



Daily Current Affairs Dated On 16-July-2019

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Motor Vehicle (MV) Act

Why in News?

Amendments to the Motor Vehicle (MV) Act re-introduced by Prime Minister Narendra Modi-led government in the Lok Sabha on Monday.

These bills had lapsed since they had not been passed by the Rajya Sabha.

Proposed Amendments:

The proposed amendments to the MV Act seeks to provide a compensation of ₹5 lakh for death and ₹2.5 lakh for grievous injury in a motor vehicle accident case.

Among other provisions, the bill seeks

- to increase penalties for violations,
- facilitate grant of online learning licence,
- simplified provisions for insurance to provide expeditious help to accident victims and their families, and protection of good samaritans.

The Bill also proposes to raise the time limit for renewal of driving licence from one month to one year before and after the expiry date.

Issues with bill:

It would take away powers of State governments and infringe on their rights.



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Dalai Lama Issue:

Why in News?

The successor of the Dalai Lama has to be decided within [China](#) and any interference by India on the issue will impact bilateral ties, Chinese authorities have said.

In first clear assertion on the sensitive issue, senior Chinese officials and experts said the reincarnation of the Dalai Lama must be approved by the Chinese government and the selection should take place within the country based on an over 200-year old historical process.

Background:

- The reincarnation of the Dalai Lama is a historical, religious and political issue.
- There are established historical institutions and formalities for the reincarnation of the Dalai Lama.
- The current Dalai Lama was recognized by Beijing and his successor must be found through the "draw of lots in golden urn process" within China.
- Beijing-based China Tibetology Research Centre, a government-run influential think tank, said any refusal by India to recognise the next Dalai Lama to be chosen within China will impact bilateral ties.

Dalai lama and India:

- The 14th Dalai Lama fled to India in 1959 following a crackdown on an uprising by the local population in Tibet.
- India granted him political asylum and the Tibetan government-in-exile is based on Dharamsala in Himachal Pradesh since then.
- The Dalai Lama is 84 years old now and the issue of his successor has gained prominence in the last couple of years.
- "It will be a major political difference that would impact bilateral relations and any wise political leader wouldn't do that.."

India's Stance:

- India has maintained its stand on the Dalai Lama.



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- Government of India's position on His Holiness the Dalai Lama is clear and consistent.
- He is a revered religious leader and is deeply respected by the people of India. There is no change in that position.
- The Indian government had issued a note nearly a year back to senior officials, asking them not to attend events organised by the Tibetan government-in-exile.
- India has also been supporting the 'One China' policy, which states that Taiwan and Tibet are part of China's mainland. Beijing made the 'One-China' policy a prerequisite for countries to establish diplomatic ties with it.

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FPI Inflow:

Why in News?

The Centre's budget proposal earlier this month to increase taxes on those with annual incomes of more than ₹2 crores (\$292,269) has rattled many foreign portfolio investors (FPIs).

The realisation that the new tax likely applies to the trusts through which many foreign investors put money into Indian financial markets sent stocks plunging last week. Now, their advisors say the investors are threatening to pull funds from India unless rules are amended so that they won't take a tax hit.

Here are some facts about the new tax rules.

What are the new rules?

- In her budget, Union Finance Minister Nirmala Sitharaman proposed a tax increase of 3% for individuals with an annual income of between ₹2 and ₹5 crores, and 7% for those earning more than ₹5 crores.
- The additional taxes apply to individuals, and groups of individuals who are an Association of Persons (AoP) or a body of individuals.
- It takes the tax rate of someone earning ₹2 crores up to 39%, and for those earning more than ₹5 crores the rate climbs to at least 42.7%.



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Who will be affected?

- There are about 9,400 foreign portfolio investors registered in India, largely from tax domiciles in the United States, Mauritius, Ireland, Luxembourg, Singapore and the United Kingdom, who have invested nearly \$50 billion in Indian equity, debt and hybrid instrument markets.
- Tax experts say 30-40% of them, registered as trusts, could be affected by the new rules.

Why FPIs register as trusts?

- FPIs register as private trusts mainly to navigate cumbersome disclosure rules and other compliance questions.
- If structured as a corporate fund, they may have to pay a minimum alternate tax of 18.5%.
- In a trust structure, it is easy for investors to move capital in and out of trusts without paying high taxes.

What is likely to increase in a tax burden?

- The FPIs registered as trusts will be taxed as AoPs at the new rates.
- Though they will continue to be charged at the basic tax rate of 15% and 10% on short term and long term capital gains in financial markets, the increase in the overall income tax rates mean their tax bills will go up substantially.

Will FPIs withdraw funds or change structure?

- Tax consultants with overseas investors said the majority of investors are unlikely to withdraw their current investments particularly in the debt market though they would continue to lobby for withdrawal of tax rules.
- Future investments in India could depend not only on tax rates but on corporate earnings and the fundamentals of the Indian economy compared with other countries.
- Large number of FPIs may continue to use trusts and pay higher tax, as their promoters find the structure convenient and always have the option to shift to other markets.



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Could it impact sovereign bonds, foreign investment flows?

- The proposed rules could hit India's plans to raise \$10-\$15 billion through overseas sovereign bonds and its attempts to attract more foreign investment in equities and debt, as many investors may feel reluctant to invest due to uncertainty over tax rates in India.
- If the government doesn't announce tax exemptions to proposed overseas sovereign bonds then there will be a negative impact.
- Government officials have suggested that they could tax interest payments on sovereign bonds under current rules.
- However, the details are still not public.

Mediterranean Sharks:

Why in News?

Sharks — the sea's top predators for millions of years — are at risk of disappearing from the Mediterranean as overfishing and plastic pollution choke populations of the endangered hunters, conservationists have warned.

Observation by WWF:

- The World Wildlife Fund (WWF) said that more than half of shark and ray species in the Mediterranean were under threat, and that almost a third of them have been fished to the brink of extinction.
- Its report, released ahead of Shark Awareness Day, singled out Libya and Tunisia as the worst culprits, with each country's fishery hauling in about 4,200 tonnes of sharks a year — three times that of the next biggest Mediterranean fisher, Italy.
- While some species are targeted for food, many of the sharks fished in the Mediterranean are bycatch caught up in nets set for other fish.
- The WWF said it had recorded more than 60 shark species entangled in fishing nets across the Mediterranean.
- In addition, the explosion of plastic pollution is endangering shark populations, either through the animals ingesting or becoming enmeshed in refuse items.

The IUCN Red List of [endangered species](#) counts 79 endangered shark and 120 endangered ray species.



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About WWF:

- The **World Wide Fund for Nature (WWF)** is an [international non-governmental organization](#) founded in 1961, working in the field of the wilderness preservation, and the reduction of [human impact on the environment](#).
- WWF is the world's largest [conservation organization](#) with over five million supporters worldwide, working in more than 100 countries, supporting around 1,300 conservation and environmental projects.
- WWF is a [foundation](#) with 55% of funding from individuals and bequests, 19% from government sources (such as the [World Bank](#), [DFID](#), [USAID](#)) and 8% from corporations in 2014.

Aims and Objectives:

- WWF aims to "stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature."
- The [Living Planet Report](#) is published every two years by WWF since 1998; it is based on a [Living Planet Index](#) and [ecological footprint](#) calculation.
- In addition, WWF has launched several notable worldwide campaigns including [Earth Hour](#) and [Debt-for-Nature Swap](#), and its current work is organized around these six areas: food, climate, freshwater, wildlife, forests, and oceans.

Blue Flag:

Why in News?

The Union Environment Ministry has selected 12 beaches in India to vie for a 'Blue Flag' certification, an international recognition conferred on beaches that meet certain criteria of cleanliness and environmental propriety.

These beaches are at Shivrajpur (Gujarat), Bhogave (Maharashtra), Ghoghla (Diu), Miramar (Goa), Kasarkod and Padubidri (Karnataka), Kappad (Kerala), Eden (Puducherry), Mahabalipuram (Tamil Nadu), Rushikonda (Andhra Pradesh), Golden (Odisha), and Radhanagar (Andaman & Nicobar Islands).



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International standards

- To achieve the internationally recognised highest standard for the purpose of beach management, planning and execution of projects for infrastructure development, cleanliness, safety and security services, these beaches have been identified for Blue Flag Certification in different States and Union Territories.

About the Blue Flag:

- The Blue Flag Programme for beaches and marinas is run by the international, non-governmental, non-profit organisation FEE (the Foundation for Environmental Education).
- It started in France in 1985 and has been implemented in Europe since 1987, and in areas outside Europe since 2001, when South Africa joined.
- Japan and South Korea are the only countries in South and southeastern Asia to have Blue Flag beaches.
- Spain tops the list with 566 such beaches; Greece and France follow with 515 and 395, respectively.

33 criteria:

- There are nearly 33 criteria that must be met to qualify for a Blue Flag certification, such as the water meeting certain quality standards, having waste disposal facilities, being disabled- friendly, have first aid equipment, and no access to pets in the main areas of the beach.
- Some criteria are voluntary and some compulsory.

Beaches in India:

- India is set to apply for certification for two beaches, at Shivrajpur and Ghogla, by the end of this month.
- About ₹20 crore have been spent on each and the FEE jury will decide by October if these beaches meet the mark.
- If approved, beaches are given the qualification for a year and must apply annually to continue meriting the right to fly the flag at their locations.

To help Indian beaches meet these criteria, the Ministry has allowed structures such container toilet blocks, change rooms, shower panels, mini grey water treatment plants in an enclosed structure, mini solid waste



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recycling plants and off-grid solar photovoltaic panels, provided they are a minimum 10 metres from the high tide line.