

● POLITY

● ECONOMICS

● TECHNOLOGY

● ECOLOGY

ECONOMICS AND DEVELOPMENT

GST REVENUE GROWTH DIPS TO A 3-MONTH LOW IN DEC.

CONTEXT: India's Goods and Services Tax (GST) revenues crossed ₹ 1,64,800 crore in December 2023, with year-on-year growth slowing to a three-month low of 10.3% from a 15.1% rise in the previous month.

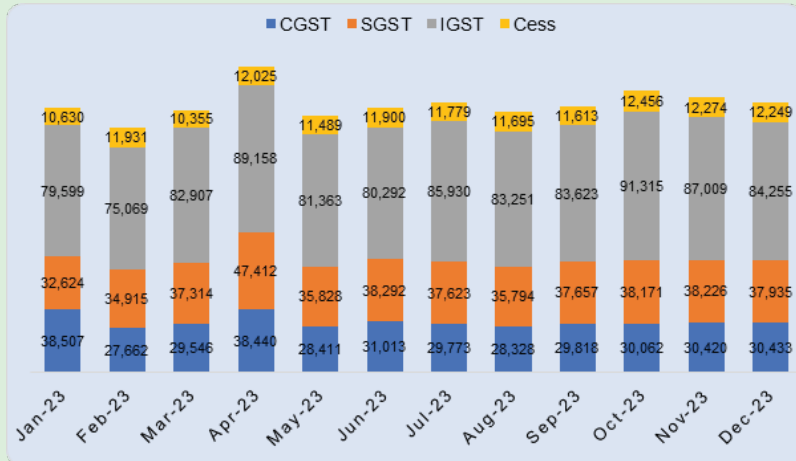


FIGURE: Column chart representation of components of GST receipts (Cr.) (on Y-o-Y basis).

December's gross GST revenue of ₹1,64,882 crore included central GST (CGST) revenues of ₹30,443 crore, State GST (SGST) collection of ₹37,935 crore and ₹84,255 crore of Integrated GST (IGST), which included ₹41,534 crore from import of goods. GST Compensation Cess collections stood at ₹12,249 crore, of which ₹1,079 crore was levied on goods imports.

During the April-December 2023 period, gross GST collection witnessed a robust 12 % y-o-y growth, reaching ₹14.97 lakh crore, as against ₹13.40 lakh crore collected in

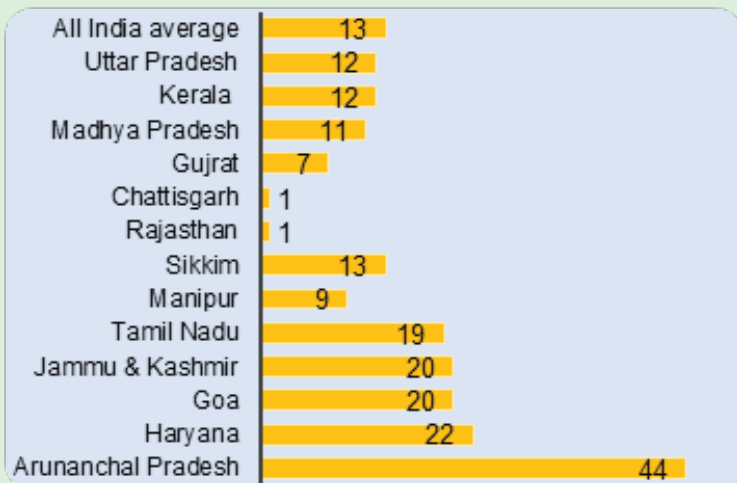


FIGURE: Bar chart representation of growth rates of GST receipts (Cr.) (on Y-o-Y basis).

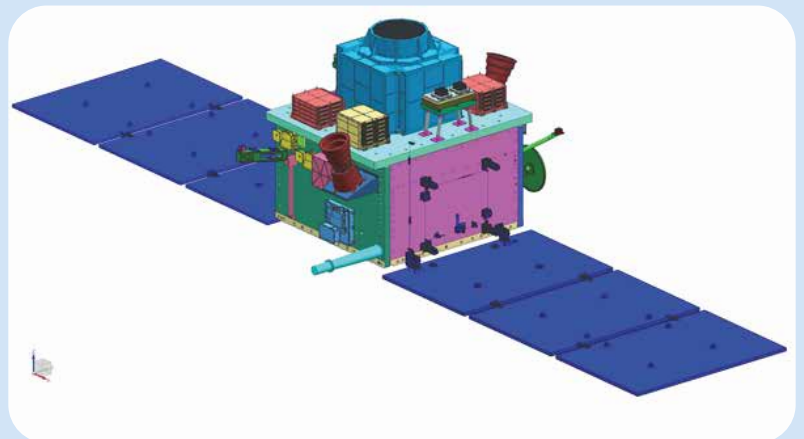
the same period of the previous year. The average monthly gross GST kitty in the first nine months of 2023-24 stands at ₹1.66 lakh crore, compared to ₹1.49 lakh crore a year earlier.

December's GST kitty, for transactions undertaken in November 2023, is about 1.8% lower than the nearly ₹1.68 lakh crore collected a month earlier, which marked the third highest monthly receipts from the tax and the seventh month so far this year with collections exceeding ₹1.60 lakh crore that was launched in July 2017. The revenues from domestic transactions [including import of services] are 13% higher than the revenues from these sources during the same month last year.

SCIENCE AND TECHNOLOGY

XPOSAT IN ORBIT; TO STUDY BLACK HOLES, NEUTRON STARS

CONTEXT: The Indian Space Research Organisation (ISRO) kicked off the New Year with the launch of the PSLV-C58 X-ray Polarimeter Satellite (XPoSat) mission on Monday. The PSLV, in its 60th mission, lifted off at 9.10 a.m. from the Satish Dhawan Space Centre in Sriharikota and 22 minutes later launched the XPoSat into an eastward low inclination orbit.



The PSLV-C58 has placed the primary satellite XPoSat in the desired orbit of 650 km with six-degree inclination. XPoSat is only the second dedicated X-ray polarimetry mission in the world, after NASA's Imaging X-ray Polarimetry Explorer (IXPE) launched in 2021 to carry out research in space-based polarisation measurements of X-ray emission from celestial sources. It carries two payloads, namely POLIX (Polarimeter Instrument in X-rays) and XSPECT (X-ray Spectroscopy and Timing). POLIX has been developed by the Raman Research Institute and XSPECT by the Space Astronomy Group of URSC, Bengaluru.

- POLIX:** POLIX is an X-ray Polarimeter for astronomical observations in the energy band of 8-30 keV. The payload is being developed by Raman Research Institute (RRI), Bangalore in collaboration with U R Rao Satellite Centre (URSC). The instrument is made of a collimator, a scatterer and four X-ray proportional counter detectors that surrounds the scatterer. The collimator restricts the field of view to 30 x 30 so as to have only one bright source in the field of view for most observations. The scatterer is made of low atomic mass material which causes anisotropic Thomson scattering of incoming polarised X-rays. POLIX is expected to track X-rays in the 8-30 kilo-electron-volt (keV) energy range and observe emissions from around 50 bright astronomical sources of different categories during the planned lifetime of about 5 years. This is the first payload in the medium X-ray energy band dedicated for polarimetry measurements.
- XSPECT:** XSPECT is an X-ray SPECTroscopy and Timing payload onboard XPoSat, which can provide fast timing and good spectroscopic resolution in soft X-rays. Taking advantage of the long duration observations required by POLIX to measure X-ray polarization, XSPECT can provide long-term monitoring of spectral state changes in continuum emission, changes in their line flux and profile, simultaneous long term temporal monitoring of soft X-ray emission in the X-ray energy range 0.8-15 keV. An array of Swept Charge Devices (SCDs) provides an effective area >30 cm² at 6 keV with energy resolution better than 200 eV at 6 keV. Passive collimators are used to reduce the background by narrowing the field of view of XSPECT. XSPECT would observe several types of sources viz X-ray pulsars, blackhole binaries, low-magnetic field neutron star (NS) in LMXBs, AGNs and Magnetars. XSPECT will study X-rays of energy 0.8-15 keV and changes in continuous X-ray emissions.

During the mission, the PSLV Orbital Experimental Module-3 (POEM-3) experiment was also executed to meet the objective of 10 other payloads. These are a radio payload by the K.J. Somaiya Institute of Technology and a device to measure ultraviolet radiation from L.B.S. Institute of Technology for Women; a 'green' cubesat propulsion unit, a 'green' monopropellant thruster, a tantalum-based radiation shield, a heater-less hollow cathode, and a nanosatellite platform, all from private entities; and an interplanetary dust counter, a fuel-cell power system, and a high-energy cell from ISRO centres.

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POLITY AND GOVERNANCE

POLL BONDS TO BE SOLD FOR 10 DAYS FROM TODAY

CONTEXT: The Union government has announced a fresh tranche of electoral bond sales for a 10-day period starting on January 2 through the authorised branches of the State Bank of India (SBI) across the country.

This is the 30th tranche of bond issuances under the electoral bond scheme that was launched in 2018 to “cleanse the system of political funding”, and is being scrutinised by the Supreme Court. The last two tranches of these bonds were sold over a fortnight in November and a 10-day period in October, ahead of the five State Assembly elections.

75-day window

Electoral bonds are likely to be on sale for 75 days between October 2023 and May 2024, when the Lok Sabha election is expected to be held. The government had notified November’s bond sales days after the top court reserved its judgment on the scheme’s validity and sought updated data from the Election Commission (EC) on the contributions received by political parties through the scheme.

BOND SALES

Total value of EBs sold:
₹12,008.59 cr

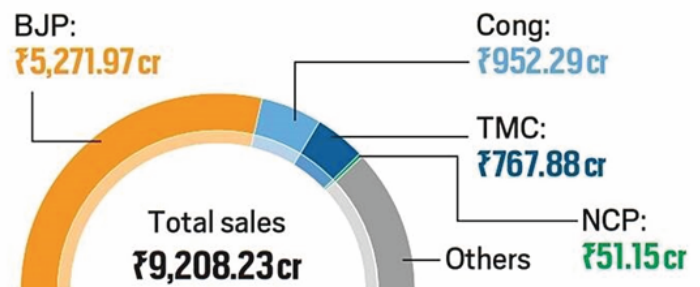
Total value of EBs encashed by parties:
₹11,984.91 cr



(figures from Mar 2018 till Jan 2023)

Source: RTI reply to The Indian Express by State Bank of India

The BJP got more than half of all EBs sold from FY 2017-2018 to FY 2021-2022



CPI, CPI (M), BSP and NPP* did not declare any EBs

(*NPP became a national party in 2019)

Source: Annual audit reports of national parties to the ECI and RTI replies by the SBI to transparency campaigner Commodore Lokesh Batra

SALIENT FEATURES OF THE ELECTORAL BONDS:

TYPE: Donors interested in making donations can purchase Electoral Bonds in denomination of Rs 1000; Rs 10,000; Rs 100,000 and Rs 100,0000 through cheque or digital mode only.

TENOR: Redeemed in the designated account of a registered political party within a prescribed time limit of 15 days from the date of issuance of bond.

ELIGIBILITY OF POLITICAL PARTY: Interest free financial instruments to donate money to registered political parties who secured 1 % of votes in the recently held General Elections or State Assembly Elections.

The Finance Bill, 2017 amended Section 13A of the Income-Tax Act, 1961 to cap donations to political parties by a single anonymous donor to Rs. 2000 (one tenth of the current limit of Rs 20,000) and provide political party exemption if the donation not exceeding Rs. 2,000 is received through instruments such as cheque, draft, electronic clearing system or electoral bond.

OTHER FEATURES:

- Political parties need not disclose the identity of donors for donations below Rs 20,000.
- Information on corporate political funding is available to the public.
- Identity of donors making donations through Electoral Bonds is not disclosed.
- All donations above Rs 2000 to political parties can be made through Electoral Bonds only. Prevent political funding through unaccounted money.
- Nearly 70 %-80 % of funds received by political parties are from anonymous sources in the form of cash donations below Rs 20000.
- Regulated corporate funding through a cap of 7.5 % of the profit.
- Repealed the 7.5 % cap on corporate donations through electoral bonds.
- Companies, at least 3 years in existence, are eligible for funding political parties.
- Repealed the clause that mandated Companies to have at least 3 years in existence.

changes to the judicial system:

1. Limiting the Supreme Court's power to override legislation: The reforms would make it easier for the Knesset (parliament) to override Supreme Court rulings by requiring only a simple majority instead of a supermajority.
2. Changing judicial appointments: The proposed changes would give the government more control over the selection of judges, giving them greater influence over the composition of the judiciary.
3. Weakening the power of legal advisors: The reforms would limit the authority of legal advisors to government ministries, potentially reducing their ability to act as checks and balances against executive power.
4. Other proposals: Additional reforms include changes to the Basic Laws (Israel's quasi-constitution) and the creation of a national commission to investigate judges.

Why are the reforms controversial?

Critics of the reforms argue that they would undermine the independence of the judiciary and weaken Israel's system of checks and balances. They worry that the reforms could lead to increased government power, politicization of the courts, and restrictions on judicial oversight of government actions.

Supporters of the reforms argue that they are necessary to improve the efficiency and accountability of the judicial system. They claim that the Supreme Court has become too activist and overstepped its bounds, and that the reforms will ensure that the judiciary is more responsive to the needs of the people.

Recent developments:

In July 2023, the Knesset passed the first part of the reforms, limiting the Supreme Court's power to cancel government decisions deemed "extremely unreasonable."

This law sparked widespread protests and was met with strong opposition from legal experts, business leaders, and members of the security establishment. In January 2024, the Supreme Court struck down the "reasonableness" law, ruling that it violated Israel's Basic Laws and undermined the principles of democracy.

INTERNATIONAL RELATIONS

ISRAEL'S TOP COURT STRIKES DOWN KEY GOVT. LEGAL REFORM

CONTEXT: Israel's top court ruled on Monday against a key component of the government's controversial legal overhaul, which challenged the powers of the judiciary and sparked mass protests.

A Supreme Court statement said eight of 15 justices ruled against an amendment passed by Parliament in July which scraps the "reasonableness" clause, used by the court to overturn government decisions which are deemed unconstitutional. "This is due to the severe and unprecedented damage to the basic characteristics of the State of Israel as a democratic state.

Proposed reforms

In January 2023, the Israeli government, led by Prime Minister Benjamin Netanyahu, proposed a series of five



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INTERNATIONAL RELATIONS

WIDENING WAR

CONTEXT: A U.S. strike on Yemen's Iran-backed Houthi militants in the Red Sea while they were attacking a container ship is the latest sign that the Gaza war is widening beyond Israel-Palestine. Three Houthi boats were sunk and 10 militants killed in a rare close combat with the rebels who control much of Yemen.

The Houthis attack commercial vessels passing through the Bab el-Mandeb Strait, through which the Red Sea opens into the Gulf of Aden to express solidarity with the Palestinians. Since late November, at least 20 commercial tankers have come under Houthi attacks, including a chemical vessel off the Indian coast, forcing some of the world's largest shipping companies, including Maersk, Hapag-Lloyd and MSC, to suspend trading on the Red Sea routes, and use the circuitous route around Africa. Traffic through the Red Sea, a crucial link between the Mediterranean and the Arabian Seas through the Suez Canal, has dropped by some 35 % in recent weeks, increasing shipping and insurance costs. The crisis has prompted the U.S. to announce a new naval task force to ensure security in one of the world's busiest shipping lanes.

But the U.S.'s attempt to deal with the Houthi threats as a stand-alone security crisis might run into its own limitations. No Red Sea basin country has joined the U.S.-led task force, which includes even Egypt, whose economy has taken a hit due to the drop in the Suez traffic. This shows the growing anger in the Arab world towards the Biden's administration's unconditional support for Israel's offensive in Gaza, which has killed at least 22,000 people in 11 weeks. The Houthi control of Yemen's Red Sea Coast, including the port of Hodeidah, which is some 250 km north of the Bab el-Mandeb, just 29 km wide at its narrowest point, gives them a natural advantage in carrying out sea denial attacks in and around the Strait. Over the past few weeks, the U.S. has shot down several Houthi missiles and drones over the Red Sea. But that has not stopped the Houthis from launching new attacks. Even if the U.S. carries out airstrikes in Yemen, it is not clear whether aerial attacks could deter the Houthis, who survived intense Saudi bombing for seven years. Beefing up security in the Red Sea and the Arabian Sea has now become inevitable, but the U.S. should first work towards achieving a ceasefire in Gaza, addressing the core issue behind the escalation. That would help Washington build a regional consensus against the Houthis. But if the U.S. turns a blind eye towards the indiscriminate killing of Palestinians by its ally and stays focused only on the Houthis, it risks getting dragged deeper into a widening regional conflict.

POLITY AND GOVERNANCE

RESPONDING TO THE NEW COVID-19 SUB-VARIANTS

It is four years since the novel coronavirus (2019-nCoV, later renamed as Severe Acute Respiratory Syndrome Coronavirus-2 or SARS-CoV2) was first reported on December 31, 2019 from China. In the months which followed, it caused severe COVID-19 waves in nearly every country, across the world. Alongside, at end December or early new year, there would be news of a new variant or sub-variant, or of a surge in cases in some countries. At the end of 2021, it was an Omicron variant (BA.1.1.529), and by the end 2022, the COVID-19 case surge in China made news. Now, a new subvariant of the Omicron variant of SARS-CoV-2, the JN.1, is making news.

Virus behaviour

The JN.1 sub-variant of Omicron has been reported from multiple countries and designated as a variant of interest (VoI) by the World Health Organization. The reporting of a new variant or sub-variant is on expected lines. The WHO had highlighted the need for continuous tracking of the virus and its variants in May 2023, while declaring the end of the COVID-19 pandemic. Since the reporting of the novel virus in 2019, more than 1,000 subvariants and recombinant sub-lineages have been reported. However, every change in genome does not matter, and the international agencies and subject experts are on task to assess the risk. However, if mutations or genetic changes result in an alternation in the characteristics of the virus (such as higher transmission, more severe disease or immune escape from vaccine induced or natural immunity), it merits greater attention. The variants are then termed as VoI or variants of concern (VoC). At present, there is no VoC in circulation in any part of the world. On March 16, 2023, WHO's Technical Advisory Group on SARS-CoV-2 Virus Evolution had downgraded the Omicron as the 'previous' variants of concern. However, national and global agencies are tracking the virus and JN.1 has been designated as VoI.

JN.1 has been designated a VoI, which means it has some genetic changes and indicative characteristics in circulating viruses which need to be monitored by the health agencies and government. Such a designation is a call to step up genomic sequencing scientific work and use data to track the virus. JN.1 is not a new virus but a sub-variant of BA.2.86, which itself is a subvariant of the Omicron variant of SARS-CoV-2. Till now, there is no evidence that JN.1 causes more severe disease or causes immune escape and is, thus, not a reason for worry. In short, designating a variant as VoI does not automatically mean there is a reason to worry. Till now, there is no evidence that JN.1 is responsible for severe disease or immune escape. In fact, the waste-water surveillance in some Indian cities had indicated that the new sub-variant has circulated to a majority of the population without major change in reported or clinical cases in the way of a 'silent wave'.



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The vaccine response

Current scientific evidence supports that vaccines and natural infection continue to provide protection from any sub-variant, though there is some possibility of a decline in protection, as time has lapsed since the last vaccination. Immunologically, the natural infections which have happened in addition to vaccine shots, have provided hybrid immunity to people in India and many countries. Therefore, there is no immediate reason to worry. There is no scientific evidence to support having a fourth shot of COVID-19 vaccines, for any age group.

The spike in COVID-19 cases in India could be more artificial than real. It is likely that ramped up COVID-19 testing is picking more cases. Then, some deaths are being attributed to COVID-19. However, there is no evidence that those deaths are causally linked to SARS-CoV-2. These appear to be in the individuals who were already sick and had COVID-19, as an incidental finding. The average five or six deaths in a day in India also need to be considered in perspective.

Every day in India, an estimated 27,000 people die due to a range of reasons that include old age. In contrast, respiratory diseases and tuberculosis kill 50 to 60 times more people every day than COVID-19 now. We need to shift attention to preventable deaths due to many other reasons.

Act responsibly

The Government need to increase standard public health preventive measures such as Severe Acute Respiratory Infections (SARI) and Influenza-like Illness (ILI) surveillance, waste water surveillance and improving provision of required services at health facilities. The clinical management should focus on a syndromic approach to respiratory illnesses. At the individual and community levels, there is no need to disturb the routine or change your travel or vacation plans. People with cough and cold or flu-like illness must follow good respiratory etiquette such as wearing masks in public places, covering their nose and mouth when coughing or sneezing and frequent handwashing, irrespective of whether it is a type of SARS-CoV-2, seasonal flu or any other respiratory illness. It is proven that the risk to children is the lowest among any age group and thus, school closure should never be considered an option in response to a COVID-19 case surge.

It is time we handle SARS-CoV-2 or COVID-19 just like any other respiratory illness. It is more of an individual health concern than a public health concern. COVID-19 is not a novel virus anymore and is here to stay. But it is not a reason to worry.



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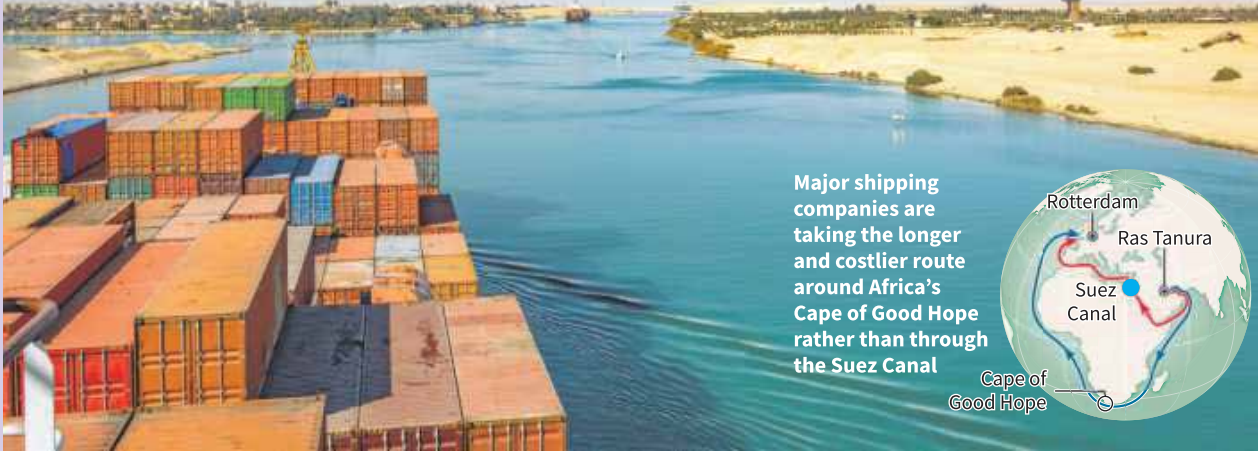


INTERNATIONAL RELATIONS

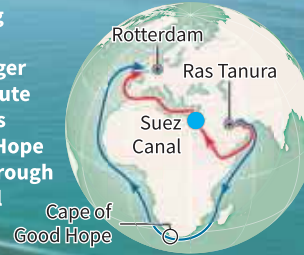
NOV. SERVICES PMI SIGNALS SLOWDOWN

Troubled waters

The charts are sourced from an article titled 'Red Sea chokepoints are critical for international oil and natural gas flows', published by the U.S. Energy Information Administration



Major shipping companies are taking the longer and costlier route around Africa's Cape of Good Hope rather than through the Suez Canal



Yemen's Iran-backed Houthis have been targeting vessels in the Red Sea since November to show their support for the Palestinian Islamist group Hamas in its war against Israel. This has prompted major shipping companies to take the longer and costlier route around Africa's Cape of Good Hope rather than through the Suez Canal. This is a cause for concern for India as it is a major importer of crude oil from Russia and a significant player in the export of petroleum products to Europe, both of which require transportation through the Suez Canal.

According to a recent Reuters report, at least four tankers transporting diesel and jet fuel from West Asia and India to Europe are taking the longer route around Africa to avoid the Red Sea. The diverted vessels were carrying a combined 2.4 million barrels of diesel and jet fuel.

India is increasingly becoming a significant player in the petroleum products export market. In May last year, data analytics firm Kpler reported that India became Europe's largest supplier of refined fuels. In the ongoing and previous financial years, the Netherlands was the biggest importer of India's refined fuels. In FY23 and FY24 (April-October), the country bought about \$19,300 million worth of refined fuel from India.

Chart 1A | Northbound crude oil and petroleum product volumes from origin countries transiting the Suez Canal

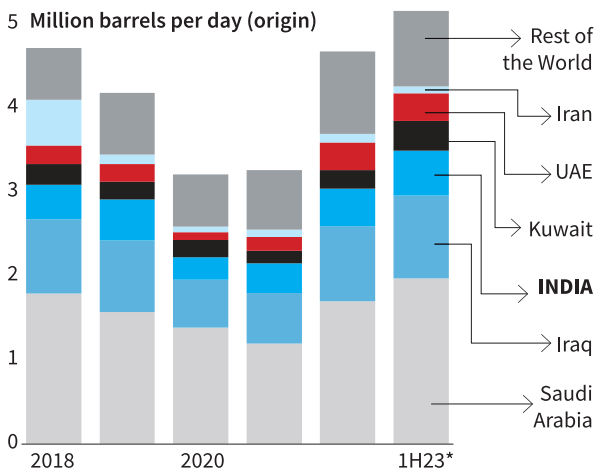


Chart 1B | Destination countries of the northbound crude oil and petroleum product volumes transiting the Suez Canal

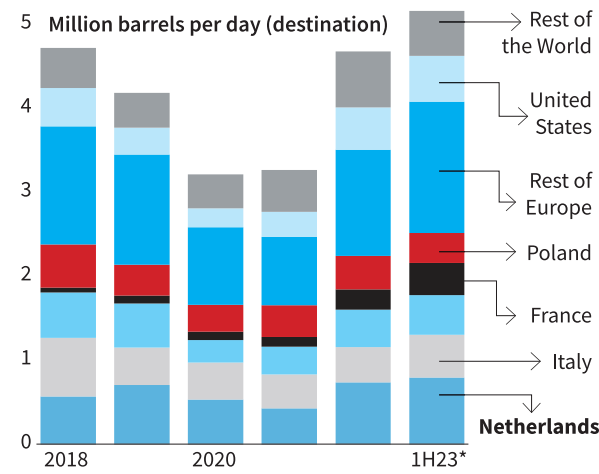


Chart 2A | Southbound crude oil and petroleum product volumes from origin countries transiting the Suez Canal

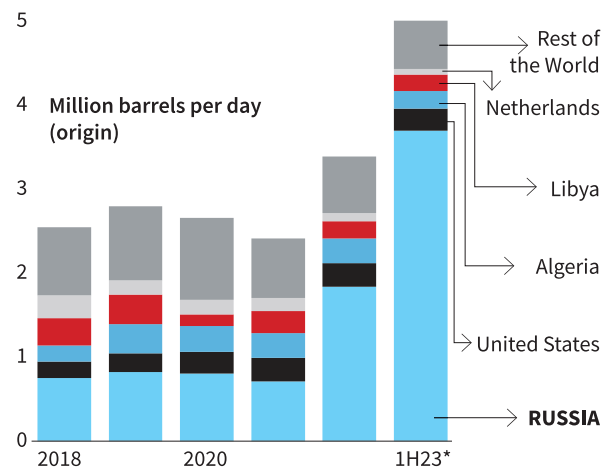
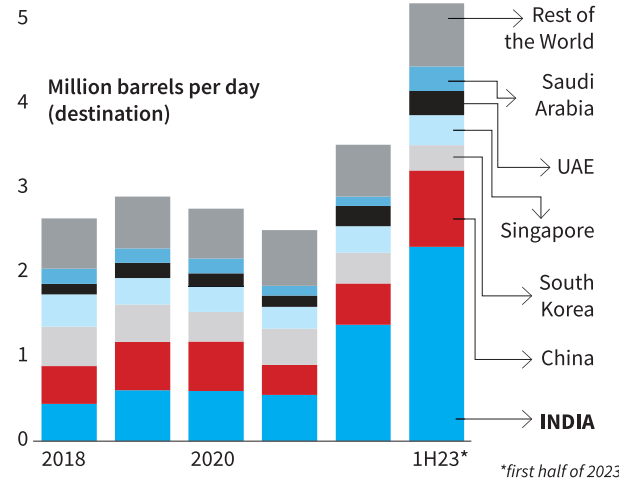


Chart 2B | Destination countries of the southbound crude oil and petroleum product volumes transiting the Suez Canal





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