STOP BEING A PRISONER OF YOUR PAST.
BECOME THE ARCHITECT OF YOUR FUTURE.

STUDY IQ
North Korea lobs a missile challenge

- Medium-range **ballistic missile** by North Korea on Sunday -leader Kim Jong un- posturing and frequent violation of international law
- Kim regime tested at least a dozen missiles and even vowed to launch an **intercontinental ballistic missile** that could hit the U.S.
- Each time the tests have **triggered angry** and anxious responses from world leaders, particularly from Japan, South Korea and the U.S.
- The UN Security Council has **already imposed** a host of sanctions on the country.
- But **neither sanctions nor warnings** issued by other powers have had any **impact on North Korea**’s bellicose(लड़ाकू) behaviour.
- The **latest missile test**, the first after Donald Trump became the U.S. President, comes at a time when he was hosting Japanese Prime Minister Shinzo Abe.
- This is **not the first time** North Korea is challenging a new U.S. President with a weapons test. In 2009, a few months after **Barack Obama took office**, Pyongyang conducted an underground nuclear blast. – Ramayan- Israel
- Mr. Obama saw it as a provocation and responded with the **tightening of international sanctions** on the country.
Mr. Trump - North Korea was not one of his top priority areas. His immediate reaction was marked by measured restraint, in sharp contrast to his response to the recent missile test by Iran, which has been “put on notice” by his administration.

That may be because Mr. Trump knows that - North Korea is a nuclear power. As in the case of his predecessors, he doesn’t have many options to address the Pyongyang challenge.

Sanctions are already in place. The regime is already isolated. War is out of the question as North Korea could directly target America’s allies in East Asia with nuclear weapons. China, which still has some leverage over Pyongyang, on board and engage the Kim regime diplomatically, without removing the sanctions. Sanctions are effective only when they are used in carrot-and-stick mode. Responding to North Korea’s provocative posturing with counter-provocations will yield hardly any diplomatic dividend.
The highly unexpected victory of Donald J. Trump — not only winning the presidency but also keeping control of both houses of Congress- and soon taking over the Supreme Court as well — is truly a sea change for U.S. politics and society.

The roots of the Trump triumph, which are similar to the underlying causes for the Brexit victory in Britain, lie in a nativist reaction to globalisation and the changes imposed by the 21st century economy.

While Mr. Trump has been unclear about his policies for higher education, his general orientation is clear enough and has been widely discussed- These include

1)-building walls to keep out immigrants,
2)-banning Muslims from entering the country or at least subjecting them to “extreme vetting”,
3)-tearing up trade agreements and other elements of a globalised economy, and
4)-in general presenting the U.S. as an unwelcoming environment. With this background,

What can be said about the likely consequences for higher education and particularly for the U.S.’s global competitiveness?
Impact on universities
Top universities will not collapse, and the U.S. will not seriously suffer in the rankings, at least in the short run.
Those universities have sufficient excellence to survive a period of instability.
Further, the federal government does not play a key role with them — other than expenditures for scientific research
The longer-term future is less bright, as challenges in hiring internationally, the impact of research cutbacks, and other issues catch up.
Enrolments are down dramatically— Mr. Trump will roll back regulations and likely provide a much more welcoming atmosphere for them.

Short- and long-term implications
Bad for U.S. higher education competitiveness Mr. Trump’s continuing anti-immigrant, anti-Muslim, and in general xenophobic stance has already produced negative reactions overseas.
1)-Will have an impact on how international students and faculty view the U.S. as a place to study and work.
2)-It is also possible that the presence of international faculty and leadership, a substantial factor in U.S. higher education’s excellence, will decrease.
3)-Like international students, they will more likely look for alternative options, such as Canada, New Zealand, Australia, as well as — at least for the moment — continental Europe.

4)-Future for H1B visa, as well as for a scholarship programme like Fulbright-[?], does not look bright.

- Although it is still too early to tell what the short-term and long-term implications of this shocking result will be, its implications for both the U.S. and international higher education are troublesome.
- Donald Trump’s victory is the assault of finance capital on not just social capital but also on industrial capital
- A man-made storm
- When liberal capitalism died - Sometime in the 1980s, a strange thing happened to classical liberal capitalism. It was murdered. No one noticed the crime. Today, we are living with the dead body of liberal capitalism.
- What we have today is said to be neo-liberalism.
- ‘Neoliberalism' for global market-liberalism ('capitalism') and for free-trade policies. ‘Neoliberalism' is often used interchangeably with 'globalisation'.
- Neo-liberalism believes that governments should intervene in markets — but only on the side of banks, finance capitalists and lending agencies.
- Politicians have abandoned much of actual politics to the economic ideologues of neo-liberalism, and they cannot even confess it to ordinary people.
Swimming out of a Numerical Soup

- Finance Minister Arun Jaitley’s budget for 2017-18 - Budget was presented at a time when there are several storm clouds hanging over the economy
  1) Demonetisation, The International Monetary Fund (IMF) estimates the effect of demonetisation to be a 1% reduction in the GDP growth rate.
  2) Even the Economic Survey admits some adverse effect on the economy, but naturally claims that it will be much lower.
  3) Introduction of the uniform Goods and Services Tax (GST).
  4) As well as advancing the date of the presentation of the Budget by a month.
  5) Finally, first time that the Railway Budget was being integrated with the general Budget.

- The electoral temptation - The political atmosphere, with elections in several States, including the crucial one of Uttar Pradesh- not propitious for good Budget making.
- The Election Commission would not have interfered — by agreeing to allow the government to present the Budget just before the elections, it had signalled that it would treat the budget as a routine and necessary piece of government policy.
- Absence of any announcement about new train lines!- His philosophy this time round seems to be to let the economy grow more or less on its own, with minimal additional interference or help from the government.
The government has achieved the fiscal deficit target of 3.5% of GDP that was set for 2016-17. The earlier target of bringing this down to 3% during 2017-18 has been relaxed, but only slightly.

Mr. Jaitley has increased it to 3.2%- fiscal stimulus - demand following the demonetisation exercise.

Reserve Bank claims that the economy will soon be fully remonetised.

The Budget proposals reveal that both revenue as well as expenditure will record only modest increases during the next financial year.

Expenditure is forecast to grow at 6.6% over the year, compared with a rise of over 12% during the current year.

Gross tax revenue is forecast to increase by 12.2 % during the next year, significantly below the 17% expansion witnessed during the current year.

Since crude oil process have started climbing up, the government can no longer afford to increase taxes of petroleum products.

**Tax slabs**

Perhaps, a small act of populism is the decision to reduce the income tax rate for the first slab from 10% to 5%. This has resulted in a discontinuous rate structure, with the marginal tax rate for the next slab jumping to 20%.

Total tax revenue in India is ridiculously low at 11% of GDP.

It is essential that the tax to GDP ratio be increased significantly in order to finance increased public expenditure in the social sectors and infrastructure, to mention just a couple of priority areas.

This will be possible only if a twin-pronged strategy is carried out.

1) First, there should be no decrease in tax rates.

2) Second, a significantly larger share of national income must be brought under the scope of income tax.
Reduce the corporate tax rate to 25% for companies with an annual turnover below 50 crore - those above the threshold will continue to pay the existing rate of 30%.

The farm challenge

- Prime Minister had promised to double farmers’ incomes within a spell of five years - Agriculture has also been promised increased credit.

- Market reforms in agriculture will also be encouraged.

- A somewhat surprising allocation is the one to the Mahatma Gandhi National Rural Employment Guarantee Act, which was the flagship scheme of the previous United Progressive Alliance government.

- The Prime Minister as well as many economists have on several occasions attacked the scheme because of the leakages and corruption associated with it.

- A most welcome reform - reform the system of political funding - ceiling of 2,000 on cash donations to political parties.

- GST is of course the most important development in tax policy in decades - probably by September 1.

- The demonetisation exercise has provided enough shocks to the economy — time and relative calm are required for the economy to be nursed back to health - The Budget does provide this
### Income tax slabs 2017-18

#### For those below 60 years

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<thead>
<tr>
<th>Annual income</th>
<th>Income tax</th>
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<tbody>
<tr>
<td>Less than ₹2.5 lakh</td>
<td>Nil</td>
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<tr>
<td>2.5 lakh to 5 lakh</td>
<td>5% of amount by which income exceeds ₹2.5 lakh</td>
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<tr>
<td>5 lakh to 10 lakh</td>
<td>₹12,500 plus 20% of amount by which income exceeds ₹5 lakh</td>
</tr>
<tr>
<td>More than 10 lakh</td>
<td>₹1,12,500 plus 30% of amount by which income exceeds ₹10 lakh</td>
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#### Age between 60-80 years

<table>
<thead>
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<tbody>
<tr>
<td>Less than ₹3 lakh</td>
<td>Nil</td>
</tr>
<tr>
<td>3 lakh to 5 lakh</td>
<td>5% of amount by which income exceeds ₹3 lakh</td>
</tr>
<tr>
<td>5 lakh to 10 lakh</td>
<td>₹10,000 plus 20% of amount by which income exceeds ₹5 lakh</td>
</tr>
<tr>
<td>More than 10 lakh</td>
<td>₹1,10,000 plus 30% of amount by which income exceeds ₹10 lakh</td>
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#### Age above 80 years during previous year

<table>
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<th>Annual income</th>
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<tbody>
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<td>Less than ₹5 lakh</td>
<td>Nil</td>
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<tr>
<td>5 lakh to 10 lakh</td>
<td>20% of amount by which income exceeds ₹5 lakh</td>
</tr>
<tr>
<td>More than 10 lakh</td>
<td>₹1 lakh plus 30% of amount by which income exceeds ₹10 lakh</td>
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#### Surcharges

<table>
<thead>
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<th>Annual income</th>
<th>Surcharges</th>
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<tbody>
<tr>
<td>50 lakh to 1 crore</td>
<td>10% of income tax</td>
</tr>
<tr>
<td>1 crore and above</td>
<td>15% of income tax</td>
</tr>
</tbody>
</table>
“Economic liberalism is the ideological belief in organizing the economy on individual lines, meaning that the greatest possible number of economic decisions are made by individuals or households and not by collective institutions or organizations.”

A cruise missile is a guided missile used against terrestrial targets that remains in the atmosphere and flies the major portion of its flight path at approximately constant speed.

Cruise missiles are designed to deliver a large warhead over long distances with high precision; that is, small circular error probability.
Before independence, India was divided into British-administered provinces and nominally autonomous princely states, which were governed by the British administration. After the partition of India, some of these administrative divisions became part of the Dominion of Pakistan, whilst the remaining states and provinces formed the Dominion of India.

The colonial system of administration continued until 1956 when the States Reorganisation Act abolished the provinces and princely states in favour of new states which were based on language and ethnicity.

Several new states and union territories have been created out of existing states since 1956. The Bombay Reorganisation Act split the Bombay State into the present day states of Gujarat and Maharashtra on May 1, 1960 on linguistic basis. The state of Nagaland was created on December 1, 1963.

The Punjab Reorganisation Act of 1966 carved out a new Hindi-speaking state of Haryana from the southern districts of Punjab state, transferred the northern districts to Himachal Pradesh and designated a union territory around Chandigarh, the shared capital of Punjab and Haryana.

Statehood was conferred upon Himachal Pradesh on January 25, 1971, and to Manipur, Meghalaya and Tripura on January 21, 1972.

The Kingdom of Sikkim joined the Indian Union as a state on April 26, 1975.

In 1987, Arunachal Pradesh and Mizoram became states on February 20, followed by Goa on May 30 of the same year. Goa's northern exclaves of Daman and Diu became a separate union territory.

Three new states were created in November 2000: Chhattisgarh (November 1) was created out of eastern Madhya Pradesh; Uttarakanchal (9 November), which was later renamed Uttarakhand, was created out of the mountainous districts of northwest Uttar Pradesh; and Jharkhand (November 15) was created out of the southern districts of Bihar.

On 2 In June 2014, Telangana was separated from Andhra Pradesh as the 29th state of the union.