

Food safety index

- Tamil Nadu topped the State Food Safety Index (SFSI) this year, followed by Gujarat and Maharashtra.
- Among the smaller States, Goa stood first, followed by Manipur and Sikkim. Among the Union Territories, Jammu and Kashmir, Delhi and Chandigarh secured the first, second and third ranks.
- The SFSI measures the performance of States on the basis of five parameters set by the Health Ministry.
- The rating is done by the Food Safety and Standards Authority of India (FSSAI).

THE HINDU

GST Council ruling

- In Union of India Anr. Vs Mohit Minerals Pvt. Ltd., the Supreme Court of India on May 19, 2022 while deciding on a petition relating to the levy of Integrated Goods and Services Tax (IGST) on ocean freight paid by the foreign seller to a foreign shipping company, ruled, "The recommendations of the GST Council are not binding on either the Union or the States..."
- The Government of India was of the opinion that the GST Council could function as a super Parliament/Assembly by sending binding recommendations on laws, rules and regulations with reference to the GST to the Union and State governments.
- Article 246A gives powers to the Union and State governments simultaneously to legislate on the GST.
- Article 279A stipulates the creation of the GST Council and its functions.
- The Council has to function as a platform to bring the Union and State governments together, and as a mark of cooperative federalism, the Council shall, unanimously or through a majority of 75% of weighted votes, decide on all matters pertaining to GST and recommend such decisions to the Union and State governments.
- The purpose of GST, as a harmonised commodity tax, is to make India a single market.
- Cooperative federalism is to operate through the GST Council to bring in harmony and alignment in matters pertaining to the GST from both governments.
- Given this background, the Union government had almost delegated the powers to create laws under the

GST Act Section 5(1) to the GST Council through repeated use of the phrase “notification on the recommendation of the (GST) council”.

- Hence, the constitutional validity of the Council’s recommendation should be upheld; generally, the recommendations of the GST Council could be overridden only in exceptional cases,
- The fact that the Union government holds one-third weight for its votes and all States have two thirds of the weight for their votes, gives automatic veto power to the Union government because a resolution can be passed with at least three-fourths of the weighted votes.
- This imbalance in the voting rights between the Union and State governments, makes democratic decision-making difficult.
- Further, though all the States are not equal in terms of tax capacity, everyone has equal weight for their votes.
- This creates another political problem as the smaller States with lesser economic stakes can be easily influenced by interest groups.
- In an atmosphere of a non-cooperative Union and State governments, the fear that the GST Council would break down is not

unfounded; the responsibility lies on all governments equally, contrary to what the weighted votes reflect.

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Arguments against China’s bridge construction

- There are three reasons why India should be particularly concerned about China’s construction activities on Pangong Tso. One, India’s war with China in 1962 revealed its diplomatic miscalculations and inadequacies in defence preparedness.
- China surprised India with an announcement in 1957 that it had built a road through Aksai Chin linking Tibet and Xinjiang.
- India protested this move formally in 1958. There is still trauma in India surrounding that war.
- Two, China does not seem to favour the idea of entering into treaties for resolving territorial disputes and maritime disputes with its neighbours.
- Recently, China began constructing a bridge on a portion of Pangong Tso which India claims is its international boundary and is within its territory.
- A portion of the area has been under Chinese control since 1958.

- The Pangong Tso saw military action between the Indian and Chinese forces in 1962.
- There were confrontations between the forces of the two countries in 2017, and in 2020, violent clashes resulted in casualties.
- Three, what is most worrying is that China does not adhere to the general rules of international law; rather, it tries to derive its claims on the basis of historic rights to the detriment of the rights of its neighbours, as is the case with its claims in the South China Sea.
- Perhaps the best provisions in contemporary international law for understanding territorial questions are Article 2(3) and Article 2(4) of the UN Charter.
- All the members are required under Article 2(4) to refrain in their relations with one another from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the purposes of the UN.
- All the members have to settle their disputes by peaceful means.
- There are several judgments by the International Court of Justice (ICJ) relating to a state's non-violent construction of activities in disputed and occupied territory to clarify the situation in Pangong Tso.
- In 'Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territory', the ICJ examined the inadmissibility of acquisition of territory by force.
- The court took the position that the construction of a wall in the Occupied Palestinian Territory case strongly indicated a breach of Article 2(4)
- the fact that China is constructing a bridge on the lake without using armed force or without using fire or causing injury to humans does not make the activity lawful.

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Bad banks

- The Finance Minister on Monday announced that the National Asset Reconstruction Company (NARCL) along with the India Debt Resolution Company (IDRCL) will take over the first set of bad loans from banks and try to resolve them.

What is a 'bad bank'?

- A bad bank is a financial entity set up to buy non-performing assets (NPAs), or bad loans, from banks.
- The aim of setting up a bad bank is to help ease the burden on banks by

taking bad loans off their balance sheets and get them to lend again to customers without constraints.

- After the purchase of a bad loan from a bank, the bad bank may later try to restructure and sell the NPA to investors who might be interested in purchasing it.
- A bad bank makes a profit in its operations if it manages to sell the loan at a price higher than what it paid to acquire the loan from a commercial bank.
- However, generating profits is usually not the primary purpose of a bad bank the objective is to ease the burden on banks, of holding a large pile of stressed assets, and to get them to lend more actively.

What are the pros and cons of setting up a bad bank?

- A supposed advantage in setting up a bad bank, it is argued, is that it can help consolidate all bad loans of banks under a single exclusive entity
- Former RBI governor Raghuram Rajan has been one of the fiercest critics of the idea, arguing that a bad bank backed by the government will merely shift bad assets from the hands of public sector banks, which are owned by the government, to the hands of a bad bank, which is again owned by the government.

Will a 'bad bank' help ease the bad loan crisis?

- Unlike private banks, which are owned by individuals who have strong financial incentives to manage them well, public sector banks are managed by bureaucrats who may often not have the same commitment to ensuring these lenders' profitability.
- To that extent, bailing out banks through a bad bank does not really address the root problem of the bad loan crisis.
- There is a huge risk of moral hazard. Commercial banks that are bailed out by a bad bank are likely to have little reason to mend their ways
- , a bad bank, in reality, could help improve bank lending not by shoring up bank reserves but by improving banks' capital buffers.
- To the extent that a new bad bank set up by the government can improve banks' capital buffers by freeing up capital, it could help banks feel more confident to start lending again.

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Air sports policy

- For the first time in India, air sports such as paragliding or hot-air ballooning will come under a four-

tier governance structure with the Air Sports Federation of India (ASFI) as the apex body which will oversee aspects such as regulation, certification, accidents and penalties.

- The air sports industry in the country was today worth ₹80-100 crore, with nearly 5,000 providers, which could grow 10 times in terms of revenue and yield 1 lakh direct jobs apart from a multiplier impact on the economy.
- The Air sports policy lays down a four tier governance structure with the ASFI at the top, followed by national associations for individual sports and their regional and district-level units.
- The ASFI will be an autonomous body under the Ministry of Civil Aviation (MoCA) which will represent India at global platforms related to air sports such as the World Air Sports Federation and will also conduct competitions across the country through different national air sports associations.
- The ASFI will provide governance over different aspects such as regulation, certification, competitions, awards and penalties, and will publish its draft guidelines within a period of six months.
- It will be chaired by the Secretary, MoCA, who will nominate up to

three eminent experts related to air sports as members of the ASFI governing council.

- Sports that will come within its ambit are aeromodelling, model rocketry, amateur-built and experimental aircraft, ballooning, drones, gliding, powered gliding, parachuting, paramotoring, powered aircraft and rotorcraft.
- The government will also look at various incentives to encourage the sport such as reducing GST on air sports equipment from 18%-28% to 5% or less.

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IR in News

- Britain- No confidence motion
- Russia claims partial control of Severodonetsk

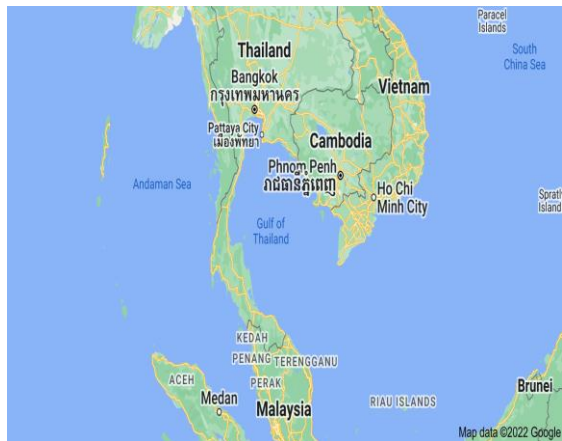


Source: UK MoD / Institute for the Study of War (21:00 GMT, 5 June)

BBC

- China, Cambodia to begin port project
- The Gulf of Thailand, also known as the Gulf of Siam, is a shallow inlet in the southwestern South China Sea,

bounded between the southwestern shores of the Indochinese Peninsula and the northern half of the Malay Peninsula.



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