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Institute Of Civil Services

# DAILY CURRENT AFFAIRS

**24<sup>th</sup> DECEMBER, 2024**



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## INDIA'S 'STEEL FRAME' DOES NEED A CHECK

# India's 'steel frame' does need a check

India's governance challenges demand urgent reforms to modernise its bureaucracy. The country's economic story, which is marked by significant strides in growth and innovation, is juxtaposed with enduring issues of income inequality, underinvestment in critical sectors, and bureaucratic inefficiency. Central to this narrative is the Indian Administrative Service (IAS), which has for long held sway over the nation's governance. However, persistent challenges within the IAS and the wider bureaucracy have highlighted the urgent need for administrative reforms to unlock India's true economic potential.

### The legacy and challenges of the IAS

The IAS, often called India's "steel frame", traces its origins to the colonial Indian Civil Service (ICS). Post-Independence, it became the backbone of India's administrative machinery, with officers occupying pivotal roles in governance. Yet, this legacy has not been without its cracks. Political interference, lack of specialisation, and outdated personnel practices have gradually eroded its effectiveness.

One of the pressing issues is the politicisation of the IAS. Frequent transfers, suspensions, and promotions influenced by political loyalty rather than merit, have undermined morale and professionalism. Officers often struggle to develop domain expertise due to frequent rotations across departments, preventing them from becoming effective policy specialists in an increasingly complex governance landscape.

Corruption and inefficiency plague the bureaucracy further. According to the World Bank's measure of government effectiveness, India ranks only moderately, reflecting the poor quality of policy implementation and administrative independence. Without reform, these systemic inefficiencies threaten to stymie India's economic growth and governance objectives.

Executive-led governance in India, characterised by centralised decision-making, has yielded mixed results. While it has facilitated rapid economic reforms and infrastructure development, it has also led to bottlenecks in policy implementation and a lack of accountability. The centralised power structure often sidelines bureaucrats' insights and expertise, reducing their ability to act as effective policy executors.

Under Prime Minister Narendra Modi's leadership, the government has attempted to address some of these shortcomings by curbing politicised transfers and introducing measures to



**Vinod Bhanu**  
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Persistent challenges within the Indian Administrative Service and the wider bureaucracy have highlighted the urgent need for administrative reforms

enhance bureaucratic accountability. However, critics argue that centralising power in the Prime Minister's Office (PMO) risks undermining the autonomy of senior bureaucrats, leading to further disempowerment of the IAS.

The need for administrative reforms in India is not new. Since Independence, over 50 commissions and committees have been tasked with reimagining the country's administrative apparatus. The First Administrative Reforms Commission (ARC) in 1966 and subsequent commissions, have consistently emphasised the need for specialisation, accountability, and merit-based promotions within the bureaucracy.

The Second ARC, set up in 2005, laid out a blueprint for administrative reforms. It included recommendations for lowering the permissible age of entry into the civil services, introducing performance-based promotions and lateral entry, and establishing safeguards against arbitrary transfers. However, many of these recommendations remain unimplemented, stalled by bureaucratic inertia and political resistance.

### Government's push for reform

Recognising the limitations of the IAS-centric administrative model, the Modi government has sought to diversify governance by introducing lateral entry into senior bureaucratic positions. This move is aimed at bringing domain experts from the private sector and other government services into key policymaking roles, infusing fresh perspectives and specialised knowledge.

Since 2018, the central government has pursued lateral recruitment to bring individuals with specialised knowledge and domain expertise into specific assignments. By 2023, this initiative saw the appointment of 57 officers, many of whom were drawn from the private sector, reflecting a deliberate effort to infuse fresh talent and perspectives into governance. The Union Public Service Commission (UPSC) recently advertised 45 posts for lateral entry, including positions for Joint Secretaries and Directors across various ministries. This shift has disrupted the IAS's traditional dominance, with only 33% of Joint Secretaries at the Centre now belonging to the IAS, compared to near-total dominance a decade ago.

However, the lateral entry initiative has faced resistance. Critics, including retired civil servants, argue that it could undermine incumbent morale and distort promotion incentives. Opposition parties have also voiced concern about the lack of reservation provisions for marginalised groups in these appointments. The Modi government's recent U-turn on lateral entry appointments,

reportedly due to political pressure from political allies, underscores the contentious nature of this reform.

The U.S.'s proposed Department of Government Efficiency (DOGE), under U.S. President-elect Donald Trump, offers an intriguing model for reforming India's administrative apparatus. DOGE aims to streamline government operations, reduce inefficiency, and eliminate redundant agencies, all while leveraging the expertise of leaders such as Elon Musk and Vivek Ramaswamy.

DOGE's focus on cutting wasteful expenditures and introducing accountability mechanisms resonates with the challenges faced by the Indian bureaucracy. A similar advisory body in India could help identify inefficiencies within the civil service, promote data-driven decision-making, and develop metrics to assess bureaucratic performance. A time-bound commission, such as the DOGE's expiration date tied to the U.S. semi-quincentennial, could also ensure that reform initiatives remain focused and actionable.

### Challenges to reform

Reforming India's bureaucracy is no small task. Despite its flaws, the IAS remains deeply entrenched in the country's governance structure. Proposals for lateral entry, performance-based promotions, and specialised training often face resistance from within the service, where seniority-based progression and generalist approaches are deeply institutionalised. Political interference further complicates reform efforts. Proposals such as the Civil Services Standards, Performance, and Accountability Bill (2010), which sought to protect bureaucrats from arbitrary transfers, have languished in legislative limbo. Even judicial interventions, such as the Supreme Court of India's directive to establish civil services boards in 2013, have had limited impact due to lack of enforcement.

A multifaceted approach to administrative reform is vital to address the challenges of India's bureaucracy. Recruitment must prioritise merit and domain expertise, with promotions tied to measurable performance rather than seniority. Protecting bureaucrats from politically motivated transfers and fostering specialisation in policymaking roles would enhance accountability and efficiency. Further, the government should invest in a robust data infrastructure to track bureaucratic performance, enabling informed decisions on placements, promotions, and policy implementation. Reform is essential for India's economic aspirations and ensuring governance effectively serves its people.





- ❖ India's economic growth is hindered by **income inequality, underinvestment, and bureaucratic inefficiency**, necessitating urgent administrative reforms to unlock its full potential.
- ❖ Central to this reform discussion is the **Indian Administrative Service (IAS)**, which, **despite being the backbone of governance, faces significant challenges.**
- ❖ The IAS, rooted in the colonial Indian Civil Service (ICS), became India's **"steel frame"** post-Independence, occupying key governance roles.

### But faced many issues- Politicisation Lack of Specialisation Corruption and Inefficiency

#### Many Reforms were proposed-

- **First (1966) and Second Administrative Reforms Commissions (2005)**, emphasised:
  - Performance-based promotions.
  - Specialisation.
  - Merit-driven recruitment.
  - Safeguards against arbitrary transfers.

#### Current Government Measures:

**Lateral Entry:** To infuse **domain expertise and fresh perspectives** by appointing private sector professionals to senior roles.

By 2023, **57 non-IAS officers** were appointed, reducing the IAS's dominance in key positions.

Resistance includes **concerns about lack of reservation provisions.**

**Accountability Initiatives:** Efforts to curb politicised transfers and improve bureaucratic performance.

### Learning from the U.S.:

- ❖ **Department of Government Efficiency (DOGE)** aims to reduce inefficiency and introduce accountability.
- ❖ India could adopt a similar model, focusing on:
  - Identifying inefficiencies, Promoting **data-driven decision-making.**
  - **Time-bound implementation of reforms.**
- ❖ **Suggested Reforms:**
  1. Merit-based recruitment and **performance-based promotions**
  2. **Protecting bureaucrats from politically motivated actions.**
  3. **Promoting specialisation in policy making roles.**
  4. **Investing in data infrastructure for informed governance decisions.**

### Challenges

- ❖ **Resistance:** IAS-centric governance resisting changes like **lateral entry and performance-based systems.**
- ❖ **Political Interference:** Reform proposals, such as the Civil Services Standards Bill (2010), often face **legislative roadblocks.**
- ❖ **Weak Enforcement:** Judicial directives, like establishing civil services boards, lack consistent implementation.





## THE GATT-IFICATION OF THE WORLD TRADE ORGANIZATION

# The GATT-ification of the World Trade Organization

The Geneva-based World Trade Organization (WTO), which serves as a multilateral trade referee, is set to miss yet another crucial target of revitalising “a full and well-functioning dispute settlement system” by the end of 2024. It has been five years since the Appellate Body (AB), the second tier of the WTO’s two-tier dispute settlement system, has been non-operational due to the persistent blocking, by the United States, of the appointment of the Appellate Body members.

This obstruction began during Barack Obama’s administration, escalated under Donald Trump’s first presidency, and has continued under President Joe Biden, reflecting a bipartisan political consensus in the U.S. The U.S.’s hostile stance towards the Appellate Body will intensify further under what is anticipated to be a highly protectionist Trump 2.0 administration. While the WTO panels, the first stage of dispute settlement, continue to operate and render decisions resolving trade disputes between WTO member countries, this is of little significance because the losing country uses its legal prerogative to appeal to a non-operational AB, and thus stall the adjudicatory process. However, it is a fool’s errand to put the Appellate Body back on track because the real issue is the WTO’s existential crisis and its quest to be a relevant player in global trade. The larger game is not about killing the Appellate Body but, rather, making the WTO dysfunctional.

### The promise

To understand the future, it is important to first reflect on the past. The establishment of the WTO in 1995 marked a milestone in international law. The rise of neoliberal ideology in the 1990s played a critical role in this development. The WTO established a comprehensive system of



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The legal revolution of international trade multilateralism is being reversed

rules governing trade in goods, services, and intellectual property, along with a binding two-tier dispute settlement system featuring an appellate function, compulsory jurisdiction, and effective retaliation for non-compliance. The WTO’s promise of international rule of law was so compelling that it could not be matched even by the International Court of Justice. Scholars in international law began to regard the WTO as a constitutionalism project that would ensure the triumph of international law over international politics.

As the international trading community witnessed the transition from the General Agreement on Tariffs and Trade (GATT) era that held sway from 1948 to 1994 to the WTO, it marked a shift from diplomacy-based trade multilateralism to a rule-based system. Celso Lafer, a former Chairman of the WTO’s dispute settlement body, described the creation of the WTO as the “thickening of legality” in international trade relations. Put differently, countries were willing to accept several restrictions on their state conduct and subject themselves to the binding jurisdiction of the WTO’s dispute settlement system including the Appellate Body.

### The unravelling

However, things began to unravel as the global landscape changed due to China’s significant rise over the last two decades. The U.S. facilitated China’s accession to the WTO in 2001, hoping this would lead Beijing to dismantle its state-led industrial policies which were detrimental to international trade, and adopt free-market principles. However, this expectation did not materialise. There is a widespread belief in the U.S. that China exploited the WTO system to its advantage. The WTO and its institutional controls

hinder the U.S. from dealing decisively with China. As a result, the U.S. aims, in the words of international lawyer Daniel C.K. Chow, to “wreck” the WTO system, including the Appellate Body, which would provide it with a free hand to address the perceived Chinese threat. The U.S. can now employ trade remedial measures and develop industrial policies to counter the Chinese challenge, even if these actions violate WTO law, as there is no one to call it out. A classic example of this is the Trump administration’s decision in 2018 to impose a 25% tariff on Chinese products across various sectors. Mr. Trump’s promise to impose further tariffs during his second term, which could trigger another round of trade war, indicates that international politics, rather than international law, will dictate international trade.

### Regime change

This has led international lawyers such as Geraldo Vidigal to argue that there is no longer a crisis in the WTO but a regime change. As against the thickening of the legality of international trade relations that we saw from a period of 1995 to 2019, we are witnessing its thinning. In other words, while there is no complete de-legalisation of international trade relations, countries are reclaiming significant control that was previously ceded to the WTO in managing their state conduct. The legal revolution of international trade multilateralism that began in 1995 has not only been paused but is being reversed, moving us back to the era of GATT diplomacy. Understanding this “GATTification” of the WTO, as Prof. Vidigal puts it, is crucial for grasping the current state of the international trading order. No amount of technical negotiations in Geneva can obscure this fact.

*The views expressed are personal*

## The WTO’s Dispute Settlement Crisis and Declining Relevance

- ❖ The **World Trade Organization (WTO)**, headquartered in Geneva, is **facing an existential crisis** as it struggles to revitalise a functional dispute settlement system.
- ❖ The **Appellate Body (AB)**, has been **non-operational since 2019** due to **persistent U.S. opposition** to appointing new members.
- ❖ This obstruction began under Barack Obama, escalated during Donald Trump’s presidency, and continues under Joe Biden. The **anticipated return of a protectionist Trump administration may exacerbate this deadlock.**
- ❖ Such challenge to WTO’s which diminish its relevance in global trade governance, as **international politics increasingly overshadow its rule-based framework.**

## The WTO’s Initial Promise

- ❖ Established in **1995**, the WTO marked a **significant shift from the diplomacy-based General Agreement on Tariffs and Trade (GATT, 1948–1994) to a rule-based multilateral trading system.**
- ❖ It **introduced** comprehensive trade regulations across **goods, services, and intellectual property**, supported by a **binding two-tier dispute resolution system.**





- ❖ This structure, hailed as a **milestone in international law**, strengthened the legality of global trade relations, **encouraging nations to cede certain sovereign controls in favor of collective economic governance**.

### The WTO's decline is tied to China's rise as a global economic power

- ❖ After facilitating China's accession to the WTO in **2001**, the U.S. expected Beijing to adopt free-market principles, dismantling its state-led industrial policies.
- ❖ Instead, China leveraged the WTO system to its advantage, fueling U.S. frustration. The U.S. increasingly views the WTO's legal constraints as barriers to countering China's trade practices.
- ❖ In this context, the U.S. has deliberately undermined the WTO, including its Appellate Body, to regain unilateral control over trade policies. For instance, the Trump administration's **imposition of a 25% tariff on Chinese products in 2018**, despite violating WTO norms, **illustrates the shift towards prioritizing political interests over international law**.

### "GATTification"

- ❖ **General Agreement on Tariffs and Trade (GATT)** : In **1995**, GATT was replaced by the **World Trade Organization (WTO)** following the **Uruguay Round of negotiations (1986–1994)**.
- ❖ From 1995 to 2019, the WTO symbolized strengthened international trade laws.
- ❖ However, **this era is giving way to a return to the GATT-style diplomacy, where nations prioritize sovereignty over multilateralism**.
- ❖ Countries are increasingly reclaiming control over trade policies that were once governed by WTO rules. This shift, termed "**GATTification**," **reflects a rollback of the legal revolution initiated by the WTO**.
- ❖ The WTO's crisis is not just about restoring the Appellate Body but about redefining its role in a changing global order. Without significant reforms or a renewed consensus among member nations, the WTO risks becoming irrelevant in the evolving landscape of international trade.





## INDIA'S RELIANCE ON CHINA FOR CRITICAL MINERALS

# India's reliance on China for critical minerals

Does China have unparalleled dominance in the critical minerals sector? How was it able to do so? What are the minerals for which India is heavily dependent on China? Why has India not been able to excavate the lithium reserves found in Jammu and Kashmir?

### EXPLAINER

Rakshith Shetty

#### The story so far:

The Ministry of Mines in 2023 identified 30 critical minerals deemed essential for the nation's economic development and national security. While the report highlighted India's complete import dependency for 10 critical minerals, it did not fully address a more pressing concern – the extent and nature of dependency on China.

#### Is China a dominant player?

China's unparalleled dominance in critical minerals stems from its vast resource base and strategic investments across the value chain. As the world's largest mining nation, China has discovered 173 types of minerals, including 13 energy minerals, 59 metallic minerals, and 95 non-metallic minerals. Reserves of nearly 40% of these minerals, particularly copper, lead, zinc, nickel, cobalt, lithium, gallium, germanium, and crystalline graphite, increased significantly last year, supported by an exploration investment of \$19.4 billion. This led to the discovery of 132 new mineral deposits, including 34 large ones. China's dominance extends beyond reserves to include processing and refining, with control over 87% of rare earth processing, 58% of lithium refining, and 68% of silicon processing. Furthermore, China has strategically invested in overseas mining projects and built unparalleled midstream refining capabilities, raising supply chain vulnerabilities for countries including India, the U.S., and EU nations.

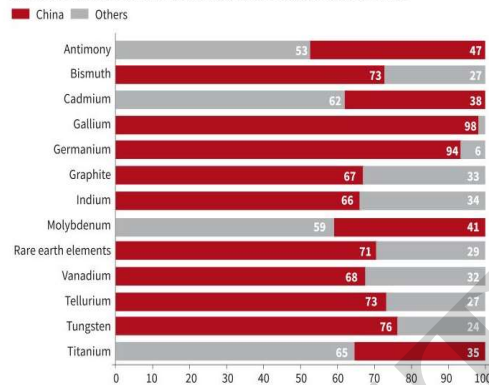
#### What about China's export controls?

When it comes to China's approach to weaponising critical mineral exports, it is strategic and calculated. Beijing primarily targets minerals deemed critical by Western nations and their allies, especially those essential for

### China, a leading player in critical minerals

China's dominance in critical minerals stems from its vast resource base and strategic investments across the value chain. As the world's largest mining nation, China has discovered 173 types of minerals

China's global market share (in percentage) across various minerals as of 2022



semiconductors, batteries, and high-tech manufacturing. However, China carefully balances these decisions against two constraining factors: it avoids controlling minerals which heavily depend on Western raw material imports, and it refrains from actions that could disrupt its domestic industrial enterprises or export-dependent sectors. This strategic calculus was evident in China's 2010 rare earth embargo against Japan, its recent restrictions on antimony, gallium, and germanium exports, and its December 2023 ban on rare earth extraction and processing technologies.

#### Is India dependent on China?

An in-depth examination of import data of 30 critical minerals spanning 2019 to 2024 reveals India's acute vulnerability to Chinese supplies, particularly for six critical minerals where dependency

exceeds 40%: bismuth (85.6%), lithium (82%), silicon (76%), titanium (50.6%), tellurium (48.8%), and graphite (42.4%). Bismuth, primarily used in pharmaceuticals and chemicals, has few alternative sources, with China maintaining an estimated 80% of global refinery production. Lithium, crucial for EV batteries and energy storage, faces processing bottlenecks, despite alternative raw material sources, as China controls 58% of global refining. Silicon, vital for semiconductors and solar panels, requires sophisticated processing technology that few countries possess. Titanium, essential for aerospace and defence applications, has diversified sources but involves high switching costs. Tellurium, important for solar power and thermoelectric devices, is dominated by China's 60% global production share and finally graphite, indispensable for EV

batteries and steel production, faces supply constraints as China controls 67.2% of global output, including battery-grade material.

#### Why does India rely on imports?

Despite being endowed with significant mineral resources, India's heavy reliance on imports stem from several structural challenges in its mining and processing ecosystem. Many critical minerals are deep-seated, requiring high-risk investments in exploration and mining technologies – a factor that has deterred private sector participation in the absence of adequate incentives and policy support. The country's processing capabilities are also limited. This is particularly evident in the case of the recently discovered lithium deposits in Jammu and Kashmir, where despite the presence of 5.9 million tonnes of resources in clay deposits, India lacks the technological capability to extract lithium from such geological formations.

#### What is the way forward?

India has initiated a multi-pronged approach to reduce its dependency on China. The government has established KABIL, a joint venture of three State-owned companies, to secure overseas mineral assets. India has also joined strategic initiatives like the Minerals Security Partnership and the Critical Raw Materials Club to diversify its supply sources and strengthen partnerships. The country is also investing in research through institutions like the Geological Survey of India and the Council for Scientific and Industrial Research while promoting recycling and circular economy practices to reduce virgin mineral dependency. Production-linked incentives for extracting critical minerals through recycling also seem promising. However, transitioning away from China will require sustained investment and long-term commitment to these various initiatives.

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### THE GIST

China's dominance extends beyond reserves to include processing and refining, with control over 87% of rare earth processing, 58% of lithium refining, and 68% of silicon processing.

An in-depth examination of import data of 30 critical minerals spanning 2019 to 2024 reveals India's acute vulnerability to Chinese supplies, particularly for six critical minerals where dependency exceeds 40%.

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### About:

❖ India's Critical Mineral Dependency and Strategy to Reduce Reliance on China

### Basics

❖ Importance of Critical Minerals

- **Technological Use:** semiconductors, batteries, electric vehicles (EVs), and green technologies like solar panels and wind turbines.
- **Economic Development**
- **National Security:** Critical for defense applications, including aerospace, advanced weaponry, and secure communication systems.
- **Energy Transition:** Key enablers in transitioning to sustainable energy solutions like energy storage systems.





## Examples of Critical Minerals

- ❖ **Lithium:** Used in EV batteries and energy storage.
- ❖ **Rare Earth Elements (REEs):** Crucial for magnets in wind turbines, EVs, and electronic devices.
- ❖ **Cobalt:** Essential for battery technology and aerospace alloys.
- ❖ **Graphite:** Key for battery anodes and steel production.
- ❖ **Nickel:** Required for EV batteries and stainless steel.
- ❖ **Titanium:** Used in aerospace, defense, and medical applications.

## The Story So Far

- ❖ India identified **30 critical minerals** essential for its economy and national security, but its heavy reliance on China for many of these minerals is a pressing concern.

## Is China a Dominant Player?

- ❖ **China leads the world in critical minerals** due to its **vast resources and strategic investments**. Besides mining, China controls:
  - 87% of rare earth processing,
  - 58% of lithium refining,
  - 68% of silicon processing.
- ❖ China has also invested in overseas mining projects and midstream refining, creating supply chain vulnerabilities for India, the U.S., and the EU.

## China's Export Controls?

- ❖ **China strategically uses export restrictions on minerals critical to Western nations**, especially for semiconductors, batteries, and advanced technology.
- ❖ However, it avoids controlling minerals reliant on Western raw material imports or those vital to its own industries. Notable actions include:
  - A rare earth trade restriction on Japan in 2010,
  - Recent restrictions on antimony, gallium, and germanium,
  - A 2023 ban on rare earth extraction and processing technologies.

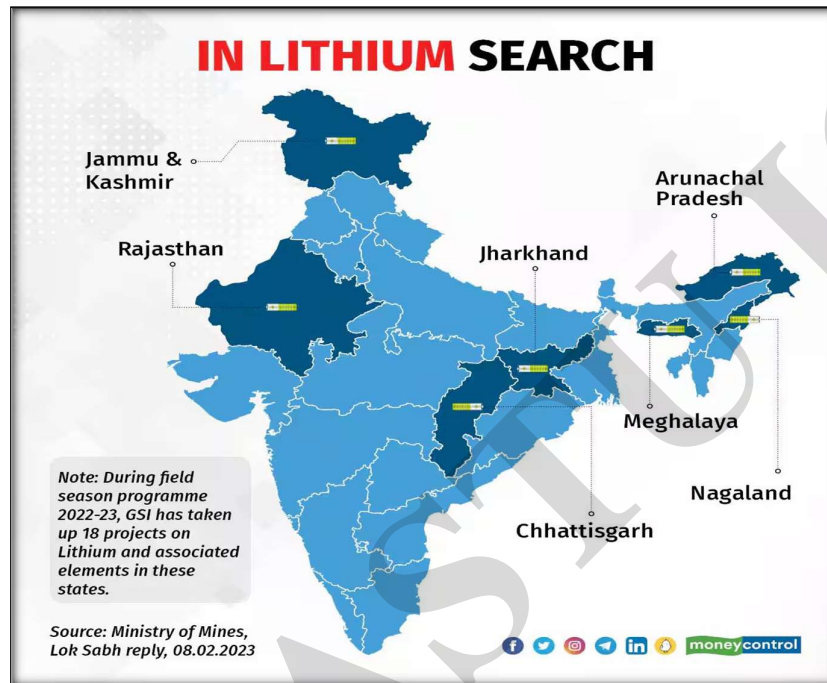
## Is India Dependent on China?

- ❖ From 2019 to 2024, India heavily relied on Chinese imports for six critical minerals:
  - **Bismuth** (85.6%) – used in pharmaceuticals, with few alternative sources.
  - **Lithium** (82%) – vital for EV batteries, with China refining 58% globally.
  - **Silicon** (76%) – essential for semiconductors, requiring advanced processing.
  - **Titanium** (50.6%) – used in aerospace, with high switching costs.
  - **Tellurium** (48.8%) – critical for solar panels and thermoelectric devices.
  - **Graphite** (42.4%) – key for EV batteries, with China producing 67% globally.



## Why Does India Rely on Imports?

- ❖ India has significant mineral resources but faces challenges:
  - **Many minerals are deep underground**, requiring high-risk exploration and investments.
  - **Limited private sector participation** due to insufficient incentives.
  - **Lack of processing technology**, as seen with lithium reserves in Jammu and Kashmir, where India cannot extract lithium from clay deposits.



## What is the Way Forward?

- ❖ India is working on reducing its reliance on China by:
  - Establishing **KABIL (Khanij Bidesh India Limited)**, a joint venture to secure overseas mineral assets.
  - Joining global initiatives like the **Minerals Security Partnership** and **Critical Raw Materials Club**.
  - Promoting **recycling** and a circular economy to lower raw mineral demand.
  - Investing in research through the **Geological Survey of India** and **Council for Scientific and Industrial Research**.
  - Offering production-linked incentives for recycling critical minerals.
- ❖ Shifting away from China requires long-term investments, sustained efforts, and technological advancements.



### 'MFN NOT TO HIT INDIA-EFTA PACT'

- ❖ The **Swiss decision to suspend the most favoured nation (MFN) clause** in the Double Taxation Avoidance Agreement **will not delay the ratification and implementation of the already signed trade agreement between India and the EFTA bloc**, Switzerland has said.
- ❖ The Swiss government has suspended the Most Favoured Nation (MFN) status, which could potentially impact Swiss investments in India and lead to higher taxes on Indian companies operating in the European nation.

#### However;

- ❖ India and the four-nation **European Free Trade Association (EFTA)** signed the pact, officially dubbed as **TEPA (Trade and Economic Partnership Agreement)**, in March.
- ❖ Its members are **Iceland, Liechtenstein, Norway, and Switzerland**.

#### European Free Trade Association (EFTA)

- ❖ India and the four-nation European bloc signed a **free trade agreement** under which **New Delhi received an investment commitment of \$100 billion in 15 years** from the grouping
- ❖ while **allowing several products like Swiss watches, chocolates and cut and polished diamonds at lower or zero duties**.



## HOW TO TAX POPCORN?

# How to tax popcorn? India's formula sparks outrage against GST system

**Reuters**

NEW DELHI

India's move to tax popcorn differently based on its sugar or spice content has drawn criticism from the Opposition and sparked social media outrage, with two former government economic advisers questioning the tax system introduced in 2017.

The Goods and Services Tax (GST) Council, chaired by the Finance Minister and including State representatives, announced that non-branded popcorn mixed with salt and spices would attract a 5% GST, pre-packaged and branded popcorn 12%, and caramel popcorn, categorised as a sugar confectionery, 18%.



The differential rates come into effect immediately, ending confusion over rates as popcorn was taxed differently across States.

Explaining the rationale behind the decision to tax caramel popcorn at 18%, Finance Minister Nirmala Sitharaman said that any product with added sugar

is taxed differently.

The announcement, however, sparked a social media storm on Sunday, with Opposition politicians, economists and supporters of PM Narendra Modi's government criticising the move and others creating memes and poking fun.

"Complexity is a bureaucrat's delight and citizens' nightmare," previous Chief Economic Adviser K. V Subramanian wrote on X. He questioned the rationale of the decision which will contribute minimally to tax revenue but inconvenience the citizens.

His predecessor, Arvind Subramanian, said "the folly is compounded because instead of at least moving in the direction of simplici-

ty we are veering to greater complexity, difficulty of enforcement and just irrationality".

One widely circulated post on X showed an image of a branded "salt caramel" popcorn packet and said how it would send the taxman into a tizzy calculating the tax rate on it.

Jairam Ramesh, spokesman of the Congress party, said the 'absurdity of three different tax slabs for popcorn under GST only brings to light a deeper issue the growing complexity of a system that was supposed to be a Good and Simple Tax'. A Finance Ministry spokesperson and the GST Council Secretariat did not comment on the controversy.

- ❖ The **decision to impose different GST rates on popcorn** based on its content—
  - 5% for non-branded salted popcorn,
  - 12% for branded, and
  - 18% for caramel popcorn— has **drawn sharp criticism**.
- ❖ While the **government justified the higher tax on caramel popcorn due to added sugar**, critics, argue that **this adds unnecessary complexity to the tax system, contradicting the original intent of GST as a simple and uniform tax**. T
- ❖ He move has sparked **widespread debate and ridicule on social media**, highlighting public frustration with the increasing intricacy of the tax framework.



## OTHER ARTICLES TO GO THROUGH

### 1. Why has the MHA reimposed restrictions in three NE States?

- ❖ On December 17, 2023, the government **reintroduced the Protected Area Regime (PAR)** in Manipur, Nagaland, and Mizoram, requiring foreigners to get **special permits (PAP)** to visit. This **ended the relaxation given since 2010** under the Foreigners (Protected Areas) Order, 1958. The **decision was made due to security concerns and the arrival of undocumented migrants from Myanmar after the 2021 coup.**

### 2. Bangladesh writes to India seeking Hasina's extradition

- ❖ Bangladesh has **formally requested India to extradite its deposed Prime Minister Sheikh Hasina** through a note.
- ❖ **Sheikh Hasina, who has been in exile in India since August 5, is facing multiple legal cases in Bangladesh,** including allegations of kidnapping, encounter deaths, and inquiries into high-profile incidents like the 2009 Pikhana killings and a Hefazat-e-Islam rally. An arrest warrant was issued against her in October, but the legal process is ongoing.

## PYQ's

### Q.1 Which of the following countries is not a member of the European Free Trade Association (EFTA)?

- (a) Iceland
- (b) Liechtenstein
- (c) Sweden
- (d) Switzerland

