

NEWS TODAY

WORLD TARIFF PROFILES 2020 RELEASED BY WTO, UNCTAD AND INTERNATIONAL TRADE CENTRE

Key highlights

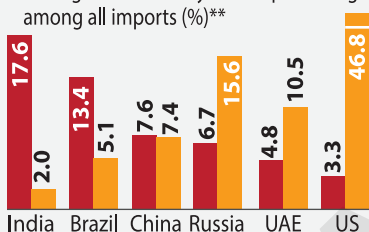
- Nearly **18% of various types of manufactured goods** came to India as of 2018 through the **duty-free route**. This is despite **much higher Average tariffs in India** compared to other major countries.
 - Duty-free benefits are accorded to imports from nations with which India has trading agreements, especially ASEAN countries. These findings strengthen the case for **deeper scrutiny into India's existing free-trade agreements** to stop imports.
- India's share of binding coverage is 74%**, lagging China's 100%.
 - Binding coverage** is a broad indicator of a **country's commitment to establish bound rates** for imports and slowly reduce tariffs.

Different types of tariffs:

- Most-Favored Nation (MFN) Tariffs** are what countries promise to impose on imports from other members of the WTO, unless the country is part of a preferential trade agreement.
- Preferential Tariffs** are those under which countries promise to give another country's products **lower tariffs than their MFN rate**.
- Bound tariffs** are specific commitments made by individual WTO members. Bound tariff is the **maximum MFN tariff level for a given commodity line**. Applicable tariff can be lower than bound tariff.

INDIA'S AVERAGE IMPORT DUTIES REMAIN AMONG THE HIGHEST

■ Average import duties charged by India (%)*
■ Average share of duty-free import categories among all imports (%)**



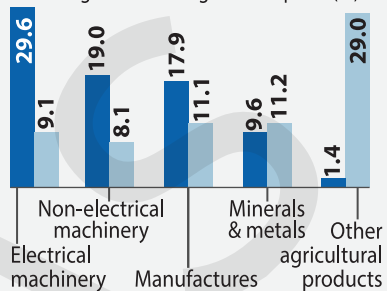
Note: *Applied tariff rate on MFN basis;
**Refers to duty-free tariff lines at six-digit classification vis-à-vis all tariff lines

Source: WTO Country tariff profiles

...BUT IN KEY SECTORS, DUTY-FREE IMPORTS POURED IN AS OF 2018

■ Share of duty-free imports in category (%)

■ Average duties charged on imports (%)*



Note: *Applied tariff rate on MFN basis

Source: WTO Country tariff profiles

INTER-MINISTERIAL GROUP (IMG) CLEARS OVERHAUL OF MODEL CONCESSION AGREEMENT (MCA) FOR BOT MODEL

- Changes are approved for MCA used for **building privately-funded highways on the Build-Operate-Transfer (BOT) model**.
- Under BOT model, private players **build, operate and maintain the road for a specified number of years** before transferring the asset back to the government.

Key revisions

- Revenue assessment of projects will be done after every five years** (Currently 10 years) to adjust for change in toll collection.
- To **resolve land acquisition issues**, work order for building highway projects will be issued only when **90% of land is acquired**.
- Provision for setting up a **dispute resolution board**.

Why needed?

- Under **National Infrastructure Pipeline**, additional 67,000km of national highways will be developed. **Private players are likely to fund 22% of overall costs**.
- Road developers were moving away from **BOT toll projects due to stressed balance sheets**.
- Increased financial burden of NHAI** due to shift to **Hybrid Annuity Model** (wherein NHAI has to fund 40% of the cost upfront and remaining 60% over a period of 15 years) and **engineering, procurement and construction (EPC) model** (wherein NHAI has to fund 100% upfront) to help road developers.

GOVERNMENT'S PROPOSAL FOR A UNIFIED GAS PRICE SYSTEM

- Aim is to **cut down the cost of transportation of natural gas** by setting a fixed tariff for transportation of natural gas for longer distances.
 - Currently, transport cost accounts for around **10% of final cost of gas** because of low international prices. Usually it accounts for around 2-3% of the price of natural gas.
- It is part of larger effort to **increase share of natural gas** in energy basket from around **6% currently to 25%** by 2030.
- Currently, **tariffs for gas transportation are set by Petroleum and Natural Gas Regulatory Board (PNGRB)** separately for each pipeline.
 - Tariffs are divided into **zones of 300km**, with the **tariff increasing for zones further away** from the point where gas is injected.
 - If a buyer needs multiple pipelines even from the same operator, transport tariff would increase.
- As all of **India's imported natural gas arrives at terminals on west coast**, it leads to increased costs for buyers located further east.
- New proposal: Unified price system** with one price for those transporting gas within 300 km and one price for those transporting gas beyond 300km.

US REMAINS INDIA'S TOP TRADING PARTNER FOR 2ND CONSECUTIVE YEAR IN 2019-20

- Bilateral trade between US and India stood at **\$88.75 billion in 2019-20**, against \$87.96 billion in 2018-19.
- Also, India's **trade surplus rose to \$17.42 billion** from \$16.86 billion in 2018-19.
- Goods dominate the bilateral trade**-approximately 62% while 38% in services.
 - Top exports from India:** precious metal and stone, pharmaceuticals, machinery, mineral fuels, and vehicles.
 - Top imports to India:** precious metal and stone, mineral fuels, aircraft, machinery, and organic chemicals.
- In 2018-19, **US first surpassed China** to become India's top trading partner. China was India's top trading partner since 2013-14 till 2017-18.
- Presence of Indian diaspora** is creating demand for Indian goods such as consumer items.
- India and USA are **negotiating a limited trade pact** to iron out differences related to trade front-
 - India's demands:** relaxation in US visa regime, exemption from high duties on certain steel and aluminium products, greater market access for products from agriculture, automobile components and engineering etc.
 - US demands:** Greater market access for its farm and manufacturing products, dairy items, medical devices, and data localisation, cut on import duties on information and communication technology products etc.

DISABLED ARE ENTITLED TO SAME BENEFITS OF SC/ST QUOTA: SUPREME COURT (SC)

- SC decision came on a **petition filed by a special needs person** who was denied admission in a higher educational institution stating that disabled persons too need to meet the general qualifying standard.
- SC followed the principle laid down in **Delhi High Court's judgment in Anamol Bhandari case (2012)**. High Court has held that
 - > **People suffering from disabilities are also socially backward**, and are therefore entitled to the same benefits as given to SC/ST candidates.
 - > **Reservation for disabled is called horizontal reservation** which cuts across all vertical categories such as SC, ST, OBC & General.
 - ⇒ **Vertical reservation** is provided in favour of **backward classes** like SC/ST, OBC under Article 16(4).
 - ⇒ **Horizontal reservations** are **reservation within reservation** like reservation to female, physically challenged person, etc.
- **Rights of Persons with Disabilities (PwDs) Act, 2016** provides for reservation in higher education (not less than 5%), government jobs (not less than 4%) for PwDs.

ALSO IN NEWS

<p>e-Lok Adalat</p>	<ul style="list-style-type: none"> • Chhattisgarh became first state in the country to inaugurate State-level 'e-Lok Adalat'. • Lok Adalat is one of the alternative dispute redressal mechanisms, where disputes/cases pending in the court of law or at pre-litigation stage are settled amicably. • Lok Adalats have been given statutory status under Legal Services Authorities Act, 1987. • Decision made by Lok Adalats is deemed to be a decree of a civil court and is final and binding on all parties.
<p>National Electronic Toll Collection (NETC) integration with VAHAN portal achieved</p>	<ul style="list-style-type: none"> • This will enable VAHAN system to get all information on FASTags. <ul style="list-style-type: none"> > VAHAN provides access to vehicles details such as registration number, chassis/engine number, body/fuel type, manufacturer and model and provides various online services to citizens. > FASTags enables automatic deduction of toll charges and lets vehicle pass through the toll plaza without stopping for the cash transaction. • This will ensure capturing of FASTag details while registering or issuing fitness certificate to vehicles all over the country.
<p>National Intelligence Grid (NATGRID)</p>	<ul style="list-style-type: none"> • NATGRID has signed MoU with National Crime Records Bureau (NCRB) to access the centralised online database on FIRs and stolen vehicles. • The MoU will give NATGRID access to the Crime and Criminal Tracking Network and Systems (CCTNS) database, a platform that links around 14,000 police stations. • NATGRID aims to link all governmental databases to create single source of comprehensive intelligence to be accessible to all agencies. <ul style="list-style-type: none"> > It is expected to be operational by December, 2020.
<p>Nanoparticle to reduce severity of rheumatoid arthritis</p>	<ul style="list-style-type: none"> • Rheumatoid arthritis is an autoimmune disorder that primarily affects joints in feet and hands. Zinc levels are reported to get reduced in such patients. • Scientists have formulated a nanoparticles with chitosan and loaded these with zinc gluconate for reducing the severity of rheumatoid arthritis. <ul style="list-style-type: none"> > Chitosan is a natural polysaccharide obtained from the exoskeleton of crustaceans and is biodegradable, biocompatible, non-toxic, and mucoadhesive in nature. • Developed by: Institute of Nano Science & Technology, Mohali, an autonomous institute of Department of Science and Technology.
<p>Itolizumab</p>	<ul style="list-style-type: none"> • Biocon's (Bangalore based pharma company) Itolizumab drug got approval by Drugs Controller General of India (DCGI) for restricted emergency use in treating moderate to severe COVID-19 patients. • Itolizumab, a monoclonal antibody was already approved for severe chronic plaque psoriasis. <ul style="list-style-type: none"> > Monoclonal antibodies are lab-made proteins that act like human antibodies in the immune system and fight against foreign molecules. • Other approved drugs for Covid-19 treatment in India- Antivirals such as Remdesivir, and immunosuppressant tocilizumab, steroid dexamethasone, and anti-malarial hydroxychloroquine.
<p>Mizoram quake zone</p>	<ul style="list-style-type: none"> • Mizoram experienced at least eight moderate earthquakes between June 21 and July 9. • Studies attribute this to the presence of two geological faults: <ul style="list-style-type: none"> > Churachandpur Mao Fault that runs north-south into Myanmar along the border of Champhai district. > Mat Fault that runs northwest-southeast across Mizoram, beneath river Mat near Serchhip. • Faults are discontinuities or cracks that are the result of differential motion within the earth's crust. Vertical or lateral slippage of the crust along the faults causes an earthquake.
<p>Indian Railways' first-ever special parcel train</p>	<ul style="list-style-type: none"> • This is for the first time that the Indian Railways loaded special parcel train beyond the country borders. • It transported dry chillies from Guntur District of Andhra Pradesh to Benapole in Bangladesh. <ul style="list-style-type: none"> > Guntur and its surrounding areas in the state of Andhra Pradesh are well known for Chillies cultivation. The quality of this farm produce is internationally renowned for its uniqueness in taste and brand.

8468022022, 9019066066

www.visionias.in



DELHI



LUCKNOW



JAIPUR



HYDERABAD



PUNE



AHMEDABAD



CHANDIGARH