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*C – Chennai; B – Bengaluru; D – Delhi; T – Thiruvananthapuram
Two sloth bears rescued in State in 10 days

News:
* Sloth bears rescued in Karnataka by Forest Department and Wildlife SOS (Dancing bears)

Sloth Bears (Melursus ursinus)
* Omnivorous
  - insects, fruits, honey especially termites, ants
* Only species of Bear adapted for Myrmecophagy
* Distribution of Species ➔
* Habitat ➔ Wet and dry tropical forests, Savannas, scrublands & grasslands ➔ low land species
* Characteristics
  * Nocturnal & Crepuscular
  * Shelters in rock outcrops, thickets & tree cavities

Threats

⇒ Loss of Habitat:
  * Reliance on lowland areas → also used by humans
  * Overharvest → timber, fuelwood, fodder, fruit, honey
  * Monoculture plantations → teak, eucalyptus
  * Over-grazing

⇒ extraction of minerals
⇒ Quarrying
⇒ Settlement of refugees
⇒ Expansion of → agricultural areas → human settlements → roads

⇒ Poaching
  * male reproductive organs of bear
    - aphrodisiac
  * bones, teeth, claws → ward off evil spirits
  * bear fat → native medicine, hair regeneration
  * Bear paw soup → delicacy
Capturing cubs → "Dancing bears"

- Nomadic tribe - Kalandars / Qalandars
  - 'dancing' sloth bears for emperors
  - living depends on dancing bears

- Now entertainment for villagers and tourists → pays to watch agony of bear

- Mother bears are killed, cubs captured

Human-bear conflicts → Outside protected areas

Conservation:

* IUCN → 'Vulnerable'
* CITES → Appendix I
* WPA, 1972 → Schedule I
In a big boost, govt. cuts corporate tax

Centre issues ordinance to amend the Income Tax Act of 1961 and the Finance Act of 2019

SPECIAL CORRESPONDENT
Funding
In its boldest gambit yet to stir up for economy, the government on Friday issued an ordinance to reduce the corporate tax rate for domestic firms and new manufacturing units by 10 to 12 percentage points, effectively lowering India's tax rate on a par with its competing Asian peers.

Finance Minister Nirmala Sitharaman said the effective tax rate for domestic corporates, inclusive of surcharges, would fall from 34.94% to 25.17% if they stopped availing themselves of any other incentives.

Part A—Preliminary Examination

Paper I—(200 marks)

- Current events of national and international importance.
- Indian Polity and Governance-Constitution, Political System, Panchayati Raj, Public Policy, Rights Issues, etc.
- Economic and Social Development-Sustainable Development, Poverty, Inclusion, Demographics, Social Sector Initiatives, etc.

Part B—Main Examination

PAPER-IV

General Studies-III: Technology, Economic Development, Biology, Environment, Security and Disaster Management

- Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.
- Effects of liberalization on the economy, changes in industrial policy and their effects on industrial growth.

Firms can use CSR funds for R&D

Announcement will help meet monetary needs of research

SPECIAL CORRESPONDENT

The government has decided to allow corporate India to use their mandatory corporate social responsibility (CSR) spending for investments in publicly-funded incubators and contribute to research efforts in science, technology, medicine and engineering at major institutions and bodies.

Finance Minister Nirmala Sitharaman said that the rules governing CSR spending norms have been amended to pave way for greater investment into research—a parameter the country faces poorly on a global basis.

India's spending on research and development (R&D) activities has been far less than 1% of GDP for years, with the private sector chipping in less than half of investments. The Companies Act requires firms with a net worth of Rs 5,000 crore or turnover of Rs 10,000 crore or net profit of Rs 5 crore or more to set aside 2% of their average net profit over the last three years towards 'approved' CSR activities.

Funding incubators

"Now this 2% can be spent on incubators funded by Central or State government or any agency of a Central or State public sector undertaking," Ms. Sitharaman said. "They can also make contributions to publicly-funded universities, IITs, national laboratories and autonomous bodies (established under the aegis of ICAR, ICMR, CSR, BAE, DRDO, DST and Ministry of Electronics and Information Technology)," she added.

"The government can fund research and is doing so, and will also increasingly do more. But today, there is a need for large investments and large pools of capital to be given to R&D. We are opening up the CSR window also," she said.

When asked if the government was drawing on CSR funds, the Minister said that was not the case.
Corporate Tax - tax levied on the incomes of registered companies and corporations

- Domestic company
  - 25% - if turnover / gross receipt for 2016-17 is less than or equal to 250 crores
  - 30% - more than 250 crores

- Domestic company
  - registered under Companies Act
  - Management and control wholly Situated in India
  - has made the prescribed arrangement for declaration and payment of dividends within India

The Taxation Laws (Amendment) Ordinance, 2019

- Amends
  1. The Finance (No.2) Act, 2019
  2. The Income Tax Act, 1961

Corporate tax structure in India

- Effective corporate tax rate: 34.94%
- high corporate tax rates
  - affect earnings and savings of a company
  - leads to less willingness to invest when there is a weak demand
  - affects flow of investments
New changes:

1. Reduction of corporate (income) tax for ‘Certain’ domestic companies
   - for companies who will not avail any exemption / incentive
   - corporate tax reduced to 22%
   - Section 115 BAA - inserted into Income Tax Act, 1961
   - Effective Corporate Tax - 25.14 %
   - shall not be required to pay Minimum Alternate Tax
   - Book Profit - a net profit as shown in the statement of profit and loss, prepared in accordance with Schedule III to Companies Act, 2013

Minimum Alternate Tax (MAT):

- By 1980s, Several companies - reduced tax liabilities / did not pay corporate tax - by taking advantage of incentives - but make substantial book profits
- To bring such companies in to tax net, MAT was introduced by Finance Act, 1987
- Section 115 JB of the Income Tax Act, 1961
- Concept of MAT: Tax liability will be higher of
  (a) Normal tax liability
  (b) Minimum Alternate Tax
(a) Normal Tax Liability
    - tax computed on taxable income by applying corporate tax rate

(b) MAT - tax computed at 18.5% at book profit

Example 1:
A → Company - annual turnover > 250 crores
  Taxable Income - 10 lakhs
  Book Profit - 30 lakhs
  Normal Tax liability = 30% of 10 lakhs
      = 3 lakhs
  MAT = 18.5% of 30 lakhs = 5.55 lakhs
A → Pays MAT, not corporate tax

Example 2:
B
  Taxable income : 50 lakhs
  Book profit : 30 lakhs
  Normal tax liability : 15 lakhs
  MAT : 5.55 lakhs
B → Pay Normal tax liability

2. Companies that avail exemptions/incentives
   → no reduction in corporate tax
   → MAT reduced from 18.5% to 15%
3. For new domestic manufacturing companies
   - Corporate tax - 15%
   - Effective corporate tax rate - 17.01%
     - Registered on or after 1st Oct, 2019
     - Should commence production on or before 31st March 2023
     - Should not avail exemptions or incentives under IT Act

4. Enhanced surcharge on Capital Gains
   NOT to apply for certain cases
   - Foreign Portfolio Investors
   - Sale of equity share in a company

5. Expansion of Scope for CSR funding
   - Section 135 of Companies Act, 2013
   - Atleast 2% of the average net profits made during three immediately preceding financial years
   - Social welfare activities
   - Expanded to new projects (incubators) funded by Government, public funded Universities, National laboratories and Autonomous Bodies of the Government
     - To promote India’s status with respect to SDG goals
Tax cuts may not boost investment

Fiscal deficit to climb, steps useful only if demand actually surges, say economists

TCA SHARAD RAGHAVAN
NEW DELHI

While corporate India is cheering the cut in tax rates, announced by the government, economists are saying more reduction in levies will not result in increased private sector investments and the move will definitely result in fiscal deficit slippage.

The overall view is that since the corporate tax cuts do not address the subdued demand conditions in the start investing. Only if demand actually increases, will the tax cut help in bringing about higher investment, not otherwise. “At the end of the day, if you don’t have the assurance that your output is going to be bought, then you are not going to make profit,” Pro-nab Sen, former Chief Statistician of India, added.

“A tax on profit kicks in only if you are making profit. It has already given a huge private sector investments. Corporate savings to rise it will increase corporate savings and therefore, also investment and make Indian firms more competitive,” said D.K. Srivastava, chief policy advisor, EY India. “They will also encourage investment from abroad into Indian companies because we will be on par with comparable economies with regard to tax incidence.”

India Inc. hails corporate tax reduction

Move may spur economy; auto sector buying sentiment likely to improve

SPECIAL CORRESPONDENT
MUMBAI/ NEW DELHI/ CHENNAI

India Inc. welcomed the Centre’s decision to reduce the corporate tax rate and the Minimum Alternate Tax.

N. Chandra Sekaran, chairman, Tata Sons, said, “The reduction of MAT will enable companies optimise their cash flows leading to increased investments.”

Sajjan Jindal, chairman, JSW Group, said, “The massive amount of savings in corporate tax, aggregating to 14.5 lakh crore, is a timely stimulus for the revival of our economy.” Pawan Goenka, MD of M&M tweeted, “Looks like Dbull has come early.”

Adani Group also tweeted, saying, “Amid challenging times, the reduction in corporate tax and MAT addresses the core challenge of liquidity reinstating India as an attractive investment destination.”

Ashish Chauhan, MD and CEO, BSE said Indian corporate tax rates are among the lowest in the world, especially for the new manufacturing companies.

According to Mercedes-Benz India MD and CEO Martin Schwenk, lower tax will promote investment, help improve buying sentiment, and spur the auto sector in the long term.

Gopichand P. Hinduja, co-chairman, Hinduja Group, said Friday’s move was needed for economic revival and for the manufacturing sector. Romesh Vardhan, CMD, Ramanjee Group, said, “I would

Part A—Preliminary Examination

Paper I - (200 marks)

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Part B—Main Examination

PAPER-IV


- Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.
- Effects of liberalization on the economy, changes in industrial policy and their effects on industrial growth.
Reduction in Corporate tax rate structure:

- Major Objective: to promote investments
  - may not boost investments when there is low demand or no demand
  - demand for such reduction in personal taxes also to create demand

- Make Indian companies - attractive and competitive at global level
  - foreign companies will invest in Indian entities

- Savings → Investments

- enabling environment for new domestic manufacturing companies

- Will increase fiscal deficit of India
  - may widen to 3.8% of GDP
  - ₹1,45,000 crores - foregone revenue
  - GST Tax collections - not as predicted

- Request for such concessional tax rates for housing and real estate sector
**A rural stimulus**

Putting more money in the hands of rural households will stir up the economy.

The government’s statistical machinery has begun work on revising the indices that capture trends in consumer prices experienced in rural India. This opens up the prospect for an upward revision in the wages paid out to workers under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). The current national average wage is just about ₹178 per day. The decision to finally embark on a long-overdue exercise is welcome, irrespective of the immediate trigger. The basket of items whose prices are tracked for constructing the Consumer Price Index for Agricultural Labourers (CPlA), for instance, has not been updated for at least three decades. Apart from essential spending on food, rural expenditure patterns have altered significantly in the intervening period, making space for higher spending on services such as education, transport and, of course, telecom. But two-thirds of the dated inflation index is still driven by food prices, which may effectively end up understating the price pressures facing rural households. This depressant effect could be accentuated when low food inflation coincides with deteriorating farm incomes that still

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**Part B—Main Examination**

**PAPER-II**

**General Studies-I: Indian Heritage and Culture, History and Geography of the World and Society.**

- Role of women and women’s organization, population and associated issues, poverty and developmental issues, urbanization, their problems and their remedies.

**PAPER-III**

**General Studies-II: Governance, Constitution, Polity, Social Justice and International relations.**

- Government policies and interventions for development in various sectors and issues arising out of their design and implementation.

- Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes: mechanisms, laws, institutions and Bodies constituted for the protection and betterment of these vulnerable sections.

**PAPER-IV**

**General Studies-III: Technology, Economic Development, Bio diversity, Environment, Security and Disaster Management**

- Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment.
MGNREGA Act, 2005:
* Section 3: 100 days of waged employment - rural adult members - unskilled manual work
* Objectives:
  - Employment generation
  - Creation of productive assets

Consumer Price Index (CPI):
* Measures change in price of a basket of goods and services
* CPI - Agricultural Labourers (CPI-AL)
  - CPI - Rural Labourers (CPI-RL)
* Compiled by Labour Bureau, Ministry of Labour and Employment
* Base Year: 1986-87

Government’s Announcement:
* Linking MGNREGA wages to CPI-AL or CPI-RL → whichever is higher
* ↑ MGNREGA → ↑ rural wage → ↑ rural income → ↑ rural demand
* Average MGNREGA wage - ₹178
  → Very low to make a quick impact
* Once indices are revised → Govt to notify updated wages in this FY
  → Urgency - to boost rural economy
Problems to be taken care before revising:

* CPI-AL base year 1986-87
  - Not updated for 3 decades

* CPI-AL:
  - Still more than 2/3rd weightage to food items
  - Changed consumption pattern in rural areas
  - Rural people – increased spending on health, education, telecom, etc

RBI Annual Report 2018-19:

* Decreased rural demand since Q3, 2018-19

Reasons:
  * Weak harvest in 2018-19
  * Decreased growth in agriculture and allied sectors
  * Low price for crops

Conclusion:

* Focus more to raise rural demand to revive economy
Blooming of microalgae kills coral reefs in Gulf of Mannar

More than 180 colonies have perished, finds survey

Brij Walter Scott
Kazhuanthoor

The recent blooming of Noctiluca scintillans, a greenish marine microalgae, in the Gulf of Mannar, has caused the death of more than 180 colonies, mostly on the shoalward side of Shingle Island in the Gulf of Mannar Marine National Park, according to the Reef Research Team at the Sagarini Devalasan Marine Research Institute (SDMRI).

“A total of about 80 colonies, including all adults except for 20 to 30 colonies, were found dead on the southern part of Shingle Island after the recent blooming of microalgae,” said Professor Edward, director, SDMRI.

He said that after monitoring the status of corals and associated organisms around the Mandapam group of islands in the Gulf of Mannar after the blooming on September 12, the SDMRI team surveyed coral reef colonies on September 17 and 18 and found a multitude of Noctiluca scintillans cells settled on corals and other benthic organisms in the reef areas of Shingle Island.
Harmful algal blooms:

- excrete ammonia - fish mortality
- restrict sunlight penetration
- ↓ oxygen availability
- Death of aquatic plants, corals
- Cause: Eutrophication - nutrient enrichment

Mucus sheathing in corals:

- a protective covering for corals
- Coral release mucus when stressed - such as algae, pathogen, UV radiation
- Settlement of Noctiluca cells in corals
- Resulted in mucus sheathing
Spot:
Shingle island, Gulf of Mannar
Marine National Park

How algal bloom killed corals?
1) Blocked sunlight from reaching corals
2) Oxygen depletion - ↓ availability of O₂