

The Indian Express

Govt. and Politics

Holding G-20 meet in J&K may complicate situation, says China (Page no. 7) (GS Paper 2, International Relation)

China voiced its opposition to India's reported plans to hold the next year's meeting of G-20 leaders in Jammu and Kashmir, echoing close ally Pakistan's objection, and underlined that relevant sides should avoid "politicising" the issue. Chinese Foreign Ministry spokesperson Zhao Lijian told a media briefing here on Thursday while replying to a question from the official media.

China's position on Kashmir is consistent and clear cut. It is a legacy issue between India and Pakistan. It should be properly resolved in accordance with the relevant UN resolutions and bilateral agreements.

He said the "relevant parties should avoid complicating the situation with the unilateral move. We need to address the disputes through dialogue and consultation and jointly uphold peace and stability."

Stating that G-20 is a premier forum for international economic cooperation, Zhao said "we call on relevant sides to focus on economic recovery and avoid politicising the relevant issue so as to make a positive contribution to improving the global economic governance.

Asked whether China, a member of G-20, would attend the meeting, he said, "whether we attend the meeting, we will look into that."

To another question that China is building the China-Pakistan Economic Corridor in the disputed region in Pakistan Occupied Kashmir (PoK) and India's objections over it, Zhao said "the two matters are completely different in nature. China has undertaken projects to help Pakistan to grow its economy and improve livelihoods.

'Women self-help groups can be significant contributors to GDP' (Page no. 9) (GS Paper 2, Social Justice)

While the Government has already prioritised the National Rural Livelihood Mission (NRLM), aimed at raising the annual income of each woman in self-help groups (SHGs) to Rs 1 lakh by 2024, it is aggressively promoting entrepreneurship and economies of scale among them.

Not just that, instead of a grant-based economy, it wants to back up its hand-holding efforts by easing loans and enabling access to markets.

The mission is to ensure that no rural woman, who wants to connect with NRLM, is left behind. It will also improve the turnover of 5.9 lakh crore women. If half of the country's population improve their earnings, they will be significant contributors to the national GDP."

Highlighting the strides made by NRLM, Mr Singh said till 2014, the scheme involved 2.35 lakh houses, had 80,000 crore bank linkages with non-performing assets (NPAs) at 9.58 per cent.

Today, 8.35 crore women are connected to NRLM and there are 5.9 lakh crore bank linkages, while the NPAs have reduced to 2.5 per cent.

Envisaging a multi-sector role for SHGs, the Minister said he wanted to ensure that each woman gets an annual income of Rs 1 lakh, which means, around Rs 8,000 to 10,000 per month.

They are working in multiple sectors as Business Correspondents (BC), Bank Sakhis, Kisan Sakhis and Pashu Sakhis. Around 60-70 per cent of the women working in agriculture and animal husbandry should be able to diversify themselves and move towards millet cultivation and horticulture. These avenues will provide new forward linkages.

NSA: India won't be power it deserves to be without a strong maritime system (Page no. 9) (GS Paper 3, Internal Security)

Stating that the Indian Ocean, which has been an "ocean of peace", is now witness to rivalries and competitions, National Security Adviser Ajit Doval said that India needs to protect its interests since the region has the potential to witness clash of interests.

Speaking at the first meeting of the Multi-Agency Maritime Security Group (MAMSG), Doval said security at the high seas and economic wellbeing is inextricably linked and all stakeholders must work unitedly.

In the changing geopolitical scenario, the Indian Ocean, which has been an ocean of peace, is gradually becoming competitive. We see a potential of having a clash of interest, we need to protect it and be vigilant.

The trajectory of this nation is well defined. We know where we are going. And when our time comes, we as a nation have to be strong. India will not be able to become the power it deserves to be unless it has a very strong maritime system.

The meeting was chaired by Vice Admiral G Ashok Kumar (ret'd), the country's first National Maritime Security Coordinator. Chief of Naval Staff Admiral R Hari Kumar was among the top officials who attended the deliberations. Top maritime and coastal security officials from all 13 coastal states and Union Territories as well Indian Navy and other central agencies attended the meeting.

Editorial Page

Five years stronger (Page no. 10)

(GS Paper 3, Indian Economy)

July 1 marks the completion of five years since the Goods and Services Tax (GST) was introduced in our country. It was first discussed in the report of the Kelkar Task Force on indirect taxes in 2003 and was long in the making.

Since its introduction, GST has naturally faced teething problems. But, it has emerged strongly after facing turbulence from the Covid-19 global pandemic and its fallout.

It is to the credit of the GST Council that the Centre and the states held each other's hand to not just face the crisis but to lift our economy onto the path of recovery.

It is this working together that has made India stand out now as the fastest growing economy, as projected by many, this year and the next.

Several countries moved to the GST regime long before India did in 2017. But, the mechanism of the GST Council itself is unique to India.

The quasi-federal nature of Indian polity wherein both the Centre and the states enjoyed independent powers of taxation demanded a unique solution. States of different sizes and at different stages of development with their legacy tax systems had to be brought together under the GST.

States were also at different stages in the use of technology for revenue collection. The GST Council, the constitutional body, and a GST solution unique to India (dual GST) were the answers found to such a demand.

With a few exceptions, taxes, both of the Centre and the states, were subsumed in the GST. Seventeen different laws were merged and a single taxation system was brought in through the GST.

The Nagging Deficit (Page no. 10)

(GS Paper 2, Social Justice)

Going by the data on work demanded and availed by households under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), the employment scenario in the country continues to be dismal, even as the economy has recovered, though barely, to its pre-pandemic level.

As reported in this paper, 2.61 crore households availed work under the scheme in May 2022. This is not only higher than the number of households who worked under the scheme over the same period last year (2.22 crore in May 2021), but is also significantly higher than the pre-pandemic level (2.1 crore households had availed work under the scheme in May 2019). This is a worrying sign.

In 2018-19, 5.27 crore households had availed of work under MGNREGA. In 2019-20, a year before the pandemic, this had risen to 5.48 crore.

During the pandemic year of 2020, it rose further to a staggering 7.55 crore. While in the following year (2021-22), the number of households came down to 7.26 crore, it was still significantly higher than even the pre-pandemic trend.

These numbers indicate that reliance on the employment guarantee scheme has only been growing.

Idea Page

Nurturing services (Page no. 11)

(GS Paper 3, Indian Economy)

India's aspiration to become a \$5-trillion economy is predicated on the growth of its international trade to \$2 trillion by 2030, equally contributed to by merchandise and services.

This translates into a three-fold growth or almost 20 per cent CAGR over this period. The commerce ministry also expects services exports to overtake merchandise and manufacturing, or at least be on par.

This is in the realm of the possible only if services are viewed from the same prism as manufacturing in terms of fiscal encouragement and incentives.

While around 50 per cent and more of services exports are contributed by IT-ITES, which continues to innovate its offerings and grow, the rest is the input from management, legal, accounting, logistics, travel and tourism, education,

healthcare, etc. Services sectors beyond IT require careful nurturing, especially capex-intensive sectors like hospitality, healthcare and education.

Even though it comprises over 50 per cent of the GDP, dwarfing both agriculture and manufacturing, the services sector does not receive the recognition — and more importantly, the encouragement in the form of incentives — it deserves. One of the reasons for this is the perception at one level of the sector as comprising only IT, and the IT sector has flourished because of minimum government intervention. Ergo, the sector as a whole does not require any hand holding. This is a fallacious perspective.

Statements of the mighty (Page no. 11) (GS Paper 2, International Relation)

Although they were ensconced for two days (June 26-27) at the picturesque Schloss Elmau set in the Bavarian Alps in Germany, the leaders of the seven rich nations (Canada, France, Germany, Italy, Japan, UK, the US) and the European Union had very little time to relax.

They had assembled to reflect on pressing global challenges and craft common positions that guide their governments and important multilateral institutions.

The G7 invited “guests”, top leaders from five countries — Argentina, India, Indonesia, Senegal, and South Africa — in a studied nod to the global south. Its adversaries and competitors — Russia and China — were not present

The G7 has issued four other statements as well — on democracy (together with the guest countries), Ukraine, global food security, and the creation of a climate club. Taken together, this summit outcome looks weighty, even impressive.

The shadow of the war in Ukraine was visible at the summit. Perhaps to expose the powerlessness of the powerful nations, as the summit opened, Russia chose to launch missile attacks on Ukraine’s capital Kyiv.

The G7 leaders responded with strong words, reiterating their condemnation of Russia’s aggression. “We will stand with Ukraine for as long as it takes,” they asserted, backing their words with concrete action, pledging 28 billion euros in budget aid, in addition to 2.6 billion euros in humanitarian aid.

They also committed to supporting post-war reconstruction through an international conference.

Express Network

In 2nd commercial success, ISRO sends 3 foreign satellites into orbit (Page no. 12) (GS Paper 3, Science and Tech)

The Indian Space Research Organisation (Isro) on Thursday successfully launched three Singaporean satellites in a commercial mission of the New Space India Limited.

This was the second launch of the year by the space agency, the first one having placed an Indian Earth Observation Satellite in orbit in February.

Along with the commercial satellites, the space agency also sent on board six in-orbit experiments mounted on the fourth stage of the rocket in the current mission.

On Thursday, the workhorse rocket of the country, PSLV-C53, took off from Sriharikota at 6pm and injected the three satellites into precise orbits around 18 minutes later.

The launch vehicle flew in the core-alone configuration where no strap-on motors are used other than the four main engine stages.

The main payload of the mission was a 365 kg Singaporean DS-EO satellite, which is an electro-optic, earth-observation satellite capable of providing full-colour images for land classification and disaster-relief operations.

The 155 kg NeuSAR satellite is its first small commercial satellite capable of providing images in the day or at night under all weather conditions.

The third satellite was Nanyang Technical University’s 2.8kg Scoob-1, the first in the student satellite series for giving hands-on training for the university’s satellite research centre.

In addition to the international payloads, the rocket also carried six experiments in its fourth stage, including two from Indian startups Digantara and Dhruva Space.

The PSLV Orbital Experiment Module (POEM) uses the spent fourth stage of the rocket as an in-orbit platform by adding solar panels, a battery, and a navigation control system.

Usually, after putting the satellite in orbit, the rocket stages decay, return to the atmosphere and burn up. But, with the addition of a little power to keep the stage in orbit, they can be utilised for experiments.

Explained

What unchanged small savings rates mean for banks, savers (Page no. 13)

(GS Paper 3, Economy)

The government's move to keep interest rates on small savings instruments unchanged comes as a setback for small investors.

At a time inflation is ruling over 7% and bond yields have risen over 7.4%, not only will the decision result in negative real rate of return – after adjusting for inflation — for savers and pensioners, but the status quo is also likely to prompt banks to go slow in hiking deposit rates.

Considering that retail inflation hit 7.97% in April and 7.04% in May, the existing rates on small savings schemes might have disappointed savers even though these are higher than banks' fixed deposit rates.

The RBI expects retail inflation to be above the upper tolerance level of 6% until the end of the year.

As per Thursday's decision, schemes like Public Provident Fund (PPF) and the National Savings Certificate (NSC) will continue to carry an annual interest rate of 7.1% and 6.8%, respectively, in the first quarter of the next fiscal.

The one-year term deposit scheme will continue to earn 5.5% interest in the second quarter.

Term deposits of one to five years will fetch a rate in the range of 5.5-6.7%, to be paid quarterly, while five-year recurring deposits will earn a higher interest of 5.8%.

Barring PPF and Sukanya Samriddhi Yojana, all other small saving instruments are currently fetching negative real returns amid high inflation.

What's more, as the RBI is expected to jack up the main policy rate – repo rate – further to bring down inflation, savers will have expected more returns from small savings schemes and bank deposits.

Why the single-use plastic ban (Page no. 13)

(GS Paper 3, Science and Tech)

From Friday, several common use-and-throw plastic products will cease to be in circulation with the government's rules to prohibit their manufacture and use, issued in August last year, coming into effect.

Plastic cutlery items, ice cream and balloon sticks, sweet boxes, invitation cards, cigarette packs, PVC banners measuring under 100 microns and earbuds are some of the items that will no longer be available.

Given that the country generates more than 25,000 tonnes of plastic waste every day — more than 40 per cent of it stays uncollected, often choking sewage networks — the need for measures to restrict the use of this non-degradable synthetic material cannot be overstated.

The government has also done the right thing in enforcing the ban in phases. The current strictures apply to relatively low utility items. The real challenge will come when the prohibition is extended to polythene bags under 120 microns in December.

In the past five years, more than 20 states have put in place some form of regulation on plastic use. But by all accounts, their implementation has been patchy at best.

The poorly-staffed and feebly-empowered state pollution control boards or cash-strapped municipalities tasked with enforcing the bans have generally not been up to the task.

Environment Minister Bhupender Yadav has said that his ministry will set up control rooms to monitor the ban. A better way would be to raise awareness amongst people and take all stakeholders into confidence — the success of Sikkim and Himachal Pradesh, to an extent, testifies to this.

The World

NATO leaders voice concern about threat as Russia, China slam alliance (Page no. 14)

(GS Paper 2, International Relation)

NATO was facing rebukes from Moscow and Beijing on Thursday after it declared Russia a "direct threat" and said China posed "serious challenges" to global stability.

The Western military alliance was wrapping up a summit in Madrid, where it issued a stark warning that the world has been plunged into a dangerous phase of big-power competition and myriad threats, from cyberattacks to climate change. NATO leaders also formally invited Finland and Sweden to join the alliance, after overcoming opposition from Turkey. If the Nordic nations' accession is approved by the 30 member nations, it will give NATO a new 800-mile (1,300 kilometer) border with Russia.

Russian President Vladimir Putin warned he would respond in kind if the Nordic nations allowed NATO troops and military infrastructure onto their territory.

China accused the alliance of "maliciously attacking and smearing" the country. Its mission to the European Union said NATO "claims that other countries pose challenges, but it is NATO that is creating problems around the world."

The invasion shattered Europe's peace, and in response NATO has poured troops and weapons into eastern Europe on a scale unseen in decades. Member nations have given Ukraine billions in military and civilian aid to strengthen its resistance.

Economy

RBI: Bank NPA ratio at 6-year low, but fintechs expose system to new risks (Page no. 15)

(GS Paper 3, Indian Economy)

The asset quality of the banking system has improved with gross non-performing assets (GNPA) ratio declining from 7.4 per cent in March 2021 to a six-year low of 5.9 per cent in March 2022.

Net non-performing assets (NNPA) ratio also fell by 70 bps during 2021-22 and stood at 1.7 per cent at the year-end, the Reserve Bank of India's (RBI) Financial Stability Report (FSR).

Under the assumption of no further regulatory reliefs as well as without taking the potential impact of stressed asset purchases by the National Asset Reconstruction Company Limited (NARCL) into account, stress tests indicate that GNPA ratio of all banks may improve from 5.9 per cent in March 2022 to 5.3 per cent by March 2023 under the baseline scenario driven by higher expected bank credit growth and declining trend in the stock of GNPA's, among other factors. If the macroeconomic environment worsens to a medium or severe stress scenario, the GNPA ratio may rise to 6.2 per cent and 8.3 per cent, respectively.

Ease of doing business ranking: Seven states among top achievers (Page no. 15)

(GS Paper 3, Indian Economy)

Andhra Pradesh, Gujarat and Telangana are among the seven states categorised as top achievers in the ranking of states and Union Territories based on the implementation of the business reform action plan 2020, according to a report released by Finance Minister Nirmala Sitharaman on Thursday.

Himachal Pradesh, Uttar Pradesh, Odisha, and Madhya Pradesh are the other states categorised as achievers in the ranking.

The Aspires category includes seven states, including Assam, Kerala and Goa.

In the category of emerging business ecosystems, there are 11 states and UTs, including Delhi, Puducherry and Tripura.