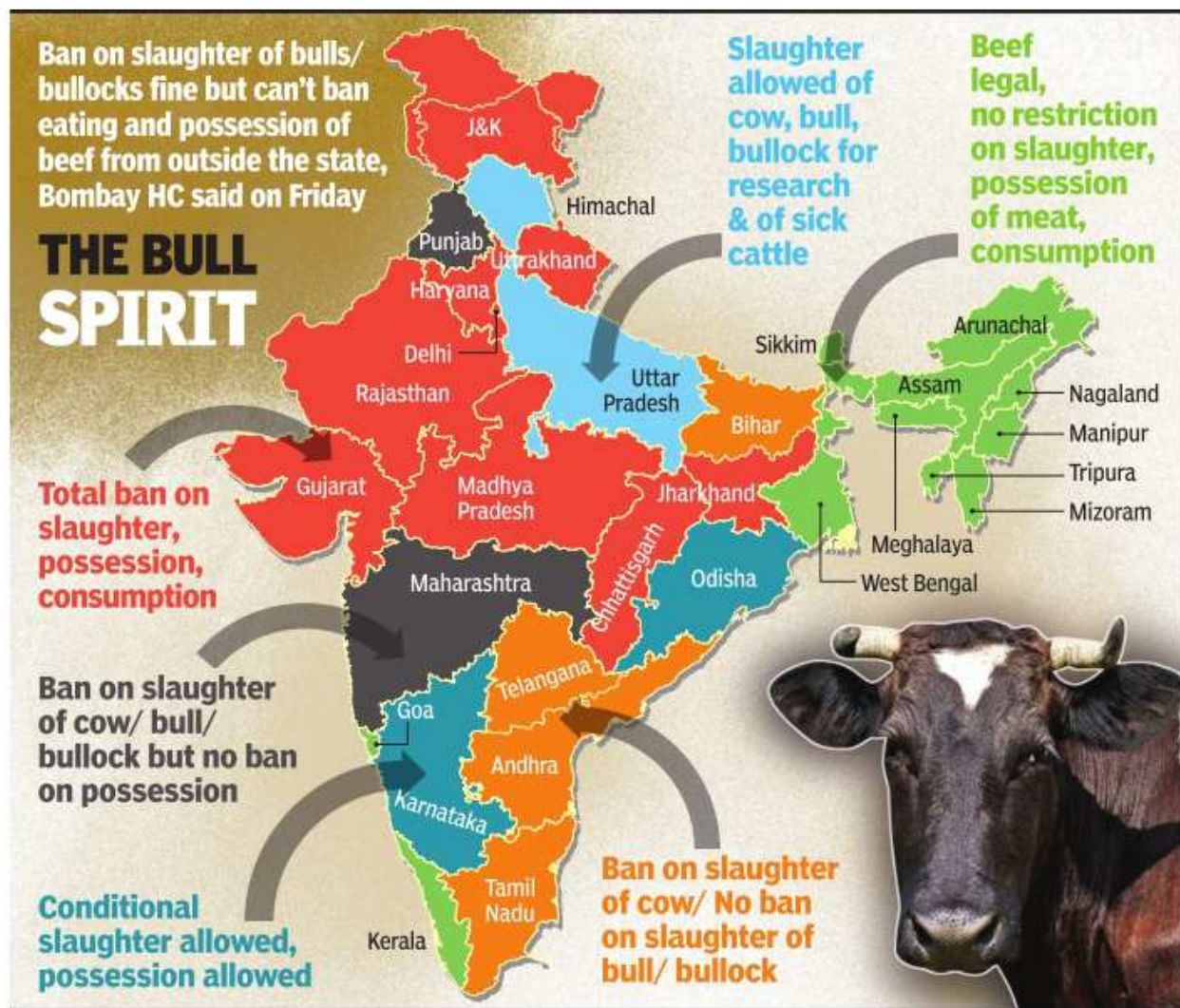


It is easy to frame rules banning the slaughter of the cow ,its progeny, its distant cousin the water buffalo, and its passing acquaintance the camel. It is much harder to think of life without buttons, soap, toothpaste, paint brushes and surgical stitches.Only 30% of cattle slaughtered in India is used for meat – either local consumption or export – while 70% of the carcass is traded for industries that deal in the aforementioned products, along with about three-dozen other items of daily use. Most of the 30% cattle slaughtered, of course, is the water buffalo because the culling of cows for meat is either totally banned or allowed with strict riders in all but five states. What’s more: eating, selling, transporting or exporting meat of the cow genus is a non-bailable offence, punishable with up to 10 years in jail in all of northern, central and western India.

So, when the Government of India issued an ‘extraordinary’ notification, restricting the sale of cattle for slaughter in animal markets and imposing rules that put a majority of the country’s animal markets in danger, it willy-nilly hit much more than the meat industry. Sources say the meat industry relies on animal markets for 90% of its supply. The impact on allied industries is unclear.

The government may think the decision is politically rewarding at a time of easy vigilantism. But there are economic implications across the board on exports, the environment, the rural economy -- issues that should have been addressed before taking a hard line.

According to the 2012 Livestock Census, India has a total of 191 million cows and bulls, and 109 million water buffaloes. These are together roughly 25 per cent of India's human population. Most of these end up on the streets as strays, spewing methane in this age of global warming. With culling a bad word now, the number, according to experts, will rise, "perhaps exponentially". India exported 2.4 million tonnes of buffalo meat to 65 countries in 2014-15, or 23.5% of global beef exports according to the Centre for Monitoring Indian Economy. It was worth Rs 30,000 crore, accounting for 1% of India's total exports, part of the "Pink Revolution" that Prime Minister Narendra Modi had so derisively talked about during the 2014 Lok Sabha campaign. The biggest impact of the government notification will be on India's largely non-mechanized rural economy, in which the life cycle of bulls and bullocks provides farmers with a sustainable economic model. A couple of former colleagues and I had worked out the math in an article for India Today magazine a couple of years ago.



If a farmer buys a bullock for Rs 25,000, it remains sellable at the same price for about two years. Once it becomes unproductive due to injury or illness, the farmer sells it for culling for about Rs 10,000. This 40% return on investment then allows the farmer to raise capital for a replacement animal. If this replacement cost is taken away from the farmer, it not only makes it harder to procure a new set of healthy bullocks for ploughing, it adds the additional burden of paying for the animal's upkeep.

In 2014, the used-cattle market in Maharashtra, for example, yielded an annual turnover of Rs 1,180 crore. When the state government banned the culling of cow and its progeny in 2015, a farmer with an unproductive bull suddenly had nowhere to go. Since the average bovine consumes about 65 litres of water and 40 kg of fodder a day, estimates put the cost of taking care of a bull at nearly Rs 40,000 per year at 2015 prices. With an estimated 1.18 million unproductive bulls in Maharashtra alone, feeding them costs about Rs 4,700 crore per year.

COW SLAUGHTER ALLOWED WITH CONDITIONS			
UP: Possession/ storage of beef banned. Exceptions made for cows with infectious diseases or cows certified necessary for slaughter by state govt for purpose of research	For bulls & bullocks, "fit-for-slaughter" certificate required from competent authority, only if they're unfit for 'breeding, milking and agriculture operation'	years allowed	contagious disease. Old bulls & bullocks can be killed on fit-for-slaughter certificate
ANDHRA & TELANGANA: Cows & calves protected.	BIHAR: Slaughter of cows & calves banned. Killing of bulls & bullocks older than 15	HIMACHAL: Killing allowed for research, or if animal has contagious disease	PUNJAB: Slaughter allowed only for export, with govt permit
		KARNATAKA: Cows can be slaughtered if old or diseased. Possession of meat not a crime	TAMIL NADU: Cow, calf slaughter banned. Beef consumption & slaughter of economically worthless animals allowed
		ODISHA: Slaughter of cow allowed only if it suffers	

What does the constitution say on cow slaughter?

In the Directive Principles of State Policy, which are guidelines for framing laws by the government, the Constitution mentions cow slaughter. Article 48 of the Constitution which is a directive principle on organisation of agriculture and animal husbandry says that states shall organise agriculture and animal husbandry in modern scientific lines, take steps for preserving and improving the breeds and prohibiting the slaughter of cows, calves and other milch and draught cattle.

Does it mean that it is unconstitutional to slaughter cows in India ?

No. The parliament and state legislatures derive their power to legislate under article 246 of the constitution read with schedule 7, which divides the power of legislation of central and state legislatures. There is a union, state and concurrent list of legislative powers. The preservation, protection and improvement of stock and prevention of animal disease, veterinary training and practice comes under the state list. This means that individual states have exclusive powers to

make laws regarding slaughter of cattle under their jurisdiction.

Which states allow cow slaughter?

With a few exceptions, cow slaughter is banned in most of the states. There are no restrictions in Kerala, West Bengal, Arunachal Pradesh, Mizoram, Meghalaya, Nagaland, Tripura and Sikkim. Although there are different state level legislations against cow slaughter, there is no uniformity of the law. In Manipur, there is a 1939 decree passed by the king at that time, which pre scribes prosecution for cow slaughter . De spite this, beef is widely consumed in the state. Laws in oth er states are different with some allowing slaughter of old or diseased animals.The punishments for violating the bans are also differ from state to state.

Is it illegal to consume beef in states that have banned cow slaughter ?

It varies from state to state.For instance, beef can be imported in sealed con tainers to be served to foreigners in Uttar Pradesh.Similarly, in 2016 the Bombay high court had ruled that the Maharashtra government's ban on slaughter of beef in the state doesn't mean that people couldn't consume meat imported from other states.On the other hand, there is a complete ban in states like Haryana and Delhi.

What does the Supreme Court say on cow slaughter ?

The apex court has given contradictory rulings on cow slaughter . In a 1958 case, where a five judge bench led by then Chief Justice of India SR Das was deciding the constitutionality of cattle slaughter bans in Bihar, Uttar Pradesh and Madhya Pradesh, it ruled that cattle -except cows of all ages and calves --not capable of milch and draught can be slaughtered. It stated that keeping cattle with no economic use would be a burden on the nation's cattle feed. It also observed that this meat is cheaper than mutton and hence could be used by poor for food. In 2005, a seven-judge bench headed by then Chief Justice of India RC Lahoti ruled against this judgment observing that nutrition can not necessarily be associated with non-vegetarian food and that too originating from slaughtering cow and its progeny .



Sharp fall in India's wholesale price index:



In line with the RBI's projection for the first half of FY 2018, the consumer price index inflation dipped below the 2.5 per cent mark to record just 2.18 per cent in May 2017 — a five-year low. The numbers have surprised economists and bankers as they are far lower than their projections. Earlier this month, the RBI in its bimonthly monetary policy statement had projected that if the factors contributing to the April inflation — such as low prices of pulses and easing of inflation on items other than food and fuel — are sustained, then, despite the absence of policy interventions, the headline inflation would be in the range 2-3.5 per cent in the first half of the year and 3.5-4.5 per cent in the second half. The dip in WPI inflation is driven by fall in inflation in all three major sub-groups - primary articles (includes food and non-food articles), fuel and manufactured products. Similarly, the latest Consumer Price Index (CPI) data show that headline retail inflation has decelerated to a record low of 1.54% in June 2017.

Causes for Decline

1-Food and beverages, which account for 45.86 per cent in the CPI have been a major factor of this decline. The food-and-beverages inflation has witnessed a sharp decline over the last one year.


2-In India, there are other factors also that point to lower inflation such as fiscal deficit has come down, the rupee has strengthened, the rains have been good and the government has successfully managed food prices.

3-A lower increase in minimum support prices (MSPs) has also kept inflation under check.

4-Core inflation too has come down in recent months. To be sure, there are countervailing arguments—lower inflation is due mainly to lower vegetable and pulses prices, a base effect and there are concerns over the fiscal impact of farm waivers and increased house rent allowances for government employees.

Relation between economic growth and inflation

FOOD FACTS		
May WPI inflation (in %)		
	2016	2017
Vegetables	13.93	-18.51
Potatoes	83.98	-44.36
Onion	-34.74	-12.86
Pulses	31.23	-19.73
Cereals	6.67	4.15
Fruits	4.27	-0.73
Egg, Meat, Fish	2.99	-1.02



Moving down			
CPI inflation trends (in %)			
	Jan 2017	Dec 2016	Jan 2016
General inflation	3.17	3.41*	5.69
Consumer food price inflation	0.53	1.37*	6.85
Food and beverages	1.29	1.98	6.66
Pan and intoxicants	6.36	6.39	9.03
Clothing and footwear	4.71	4.88	5.71
Housing	5.02	4.98	5.20
Fuel and light	3.42	3.77	5.32

It cannot be denied that the decline in inflation has largely been on account of retail food prices falling 2.1%. But even “core” inflation (which measures price increase in goods other than volatile food and fuel components) is down to 3.9%. The overall retail inflation has consistently been below the Reserve Bank of India’s (RBI) medium-term target of 4 % for the last 8 months. Also, there are noticeable price declines in many sectors like agriculture and real estate. All this points to the growing disinflationary trends in the economy.

Should RBI declare rate cuts?

The RBI may have an inflation target of 4% but what it should be really worried about is the cost of achieving and maintaining a very low inflation rate. At times, even the absence of interest rate cuts hurts growth.

Global trend in Inflation

It’s not just in India that inflation is low. In the US, consumer price inflation for June fell to 1.6. In the eurozone, inflation has been declining. In China, CPI inflation for June was 1.5%, well below the government’s 3% target. And in Japan, where they celebrate rising inflation as a relief from the deflation that has plagued the economy, inflation for June came in at 0.4%, way below the target of 2%.

Industrial automation and international competition in labour markets have led to an erosion of bargaining power for labour and are behind the declining share of labour in national income seen in many economies.

One of the main causes of inflation—wage pressure—has been kept under check in recent times, thanks to globalization and technology.

Putting it another way, a part of inflation has been the end result of the ability of workers to force wage increases, but labour has become increasingly powerless in recent times and consequently one important reason for inflation is absent.

Way Forward

It must be considered that moderate inflation level is needed to drive consumption, increase production and enable debtors to repay loans easily, thus encouraging borrowing and lending.

The short-term outlook for the economy shouldn't take away from the many positives that should yield results a few quarters from now.

The GST will result in a sizeable lowering of transaction and logistics costs, and will begin to feed into prices only over the coming months.

The implementation of the newly enacted insolvency and bankruptcy law will have a similar impact, in terms of improving the overall ease of doing business in India.

Ultimately, the RBI will have to weigh whether the current trends in inflation are likely to remain resilient enough for it to make a move that doesn't end up proving to be a costly error in the long run.

CONSUMER PRICE INDEX, MAY TO MAY

	May 2016 CPI (Final)	May 2017 CPI (Prov.)	Inflation Rate (%)
Food and beverages*	134	133.7	-0.22
Paan, tobacco and intoxicants	137.7	146.2	6.17
Clothing and footwear	131.4	137.2	4.41
Housing	126	132.1	4.84
Fuel and light	122.7	129.4	5.46
Household goods and services	126	131	3.97
Health	123.7	128.4	3.8
Transport	112.8	116.7	3.46
Recreation	121.5	125.7	3.46
Education	128.5	134.8	4.9
Personal care & effects	119.2	123.1	3.27
General index (all groups)	128.6	131.4	2.18
Consumer Food Price Index	133.8	132.4	-1.05
* Food & beverages include			
Vegetables	145.11	125.6	-13.4
Pulses etc	171.7	138.3	-19.45

Headline inflation is the raw inflation figure as reported through the Consumer Price Index (CPI). The CPI calculates the cost to purchase a fixed basket of goods, as a way of determining how much inflation is occurring in the broad economy.

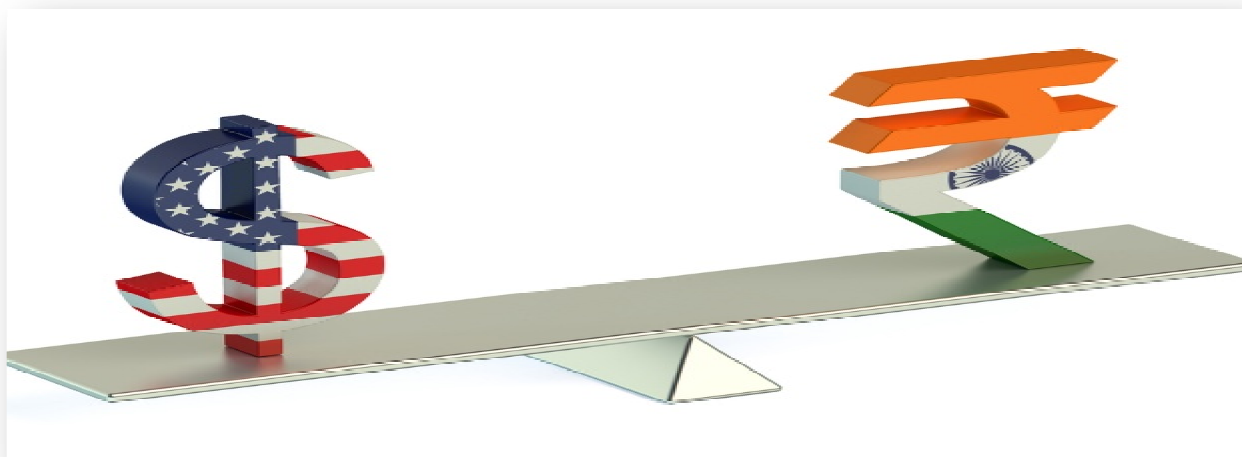
Core inflation reflects the long-term trend in a particular price level. Core inflation is most often calculated using the consumer price index (CPI), which eliminates products — usually those in the energy and food sectors — that can have temporary price shocks because these shocks can diverge from the overall trend of inflation and give a false measure of inflation.

Producer Price Index (PPI) measures the average change in the selling prices of a basket of representative goods and services sold by manufacturers and producers. It measures price change from the perspective of the seller.

Comparison between CPI and WPI

Consumer Price Index	Wholesale Price Index
CPI for Industrial Workers (IW) and CPI for Agricultural Labourers (AL) / Rural Labourers (RL) are compiled and released by the Labour Bureau in the Ministry of Labour and Employment, CPI (Rural/Urban/Combined) is compiled by the Central Statistics Office (CSO) in the Ministry of Statistics and Programme Implementation. Base Year: 2012	Computed by the Office of the Economic Adviser in Ministry of Commerce & Industry. Base Year: 2011-2012
It is based on the retail prices of products and measures inflation from the consumer side. RBI uses CPI (combined) to monitor inflation.	It is based on wholesale prices of articles and measures inflation for the economy as a whole.
It covers only the consumer goods and consumer services.	WPI, on the other hand, covers all goods including the intermediate goods.

India's forex reserves at new life-time high of USD 393.448 billion



The country's foreign exchange reserves touched a new life-time high of USD 393.448 billion after rising by USD 581.1 million in the week to August 4 on account of increase in foreign currency assets (FCAs), the RBI data showed.

FCAs, a major component of the overall reserves, rose by USD 964.4 million to USD 369.723 billion, the data showed.

India	June 2017	August 2017
forex reserves	USD381.167 billion	USD393.448 billion

The components of India's Foreign Exchange Reserves include: Foreign currency assets (FCAs), Gold, Special Drawing Rights (SDRs) and RBI's Reserve position with International Monetary Fund (IMF). Out of all the components, FCAs constitute the largest component of the Forex Reserves.

The components of India's Foreign Exchange Reserves(August 2017)	
foreign currency assets (FCAs)	USD 369.723 billion
Gold	USD 20.095 billion
Special Drawing Rights (SDRs)	USD 1.472 billion
RBI's Reserve position with International Monetary Fund (IMF).	USD 2.309 billion

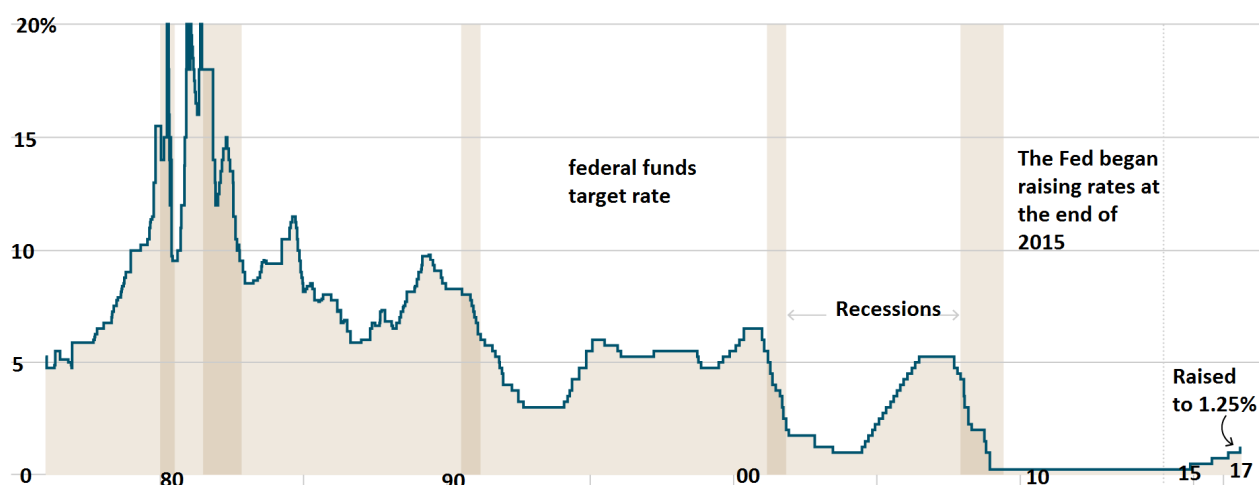
FCAs consist of US dollar and other major non-US global currencies. It also comprises of investments in US Treasury bonds, bonds of other selected governments, deposits with foreign central and commercial banks. FCAs include with them the effects of appreciation or depreciation of non-US currencies like the euro, pound, and the yen and is expressed in terms of dollars.

The components of India's foreign currency assets (FCAs)
1- US dollar
2- Other major non-US global currencies like euro, pound and the yen
3- Investments in US Treasury bonds
4- Bonds of other selected governments
5- Deposits with foreign central and commercial banks

India took different measures to check the foreign exchange outflow in both current and capital account. But with economic reforms, situation changed drastically.

Current Account	Capital Account
<ul style="list-style-type: none"> Fully convertible in India 	<ul style="list-style-type: none"> Partial convertibility (40:60) is allowed
<ul style="list-style-type: none"> Full amount of foreign exchange required will be made available at official exchange rate for current purpose 	<ul style="list-style-type: none"> After Tarapore committee, India has been moving towards full convertibility in capital account
<ul style="list-style-type: none"> India obliged to do so under article VIII of IMF 	

Fed Raises Interest Rates for Second Time In 2017

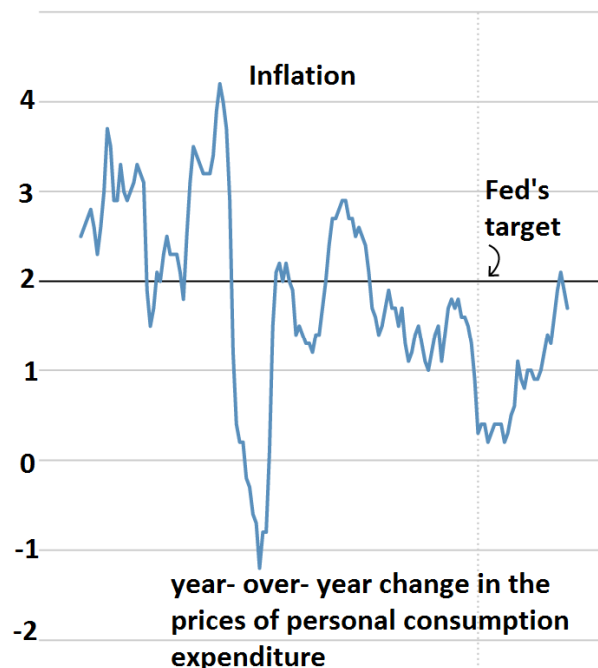
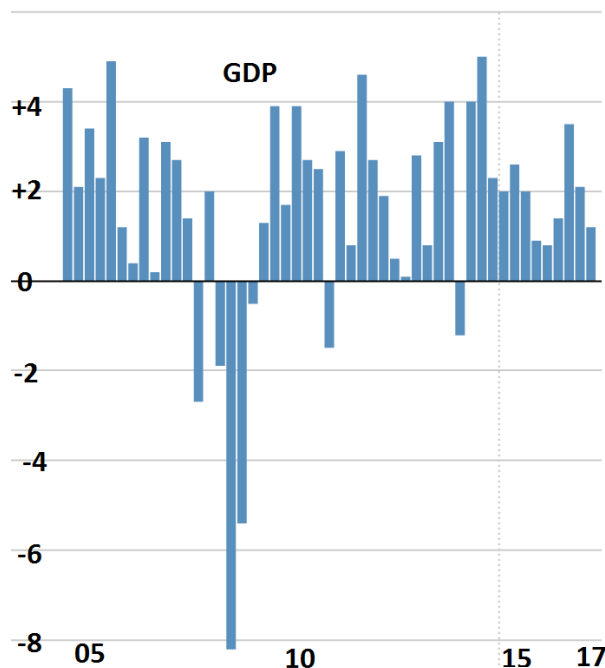


Source: Federal Reserve |

Note: Rate is the federal funds rate until Sept. 27, 1982, the federal funds target rate until Dec. 15, 2008, and thereafter it is the upper limit of the federal funds target rate range.

Why the Fed Raised Rates

In an expected move, the Federal Reserve raised its benchmark interest rate to a range between 1 percent and 1.25 percent. It is the third consecutive quarterly increase as the Fed continues to retreat from its economic stimulus campaign. The Fed has now raised rates by a full percentage point since the financial crisis in 2008, a sign of its confidence in the health of the economy, but rates remain low by historic standards, and so do borrowing costs for businesses and consumers.



Since the Fed Started Raising Rates, the Economy Has Continued to Improve

The Fed lowered its benchmark rate — **the rate banks charge each other to borrow money overnight** — to near zero after the financial crisis of 2008 to encourage lending and spur the economy. At the end of 2015, the Fed began raising rates, judging that the economy no longer needed quite so much help. By the end of the year, the Fed predicts that its benchmark rate will be at a neutral level, neither helping nor restricting growth.

Job Growth — a Key Factor — Is Holding Steady

Over the last two years, the economy has added more than 190,000 jobs a month on average. The unemployment rate, at 4.3 percent, is at its lowest level since 2001, and the Fed's own labor market index is on the upswing. While wage growth remains tepid, there are growing signs of labor shortages in some parts of the country, suggesting that the economy is growing about as fast as it can.

What is Federal Reserve?

The US Federal Reserve was created by the US Congress in 1913 as an independent organisation to study and implement monetary policy. The Federal Reserve is subjected to oversight from Congress but its decisions do not have to be get ratified by the government or the US President.

What is fed rate and its importance?

The federal funds rate or the fed rate is the interest rate that is applicable to the overnight loans between banks and credit institutions. It means the fed rate sets the short-term benchmark in the financial sector. The interest rate hikes over a period of time will guide the long-term rates in the US market and they will affect how much people pay for their loans, how much companies pay for their borrowings, and how much the banks pay for the bank deposits. It will also affect the payments to be made by the foreign companies and governments on their borrowings.

<p>Why the recent rise is so important?</p> <p>Since December 2008, the Federal Reserve kept the rate near zero to support the economic recovery in the US after the worst financial crisis and recession. Since then the rate was continued to be low as the economic recovery took longer time. The present rate hike signals that the US economy on recovery mood and a 'normal' or tighter monetary policy is on cards.</p>
<p>How the rate hike affects the US economy?</p> <p>Since the rate hike was making news from the start of 2015, the increase itself should not have much impact. Whenever there is a rise in the interest rate, US Dollar will appreciate. The US imports would become cheaper whereas the exports from US will become expensive. What is more important is what the Fed indicates about future rate increases. The Fed's economic forecasts points to relatively rapid interest rate increase in 2016. That means the dollar could become further stronger and loan and deposit rates could also increase more.</p>
<p>How does the rate hike impact India?</p> <p>A rate hike could potentially encourage the foreign investors to pull out their investment from India and invest it in the US market as they may get more interest over there. The US Dollar strengthens against other currencies, gold and other asset classes.</p> <p>The rate hike will increase pressure on Indian rupee though RBI intervenes to arrest the fall. The RBI might use forex reserves to keep the rupee from falling further. The RBI would not cut the interest rate and would rather raise them.</p> <p>As dollar strengthens, our import bill will increase and might put pressure on current account deficit. Due to increase in import expenditure inflation will rise. As global dollar liquidity will diminish, Indian corporates with external commercial borrowings will likely to face pressure for repayment.</p> <p>But this time India is better prepared than its peers. First, India's external balances have significantly improved in recent times and the current account deficit also narrowed. Second, only a small part of India's sovereign debt is held by foreigners or is denominated in foreign currency. Third, India's favourable economic growth outlook makes it an attractive destination for the foreign investors. Fourth, compared to its peers, India is less dependent on commodity exports, and has thus not been negatively affected by the global rout in commodity price. When there is a rate hike, the US dollar becomes stronger. As the global commodity priced in dollars, the rate hike will translate to a proportional hike in commodity prices. Then commodity based economies suffer due to slower exports.</p>
<p>Is a rate increase certain?</p> <p>It is not certain. But many economists believe that the US economy is coming out from the economic crisis and they expect the rate increase. The US labour market showed improvement and it may lead to inflationary pressure necessitating a hike in interest rate.</p>

Qatar crisis: Saudi-led bloc vows new measures



Summary:

The recent diplomatic rift between Qatar and other Arab states — like Saudi Arabia, Bahrain, UAE and Egypt — has again highlighted the geopolitical significance of the region beyond the oil factor. It emerged **as a result of an allegation that the small gas-rich country supports and funds terror through its support of Iran and Muslim Brotherhood**, a Sunni Islamist political group outlawed by both Saudi Arabia and the UAE.

Historical reasons:

Qatar's **foreign policy has always been rather different than that of the rest of the Gulf States**. While Bahrain largely follows Saudi Arabia's foreign policy, Qatar has diverged from other members of the GCC. After the Arab Spring, Qatar aligned itself with Islamist political parties such as Egypt's Muslim Brotherhood which has been declared as a terrorist group by Saudi Arabia and United States.

- Qatar's state funded news network Al Jazeera also seems to support these groups as champions of democracy. Qatar was also amongst the most active backers of Islamist fighters in rebellions in Syria and Libya. This coupled with the fact that Qatar enjoys close ties with Tehran, has bothered the Saudi led bloc.
- Egypt also considers the Brotherhood to be dangerous. During the 2011 Arab Spring, Qatar backed the Brotherhood and the protestors against the then-President Hosni Mubarak.
- Qatar has also been accused of backing Yemen's Houthi rebels which is a startling claim given that Qatar, until the day before the crisis, was part of the Saudi-led coalition fighting the Houthi rebels, who are allegedly backed by Iran and ex-President Saleh.

Conflict between Shia Islam and Sunni Islam

The root of this conflict can be traced to sectarian conflicts in the region existing there for centuries. **Shia Islam** and **Sunni Islam** are the two major denominations of Islam Religion. With Saudi Arabia regarding itself as the leader of Sunni Muslims and Iran as the protector of Shia Muslims, the West Asian region is divided under these two leaders. Saudi and Iran started playing an important role in the geopolitical conflicts in the region.

The divide between Sunnis and Shia is the largest and oldest in the history of Islam.

Members of the two sects have co-existed for centuries and share many fundamental beliefs and practices. But they differ in doctrine, ritual, law, theology and religious organization.

Who are the Sunnis?

Estimated distribution of Sunni Muslims in the Middle East

5-20% 21-40% 41-60% 61-80% 81-100%



1-The great majority of the world's more than 1.5 billion Muslims are Sunnis - estimates suggest the figure is somewhere between 85% and 90%. In the Middle East, Sunnis make up 90% or more of the populations of Egypt, Jordan and Saudi Arabia.

2-Sunnis regard themselves as the orthodox branch of Islam.

3-The name "Sunni" is derived from the phrase "Ahl al-Sunnah", or "People of the Tradition". The tradition in this case refers to practices based on what the Prophet Muhammad said, did, agreed to or condemned.

Who are the Shia?

Estimated distribution of Shia Muslims in the Middle East

0-5% 5-20% 21-40% 41-60% 61-80% 81-100%



1-Shia constitute about 10% of all Muslims, and globally their population is estimated at between 154 and 200 million.

2-Shia Muslims are in the majority in Iran, Iraq, Bahrain, Azerbaijan and, according to some estimates, Yemen. There are also large Shia communities in Afghanistan, India, Kuwait, Lebanon, Pakistan, Qatar, Syria, Turkey, Saudi Arabia and the UAE.

3-In early Islamic history, the Shia were a movement - literally "Shiat Ali" or the "Party of Ali". They claimed that Ali was the rightful successor to the Prophet Muhammad as leader (imam) of the Muslim community following his death in 632.

	<p>4-Ali was assassinated in 661 after a five-year caliphate that was marred by civil war. His sons, Hassan and Hussein, were denied what they thought was their legitimate right of accession to the caliphate.</p> <p>5-Hassan is believed to have been poisoned in 680 by Muawiyah, the first caliph of the Sunni Umayyad dynasty, while Hussein was killed on the battlefield by the Umayyads in 681. These events gave rise to the Shia concept of martyrdom and the rituals of grieving.</p>
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How will it affect the rest of the world?

Any kind of instability in the Middle East **tends to send up oil prices**, and the longer prices stay high, the more likely it is that it will cost more to fill up your tank. So far, oil and gas markets have been taking the crisis in their stride.

- The row has also **fanned concerns about the liquefied natural gas (LNG) market. Qatar is the world's biggest supplier of LNG** and Egypt and UAE are key recipients. Although Saudi Arabia, the UAE, Egypt and Bahrain have all closed transport links with Qatar, the state can still ship out both LNG and oil to other countries by sea.
- The diplomatic crisis is also **the latest complication for the 2022 World Cup**, which Qatar is preparing to host. If the travel restrictions remain in place long term, they could keep supplies, workers and eventually soccer fans from moving freely in and out of the country. The tournament is already facing allegations of worker misconduct, and it had to slash the budget for the soccer tournament by more than 40% because of the falling price of oil.

Impact on India:

As regards the impact of sanctions on India, it depends on Qatar for 90% of its natural gas requirements and hence is likely to maintain its good relationship with the monarchy. A few days after the crisis began, the External Affairs Ministry had made it clear that India didn't foresee any issues caused to its own relations with countries in the region. However, the Qatar Airways flights between India and Doha will be affected as following the UAE's decision to not allow its air space to be used, the flights will now have to get routed through Iran.

Why is Qatar important for India?

- While the current volume of Qatari FDI in India is modest, **Qatar's Sovereign Wealth Fund and other state-owned entities, as well as Qatari private investors, are looking at investment options in infrastructure in India**, including in real estate, roads and highways, airports and airlines, ports, LNG, petrochemicals and fertilizers, and tourism/hospitality.
- **There is vast potential for Qatar Investment Authority to substantially increase its investments in India**, given India's huge needs — \$ 1 trillion in the next 5 years in infra alone — investment friendly policies, and QIA's keenness to diversify its global portfolio. India has made efforts to actively engage with QIA and other state-owned and private entities in Qatar, highlighting policies such as 'Make in India' and the advantages of investing in India.
- **India's corporate sector too is increasingly pursuing business opportunities in Qatar.** A number of reputed Indian companies, particularly in construction/infrastructure and IT, have operations in Qatar.
- While business has been the focus of the relationship, **India's ties with Qatar have largely been founded on energy and economic links, and the presence of the Indian community**, which in Qatar numbers over half a million and, as in other GCC countries, is the largest expatriate community. The interest of citizens living and working in Qatar, many of them engaged in projects related to the FIFA World Cup in 2022, is paramount for India.

Conclusion:

The crisis shows deep rooted and complex divisions in the Middle East which the west often tries to downplay by portraying it as nothing more than tensions between Saudi-led Sunni bloc and Iran led Shiite bloc. There seems to be no

easy solution to the crisis in the foreseeable future. The Gulf Cooperation Council (GCC) countries need to negotiate and find a solution, keeping the group's collective agenda in mind. A diplomatic freeze will only allow non-state actors like the Islamic State (IS) to strengthen their presence. Cooperation between Iran and Sunni Arab countries is also desirable for the benefit of both. Qatar needs to choose between aligning its policies with those of the regional heavyweights or greater isolation. It is not yet strong enough to have its own independent regional doctrine.