POLITY & GOVERNANACE

ED ARRESTS HEMANT SOREN, CHAMPAI TO TAKE OVER AS CM

CONTEXT: Hemant Soren, Chief Minister of Jharkhand, resigned after being questioned by the ED in a land scam case and was subsequently arrested; Champai Soren is set to take over as CM.

BACKGROUND: The ED raided Hemant Soren's residence on January 29, 2024, in connection with an alleged land scam case. The ED officials questioned him for over eight hours at his official residence on January 20 before conducting the raid. Soren is accused of purchasing and selling tribal land by forging documents between 2020 and 2022. He has denied the allegations and has challenged his arrest in the Jharkhand High Court.

STORY SO FAR

Hemant Soren, CM of Jharkhand:

- Arrested by ED: January 30, 2024, in a land scam case.
- Resigned before arrest: After ED questioned him for 7+ hours on January 29th.
- Challenged arrest: In Jharkhand High Court, hearing on February 1st.
- Accusations: Alleged purchase/sale of tribal land through forged documents (2020-2022).

Jharkhand Government:

- Champai Soren (JMM leader): Elected leader of Legislature Party, to take over as CM.
- Tribal bodies: Protesting arrest; bandh called for February 1st.

Additional details:

- ED visited Hemant Soren's Delhi residence on January 29th for questioning, but he was not present.
- Hemant Soren denies all accusations.

POTENTIAL IMPACT:

Potential Political Implications of Hemant Soren's Arrest:

JHARKHAND:

- **Unstable:** Leadership change and ongoing investigation create uncertainty.
- **Tribal impact:** Soren's arrest and tribal protests could influence future elections.
- **Opposition gains:** BJP may capitalize on the situation to gain ground.
- **Legal battle matters:** Outcome and public perception will shape the political landscape.

NATIONAL:

- **Federalism concerns:** Arrest seen by some as central targeting opposition.
- **Opposition unity?:** Event could unite opposition parties against BJP.
- **Tribal issues highlighted:** Case may bring national attention to their concerns.
- **Investigative agency scrutiny:** ED's actions and neutrality under public watch.

CONCLUSION: The arrest of Hemant Soren and subsequent developments cast a shadow of uncertainty over Jharkhand's political landscape. Tribal protests, potential opposition gains, and the upcoming legal battle will shape the state's future. Nationally, concerns around federalism, tribal issues, and investigative agency neutrality could come to the forefront. Ultimately, the true impact hinges on legal outcomes, public perception, and future political manoeuvres.

POLITY & GOVERNANACE

COURT IN VARANASI PERMITS HINDU PRAYERS IN GYANVAPI MOSQUE'S SEALED BASEMENT

CONTEXT: A Hindu priest's petition for worship rights in the Gyanvapi mosque complex was granted, allowing Hindu prayers in the basement while the Muslim committee plans to challenge the order.

STORY SO FAR: The Gyanvapi mosque dispute is a long-standing one, centered around claims of worship rights in the historical complex. Hindus allege a temple existed on the site before being demolished to build the mosque, while Muslims assert their right to worship at the mosque-built centuries ago.

This recent development stems from a petition by a Hindu priest seeking permission for prayers in the sealed "Vyas Ka Tekhana" basement within the mosque complex. The court granted this, allowing limited Hindu rituals while the Muslim committee plans to challenge it. This adds another layer to the ongoing legal battle, mirroring concerns raised over the Babri Masjid case where a disputed site ultimately led to construction of a Hindu temple. The decision also coincides with the judge's last working day, adding to the potential for further legal challenges and highlighting the sensitivity of the issue.

The Varanasi District Court on Wednesday allowed Hindu prayers to be offered inside the Vyas Ka Tekhana (sealed basement area) of the Gyanvapi mosque complex. The court directed the district administration to make arrangements to start the puja within seven days.

SIGNIFICANCE: The court's decision allowing Hindu prayers in the Gyanvapi mosque basement ignites fresh tensions in the long-standing dispute. While Hindus responded positively to the verdict, Muslims plan to challenge it, drawing parallels to the sensitive Babri Masjid case. This adds another layer of legal complexities and highlights the potential for wider religious and social implications. The coming days and the High Court's decision will be crucial in determining the future course of this contentious issue.

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NCTE AWAITS MINISTRY NOD TO ROLL OUT NATIONAL MISSION FOR MENTORING

CONTEXT: The National Council of Teacher Education is in the process of expanding its National Mission for Mentoring program to provide professional development and support to teachers across India.

BACKGROUND: The National Council of Teacher Education (NCTE) is piloting a program to expand its pool of mentor teachers from 60 to 1,000, offering professional development and support to teachers across India. This initiative, aligned with the National Education Policy 2020, aims to enhance teaching abilities and create a culture of continuous learning for educators. Currently awaiting approval from the Ministry of Education for nationwide rollout, the program has seen initial interest from both mentor and mentee teachers.

MAJOR POINTS:

- **National Council of Teacher Education (NCTE) initiative:**
- **Goal:** Expand the mentor pool from 60 to 1,000 to provide professional development to teachers nationwide.
- **Name of program:** National Mission for Mentoring (NMM).
- **Current stage:** Pilot program with 700 mentee teachers and 60 mentors (including 30 Padma awardees).
- **Areas of focus:** Instructional modules, digital education, socio-emotional learning, inclusive education, classroom management, 21st-century skills, and teacher well-being.
- **Policy alignment:** Follows National Education Policy 2020.
- **Funding:** ₹1.28 crore in 2021-22 for digital infrastructure, ₹2 crore in 2022-23 for pilot.
- **Next step:** Awaiting Ministry of Education approval for nationwide rollout.

ADDITIONAL DETAILS:

- Pilot launched in July 2022 in select schools.
- "National Mission for Mentoring - The Bluebook" document drafted, awaiting approval.

PRESIDENT CLEARS NAMES FOR 16TH FINANCE COMMISSION

Major Points on 16th Finance Commission Members Appointed:

Chairman: Arvind Panagariya, former NITI Aayog Vice-Chairman and Columbia University professor.

New Members:

Ajay Narayan Jha: Former Expenditure Secretary and member of the 15th Finance Commission.

Annie George Mathew: Former Special Secretary in the Expenditure Department of the Finance Ministry.

Niranjan Rajadhyaksha: Economist.

Soumya Kanti Ghosh: State Bank of India's Group Chief Economic Adviser (part-time).

Purpose: Recommend tax-revenue sharing formula between Centre and States for 2026-2031.

SIGNIFICANCE:

- Sets the stage for the Commission's work.
- Members bring diverse expertise in finance and economics.
- Decision crucial for fiscal federalism and economic development.

WHAT MAKES THE INDIA-FRANCE 'STRATEGIC PARTNERSHIP' TICK

CONTEXT: The deep-rooted "special" strategic partnership between India and France, fostered over 25 years, is undergoing advancements across defence, space, and civilian sectors, marked by President Macron's Republic Day visit and agreements like joint helicopter production.

BACKGROUND: Despite U.S. President, Biden's absence, French President Macron's Republic Day visit, and recent agreements solidify the "special" strategic partnership between India and France, marked by close personal ties and expanding cooperation in defence, space, and civilian sectors.

ORIGINS OF STRATEGIC CONVERGENCE:

- **Established in 1998:** France supported India's nuclear ambitions and advocated for its inclusion in the global nuclear order.
- **Shared values:** Both countries value strategic autonomy and oppose a unipolar world.
- **Convergence on multipolarity:** France sees India as a key partner in the Indo-Pacific region.
- **Mutual respect:** Despite cultural differences, both nations engage on equal terms.
- **Expanding cooperation:** Partnership extends beyond defence to space, civilian sectors, and education.

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BUILDING THE PARTNERSHIP:

- **Expanded scope:** From the initial focus on nuclear, space, and defence, cooperation has grown to include counter-terrorism, intelligence sharing, and cybersecurity.
- **Deepening defence ties:** Joint exercises, technology transfer agreements, and acquisitions of military equipment like submarines and aircraft showcase strong collaboration.
- **Boosting indigenous capabilities:** Agreements like the India-France Defence Industrial Road map and joint engine development project aim to build India's defence industry.
- **Space cooperation:** A renewed partnership between ISRO and CNES for joint missions and collaboration on space launches.
- **Shared vision:** Both countries emphasize strategic autonomy and are working together on global challenges like climate change and artificial intelligence.

BROADENING AND DEEPENING THE PARTNERSHIP:

EDUCATION & MOBILITY:

- Growing number of Indian students in France (upwards of 10,000) with an ambitious target of 30,000 by 2030.
- Five-year Schengen visa and Young Professionals Scheme for enhanced mobility.
- Encouragement for French universities like Sorbonne to set up campuses in India.

BUSINESS & TRADE:

- Nearly 1,000 French companies in India, including major players including 39 of the CAC 40 giants. ('the most influential benchmark of performance in the French economy')
- 150 Indian businesses established in France.
- Post-Brexit, France serves as a key entry point for Europe and francophone markets.

KEY TAKEAWAYS:

- Partnership expanding beyond government to encompass commercial and civilian sectors.
- Focus on education, mobility, and business collaboration.
- Strategic partnership emphasizes mutual respect and private communication regarding differences.

CONCLUSION: Macron's India visit solidifies the 25-year partnership, expanding beyond defence to education and business. This united front against China's influence boosts India's defence, promotes multipolarity, and fosters economic cooperation, potentially shaping the Indo-Pacific's geostrategic landscape.

RISING TENSIONS IN THE KOREAN PENINSULA

CONTEXT: Rising tensions between North and South Korea, fuelled by recent provocations and historical animosity, raise concerns about potential conflict and wider implications for international security.

THE GIST

- North Korea has rescinded its national objective of Korean reunification and has formally categorised South Korea as an adversarial state. The country has also ramped up the frequency and diversity of its missile tests, expanding its strategic capabilities.
- The current government in South Korea is a newly elected one led by the conservative President Yoon Suk Yeol. The Yoon government's strategy is to closely coordinate efforts with the U.S. and Japan to deter and counter North Korea's aggressive moves.
- North Korea has drifted further into the camp of the Sino-Russian axis. Russia has boosted its engagement with North Korea, especially in the wake of the Russia-Ukraine war.

STORY SO FAR: Rising tensions on the Korean peninsula see North Korea abandoning reunification goals, labelling the South an enemy, and conducting frequent missile tests. South Korea, with the US and Japan, counters with military drills. This escalating tit-for-tat raises fears of wider conflict and intensifies major power rivalries in an already strained global security landscape.

HISTORICAL CONTEXT:

- **Division after WWII:** North under Soviet influence, South under US, creating an ideological divide.
- **Korean War (1950-53):** The North attempted to unify the peninsula by force, sparking the first major Cold War conflict.
- **Decades of division:** The North remains authoritarian under Kim dynasty, allied with China & Russia. South becomes a US-allied liberal democracy.
- **Nuclear ambitions:** North pursues nuclear program despite international efforts for de-nuclearization.
- **Failed initiatives:** The Agreed Framework (1994-2002), Six-party talks (2003-2009), and Trump-Kim summits (2018-2019) all fail to achieve denuclearization.
- **North's advancements:** Conducts frequent missile tests, develop delivery systems, and engages in provocative actions.
- **South's response:** Strengthens military alliance with US, acquires advanced missile defence systems.
- **Current situation:** North's recent provocations and South's response with US/Japan raise concerns about escalating tensions and potential conflict.

WHAT HAS LED TO RECENT AGGRAVATION?

NORTH KOREA:

- Abandoned reunification goal and declared South Korea an enemy state.
- Tested various missile systems, including hypersonic

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warhead, sparking concerns.

- Retaliated to US-South Korea-Japan drills with nuclear-capable underwater drone and strategic cruise missile tests.

SOUTH KOREA:

- A new hawkish government under President Yoon Suk Yeol seeks closer cooperation with the US and Japan.
- Trilateral meeting held at Camp David to counter North Korea's aggression.

INTERNATIONAL COMMUNITY:

- Worried about tit-for-tat measures leading to unintended consequences and potential conflict.

OVERALL:

- Recent actions by both North and South Korea raise concerns about escalating tensions and the possibility of conflict on the Korean peninsula.

POTENTIAL IMPACT ON INTERNATIONAL SECURITY

GLOBAL CONTEXT:

- Tensions escalate in Korea alongside existing conflicts like Russia-Ukraine, raising concerns for wider instability.
- Major powers involved (US, China, Russia) are already locked in global competition, further complicating the situation.

NORTH KOREA'S ACTIONS AND ALIGNMENTS:

- Recent provocations and deepening ties with China and Russia raise concerns of potential conflict.
- North Korea actively supports Russia in the Ukraine war, supplying arms and aligning with their goals.
- China remains a strong economic and political supporter of North Korea.

TIMING AND POTENTIAL MOTIVATIONS:

- Kim Jong-un may see an opportunity to leverage US preoccupation with other conflicts for bargaining.
- Aligned interests between Russia and China could benefit from North Korea creating a distraction for the US.

OVERALL:

- Rising tensions on the Korean peninsula, fuelled by recent actions and complex geopolitical alignments, pose a significant threat to regional and global security.

CONCLUSION: Rising tensions between North and South Korea, fuelled by recent provocations and historical animosity, raise grave concerns for global security. Tit-for-tat actions fuelled by major power rivalries risk catastrophic consequences. The international community must urgently de-escalate tensions and prevent war on the Korean peninsula.

INTERNATIONAL RELATIONS

WINNERS AND LOSERS

CONTEXT: Imran Khan, Former Pakistani Prime Minister Imran Khan's recent jail sentences and party's struggles highlight a potential reversal of roles in Pakistan's political landscape, with the military's influence seemingly shifting towards his opponents.

STORY SO FAR: Former Pakistani PM, faces lengthy jail sentences and party struggles, potentially due to a shift in the military's influence towards his opponents. This creates an uneven playing field for the upcoming elections, with Khan's party weakened and his rival Sharif seemingly backed by the establishment. The true victor in this scenario may be the military, while Pakistan's democracy suffers.

MAJOR POINTS:

Imran Khan's Imprisonment and Party's Struggles:

- Former PM Khan received lengthy jail sentences just before the elections, seen as a potential shift in the military's stance against him.
- Khan's party, PTI, faces a weakened position due to imprisonments, leaderless campaigns, and limitations on its symbol.

Nawaz Sharif's Potential Comeback:

- Khan's rival, Sharif, leads PML-N and might return to power with perceived support from the "invisible power centre".
- This creates an uneven playing field in the upcoming elections.

Military's Influence and Democracy's State:

- The power shift within the establishment might benefit the military in the long run.
- Pakistan's democracy suffers due to potential manipulation and lack of fair competition.

Economic Challenges Remain:

- Regardless of the election outcome, Pakistan grapples with significant economic issues.

POTENTIAL IMPACT OF PAKISTAN'S POLITICAL TURMOIL ON INDIA:

IMMEDIATE:

- **Uncertainty and Instability:** The ongoing political turmoil in Pakistan creates an atmosphere of uncertainty and instability on India's border, potentially impacting security dynamics.
- **Disrupted Bilateral Engagement:** The strained relationship between Khan and the current Pakistani government could hinder communication and cooperation on crucial issues like water sharing, trade, and counter-terrorism.
- **Opportunity for Border Tensions:** Instability could be used by extremist groups to escalate tensions on the Line of Control (LoC) or conduct cross-border attacks, requiring heightened Indian vigilance.

MID-TERM:

- **Shift in Power Dynamics:** If Sharif returns to power, India might see a change in Pakistan's foreign policy approach, potentially leading to new opportunities or challenges for

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bilateral relations.

- **Domestic Politics in India:** The situation in Pakistan could be used by certain political parties in India to gain domestic advantage, potentially influencing Indian policy decisions.

LONG-TERM:

- **Impact on Regional Stability:** A prolonged period of instability in Pakistan could have wider implications for regional stability, potentially affecting India's security interests and partnerships.
- **Economic and Trade Opportunities:** Depending on the new government's policies, there might be opportunities for increased economic cooperation and trade between India and Pakistan.
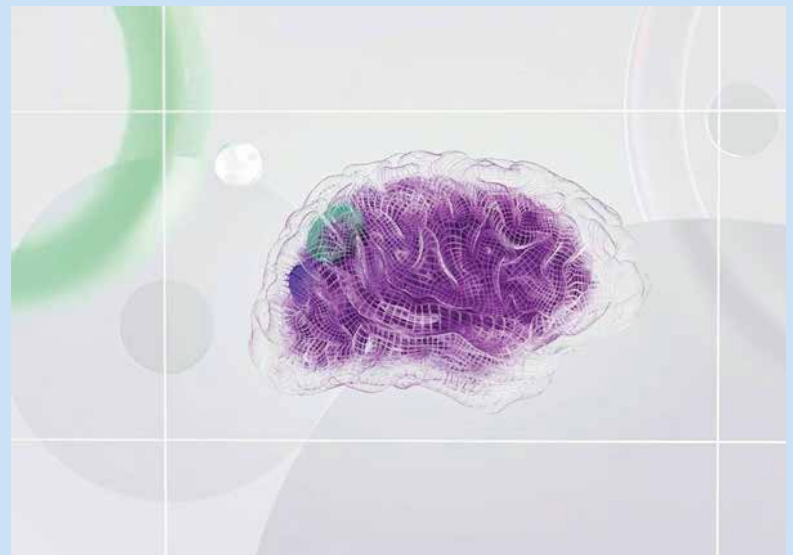
CONCLUSION: Pakistan's political upheaval leaves Khan jailed and his party struggling, while Sharif eyes a comeback potentially backed by unseen forces. The true winner may be the military, consolidating power. However, democracy stands shaken by an uneven playing field, jeopardizing legitimacy and regional stability. While immediate victors celebrate, the true loser could be the Pakistani people denied a true democracy. Restoring a level playing field and upholding democratic principles are crucial for long-term stability and regional peace. Only then can Pakistan emerge stronger, not just with winners and losers, but with a truly inclusive democracy.

INTERNATIONAL RELATIONS

IRAN TO 'DECISIVELY RESPOND' TO ANY U.S. STRIKES ON NATION

CONTEXT: Iran threatened on Wednesday to "decisively respond" to any United States attack on the Islamic Republic following President Joe Biden's linking of Tehran to the killing of three U.S. soldiers at a military base in Jordan.

The U.S. has signalled it is preparing for retaliatory strikes in West Asia in the wake of the Sunday drone attack that also injured at least 40 troops at Tower 22, a secretive base in north-eastern Jordan that's been crucial to the American presence in neighbouring Syria.

However, concerns remain that any additional American strikes could further inflame a region already roiled by Israel's ongoing war on Hamas in the Gaza Strip and the ongoing attacks by Yemen's Houthi rebels on shipping in the Red Sea. Mr. Iravani also denied that Iran and the U.S. had exchanged any messages over the last few days, either through intermediaries or directly.

SCIENCE AND TECHNOLOGY

SCIENTISTS FUSE BRAIN-LIKE TISSUE WITH ELECTRONICS TO MAKE COMPUTER

CONTEXT: Scientists have fused brain-like tissue with electronics to make an 'organoid neural network' that can recognise voices and solve a complex mathematical problem. Their invention extends neuromorphic computing — the practice of modelling computers after the human brain — to a new level by directly including brain tissue in a computer.

The system was developed by a team of researchers from Indiana University, Bloomington; the University of Cincinnati and Cincinnati Children's Hospital Medical Centre, Cincinnati; and the University of Florida, Gainesville. Their findings were published on December 11.

The study marks a significant advance in multiple areas of science and engineering. It opens possibilities at the intersection of tissue engineering, electrophysiology, and neural computation.

The work comes against the backdrop of the staggering rise of artificial intelligence (AI), itself founded on the development of artificial neural networks — brain-like networks of neurons except they're made with silicon chips — that can process large datasets that conventional computers struggle with.

Separating memory and processing

The hardware on which these neural networks run has a problem, however: the memory units and the data processing units are separate. When a neural network operates, the network will have to access the data in the memory unit, bring it over to the processing unit, and work on it — and it needs to do this many times over. If the problem is

more complex, the time and energy demands increase further because the system will have to go back and forth between these units even more.

Scientists have tried to build more efficient neuromorphic chips that include some short-term memory, so they can avoid going back and forth just a bit. These chips have been used for applications like computer vision and speech recognition. But they can only partially mimic brain functions, and there is a need to improve their processing capability and accounting for real-life uncertainty and improving energy efficiency.

So scientists are now considering using a biological neural network: a network of live brain cells. As the authors described in the paper, the brain spends only 20 W to do the same amount of work that AI hardware would use about 8 MW to drive artificial neural networks made of silicon chips. This difference by a factor of 400,000 is because, unlike AI hardware, brain cells store memory and process data without physically separating the two.

An 'organoid neural network'

This new area of research, called biocomputing, uses biological components to perform computational processes. Last year, for example, a group of researchers from Australia cultured brain cells and trained them to play pong (a table-tennis-like videogame), in the process demonstrating the initial steps of long-term training.

In the new study, the U.S. researchers used actual brain organoids to make an 'organoid neural network' and tested it to recognise speech and solve a complex mathematical problem.

Brain organoids are three-dimensional aggregates of brain cells. The scientists made them by extracting human pluripotent stem cells, which are cells that can develop to become almost any kind of cell within the human body, and made them into brain cells. Brain organoids that are aggregates of such cells have a mix of the different types of cells in the brain. In this case, they were neuron progenitor cells, early-stage neurons, mature neurons, and astrocytes (cells that maintain and protect neurons).

A three-layered computer

The team connected the brain organoid to an array of microelectrodes to form an organoid neural network, a type of artificial neural network containing a live organoid. The team then built this network into a system called a reservoir computer.

This machine contains three 'layers': input, reservoir, and output.

The input signals are routed to a reservoir, which is a black box — meaning its internal working can't be tracked — whose purpose is to convert the signals into mathematical entities that the computer can 'work on' to find solutions. The output is a simple readout from the reservoir.

In this system, which the team calls 'Brainoware', the reservoir was the organoid neural network. It received inputs from the input layer in the form of electrical stimulation. The output layer was 'normal' computer hardware that had been modified to recognise Brainoware's neural activity.

The researchers demonstrated Brainoware's abilities by predicting a Henon map — a mathematical function that draws a curve on a graph that can be chaotic or not depending on the values of two variables. Brainoware could also tell which Japanese vowel an individual was voicing after 'learning' from 240 audio clips from eight speakers, over just two days. Its accuracy in the latter task was 78%, and without any external feedback on whether its inferences while learning were right or wrong.

'Foundational insights'

More importantly, Brainoware was more accurate than artificial neural networks that lacked a short-term memory unit but slightly less accurate than those with one. But it achieved this comparable accuracy with less than a tenth of the training the artificial neural networks required. For example, to be able to predict a Henon map, Brainoware went through four epochs of training but the artificial neural network went through 50 epochs.

In a commentary published alongside the study, Lena Smirnova, Brian Caffo, and Erik C. Johnson, all professors at Johns Hopkins University, wrote, "It may be decades before general biocomputing systems can be created, but this research is likely to generate foundational insights into the mechanisms of learning, neural development, and the cognitive implications of neurodegenerative diseases."

Their system still has some limitations that the researchers have also acknowledged, but it's a start. Running Brainoware requires technical expertise and infrastructure to maintain a biological neural network. Organoids form a relatively heterogeneous mix of cell types, so not all organoids function the same way. But efforts are underway to achieve more uniform cell mixes.
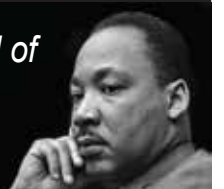
Are organoids conscious?

Further, although this was the first system to use a three-dimensional culture of brain cells, it interfaced with the input layer only along one surface of the organoid.

According to Dr. Hartung, who's working on using organoids and AI instead of animals to test new drugs, the next steps could include optimising methods to encode input, improving the viability or maintaining uniformity of organoids in longer experiments, and tackling more complex computing problems.

Brainoware-like systems also confront us with ethical concerns. For example, Julian Kinderlerer, an emeritus professor at Delft University of Technology, the Netherlands, asked in a March 2023 article whether an organoid would have the same dignity as the donor of its cells. He also considered whether it would be fair to "use organoids in a mechanistic way without … being aware of their state of consciousness".

Dr. Hartung nonetheless described the study as an "innovative and exciting proof-of-concept study of organoid intelligence, showing that brain organoids could be harnessed for adaptive reservoir computing."

"Intelligence plus character-that is the goal of true education. — Martin Luther King Jr.

THE GREAT INDIAN INTERNET SHUTDOWN: HOW ACCESS TO THE WORLD WIDE WEB IS CURTAILED

CONTEXT: Despite the internet's vast benefits for information, entertainment, and livelihoods, India's economy lost $2.8 billion in 2020 due to 129 internet shutdowns impacting 10.3 million people.

BACKGROUND: The Supreme Court in India ruled in 2020 that internet access is a fundamental right, but internet shutdowns remain widespread. Despite a requirement for transparency, many orders aren't published, hindering legal challenges and raising concerns about trust and economic impact. This lack of compliance and the broader issue of excessive shutdowns are harming individuals, society, and the economy.

MAJOR POINTS ON INTERNET SHUTDOWNS IN INDIA:

Supreme Court Ruling:
- Internet access is a fundamental right (Anuradha Bhasin judgment, 2020).
- Restrictions must be temporary, limited, lawful, necessary, and proportionate.
- Orders must be published and reviewed by courts.

Current Situation:
- Widespread internet shutdowns despite the ruling.
- India leads globally in shutdowns, causing economic and social harm.
- Lack of transparency: orders are often not published, hindering legal challenges.
- Reasons for shutdowns are broad and subjective, including protests and rumors.
- Shutdowns disproportionately affect lower socio-economic groups.

Causes of Non-Compliance:
- Lack of statutory recognition for Supreme Court directions.
- Limited awareness of legal obligations among officials.
- Convenient for authorities to suppress dissent and avoid scrutiny.

Needed Actions:
- Stricter adherence to Supreme Court guidelines by the government.
- Statutory recognition for transparency and review requirements.
- Public awareness campaigns about digital rights.
- Alternatives to shutdowns for addressing public safety concerns.

CONCLUSION: Despite the Supreme Court ruling that internet access is a fundamental right, internet shutdowns are still widespread in India. These shutdowns cause economic and social harm, and often target lower socio-economic groups. The government needs to do more to comply with the Supreme Court ruling and find alternative ways to address public safety concerns.

In simpler terms, even though the court said everyone has the right to use the internet, the government keeps shutting it down, which hurts people and the economy. The government needs to follow the rules and find other ways to keep people safe.

GST REVENUES REV UP IN JANUARY

CONTEXT: India's Goods and Services Tax (GST) regime delivered its second-highest monthly revenues of ₹ 1,72,129 Cr in January.

Buoyant collections

January GST revenues reflect a 10.4% uptick, a tad faster than the three-month low of 10.3% in Decembex

- The ultimate overall GST tally for January likely to be higher as taxpayers can file returns till midnight of January 31

- January marks the third month in the current financial year with collection of ₹1.70 lakh crore or more

- Experts expect second-highest ever collection to provide more space for next stage of GST reforms

The ultimate overall GST tally for January is likely to be higher as taxpayers will be able to file returns till the midnight of January 31, the revenues reported till 5 pm reflected a 10.4 % uptick, a tad faster than the three-month low of 10.3 % in December.

On a sequential basis, January's revenues are 4.4 % above December's ₹1,64,882 crore collection, snapping a two-month streak of month-on-month contractions in the GST kitty. GST authorities' focus on completing audits and probes for past years' dues also provided a fillip to January's revenues which are linked to transactions undertaken in December 2023.

Notably, this is the second highest monthly collection ever and marks the third month in this financial year with collection of ₹ 1.70 lakh crore or more. In April 2023, GST collections had crossed a record ₹ 1.87 lakh crore aided by year-end compliances, while October had clocked a tad over ₹ 1.72 lakh crore, the second-highest monthly inflow at the time.

During the April 2023-January 2024 period, cumulative gross GST collection witnessed 11.6 % year-on-year growth, reaching ₹ 16.69 lakh crore, as against ₹ 14.96 lakh crore collected in the same period of the previous year.

Of January's GST intake so far, the government has settled ₹ 43,552 crore to the Central GST pool and ₹ 37,257 crore to the State GST kitty from the Integrated GST collections during the month.

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ECONOMICS

CORE SECTOR OUTPUT GROWTH SLOWED TO A 14-MONTH LOW IN DECEMBER

CONTEXT: Output growth of India's eight core sectors slumped to a 14-month low of 3.8 % in December, compared with an 8.3 % pace a year earlier and revised growth of 7.9 % in November 2023.

Electricity generation, which has a 20 % weightage in the Index of Core Industries (ICI), slipped to an eight-month low of 0.6 %, while crude oil output shrank for the second successive month by 1 %, the sharpest slippage since June 2023.

Yet, the ICI released by the Commerce and Industry Ministry, was 5.9 % above November's levels, and marked a nine-month peak in actual output levels. Coal production grew 10.6%, the slowest year-on-year uptick in six months, but output was at its highest level since April 2023.

Refinery products and steel output also hit their highest levels since April, despite annualised growth rates slowing sharply — with the former rising at a nine-month low pace of 2.6 %, while steel grew at a 14-month-low rate of 5.9 %.

Cement rebounds

Cement output recovered from a 4 % contraction in November, to expand 1.3 % in December and was a sharp 18.7 % higher in sequential terms, with production levels at their highest since July. Fertilisers production grew at a seven-month high rate of 5.8% with output levels also the highest since May. Natural gas production grew at a three-month low rate of 6.6 %.

The core sectors constitute a little over 40% of the Index of Industrial Production (IIP), which had clocked an eight-month low growth of 2.4% in November and those levels may persist in December as well.

ECONOMICS

RBI CURBS TO RENDER PAYTM WALLET AND FASTAG INOPERATIVE

CONTEXT: The RBI has imposed additional restrictions on Paytm Payments Bank, barring it from new deposits and mobile wallet operations after February 2024, citing non-compliance and supervisory concerns.

BACKGROUND: The RBI imposed restrictions on Paytm Payments Bank (PPBL) due to persistent non-compliance issues identified in a system audit report. This follows an earlier action in March 2022 where PPBL was barred from onboarding new customers for similar compliance concerns. Despite the earlier warning, PPBL reportedly continued onboarding customers through offline methods, prompting further action from the RBI.

ISSUE of RBI & PAYTM

NON-COMPLIANCE ISSUES:

- The Reserve Bank of India (RBI) imposed restrictions on Paytm Payments Bank (PPBL) due to persistent non-compliance issues identified in a system audit report.
- This follows an earlier action in March 2022 where PPBL was barred from onboarding new customers for similar compliance concerns.
- Despite the earlier warning, PPBL reportedly continued onboarding customers offline, prompting further action from the RBI.

RESTRICTIONS IMPOSED:

- Effective February 2024, PPBL can no longer:
- Accept new deposits or conduct credit transactions in any accounts.
- Operate its mobile wallet or offer services like FASTags and National Common Mobility Cards.
- Provide banking services beyond withdrawals and balance utilization.
- However, existing customers can withdraw or use their existing balances freely.
- UPI transactions through the Paytm app (owned by the parent company) remain unaffected.

POTENTIAL IMPACT:

- This move could pose challenges for PPBL's existing customer base and its overall business operations.
- It raises concerns about compliance practices within the fintech sector and could impact investor confidence.

FURTHER DEVELOPMENTS:

- PPBL needs to settle all pending transactions and terminate linked accounts by March 15.
- The company hasn't commented on the impact of these restrictions or plans.

CONCLUSION:

The RBI's restrictions on Paytm Payments Bank have significant implications for both the bank and its customers. PPBL's core mobile wallet and banking operations will be severely hampered, potentially impacting millions of users. This raises concerns about the future of the fintech sector in India and highlights the importance of strict compliance with regulations. While the full impact remains to be seen, one thing is certain: the Indian digital payments landscape is about to undergo a significant change.

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