

● POLITY

● ECONOMICS

● TECHNOLOGY

● ECOLOGY

ECONOMICS

RETAIL INFLATION ROSE TO 5.7% IN DECEMBER

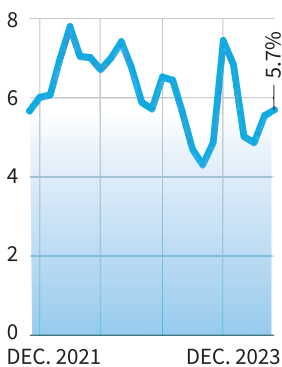
CONTEXT: India's December 2023 retail inflation surged to a four-month peak of 5.7%, driven by a 9.5% rise in food prices. Urban inflation hit 10.42%.

BACKGROUND: In December, rural India experienced a slightly lower 9% increase in food prices but higher overall inflation at nearly 6%, surpassing the 5.5% faced by urban areas. Despite a hardened price rise in December, the average consumer price inflation for October-to-December was 5.4%, slightly below the Reserve Bank of India's projected 5.6%.

Slight uptick



India's retail inflation increased to a four-month high of 5.7% in December 2023, from 5.55% a month earlier, influenced by increase in food prices



HIGHLIGHTS

- RBI anticipates a 5.2% average price rise in H1 2024, targeting 4% inflation between July and September.
- In December, food inflation surged in pulses, vegetables, fruits, and sugar; urban areas experienced a 10.4% rise.
- Rural areas saw inflation in cereals (10.3%), milk, spices, and sugar; milk, meat, eggs inflation eased.
- Consumer Price Index (CPI) declined 0.32% month-on-month; Consumer Food Price Index eased by 0.9%.
- Fuel and light prices fell 1%, transport and communication rose 2%, personal care inflation eased to 7.3% in December.

Retail inflation

- Definition and Measurement: Retail inflation gauges the average change in prices of goods and services, measured by consumer price indices (CPI).
- Economic Impact: High retail inflation erodes purchasing power, affecting consumer spending, investment, and overall economic stability negatively.
- Causes and Factors: Influenced by demand-pull and cost-push factors, retail inflation can arise from increased demand, production costs, or external shocks.
- Monetary Policy Response: Central banks use interest rates and other tools to control inflation, aiming for a balance that fosters economic growth without excessive price increases.
- Global and Local Dynamics: Retail inflation is influenced by global trends, trade dynamics, and local factors, making it essential for policymakers to adopt a nuanced approach.

SOCIAL JUSTICE

KARNATAKA GOVT. LAUNCHES 'YUVA NIDHI' SCHEME

CONTEXT: Karnataka CM Siddaramaiah unveils 'Yuva Nidhi' scheme, the government's last poll promise, aiding financially distressed educated unemployed youth.

BACKGROUND: The Chief Minister introduced five schemes in Karnataka based on the concept of universal basic income prevalent in European countries. Approximately 1.5 crore families in the state receive ₹5,000 to ₹6,000 monthly under these guarantee schemes, aligning with the principles of universal basic income. The initiative was launched in Shivamogga with Deputy Chief Minister D.K. Shivakumar.

About the Scheme

- Alarming rise in unemployment from 5.5% (2014) to 10.5% prompts 'Yuva Nidhi' scheme by Siddaramaiah.
- Scheme provides financial aid and skill training to unemployed graduates and diploma holders.
- Monthly assistance of ₹3,000 for degree holders, ₹1,500 for diploma holders unemployed in the last six months.
- Support offered for a maximum of two years to aid job search and skill development.
- Job fairs planned to facilitate youth employment opportunities in India and abroad.

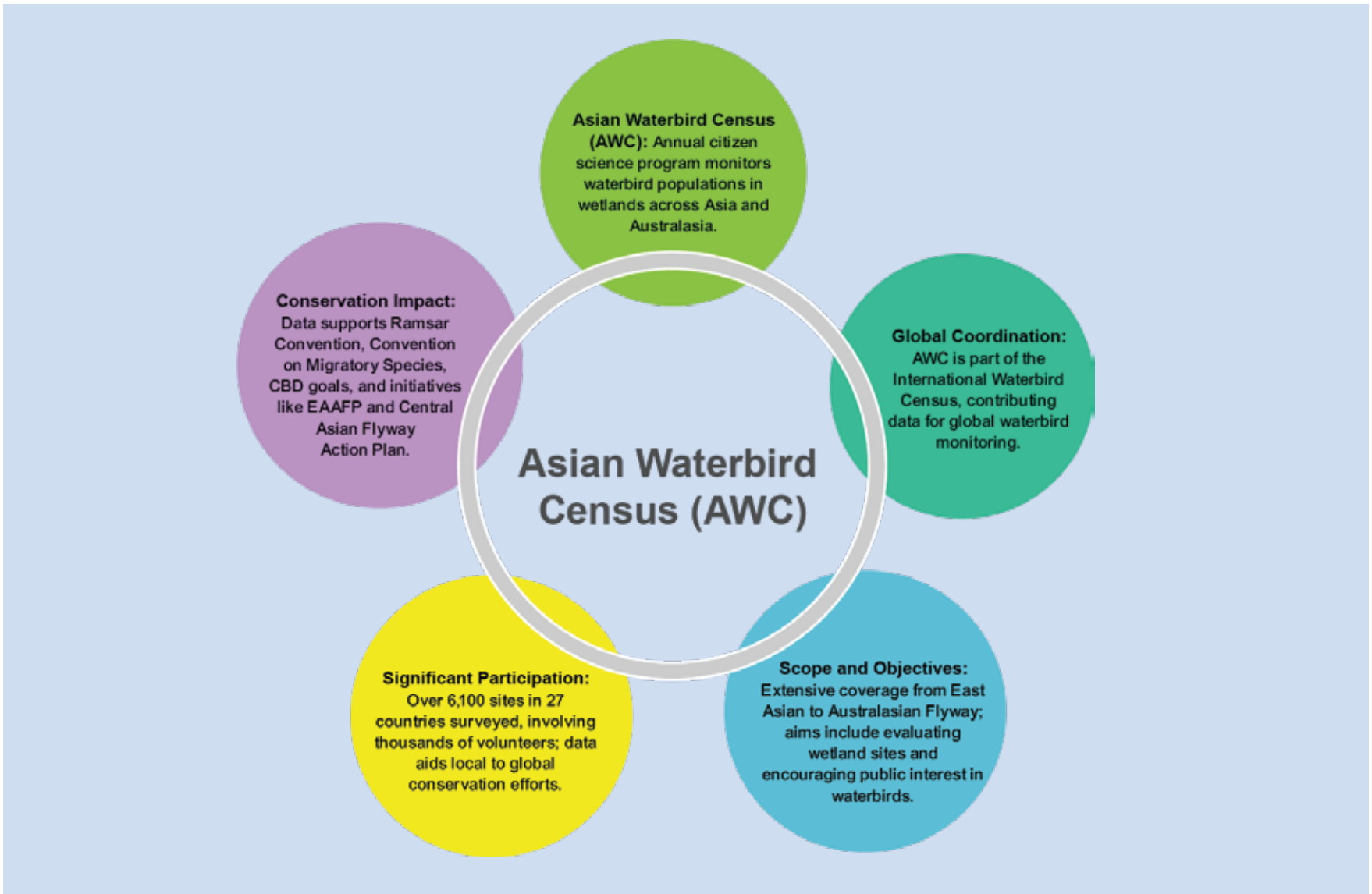
ECOLOGY

CENSUS RECORDS 27% INCREASE IN WATERBIRDS AT KAZIRANGA

CONTEXT: Kaziranga National Park sees a 27% rise in resident and migratory water bird population, a positive ecological development.

BACKGROUND: The recent citizen scientist-led waterbird census in Kaziranga Wildlife Preserve from January 9-10 reported a significant increase, with 84,839 birds observed—18,063 more than the previous year. This elevates Kaziranga into the top five waterbird habitats in India, according to park officials.

HIGHLIGHTS: Conducted across 115 waterbodies in three divisions of Kaziranga Wildlife Reserve, the recent census, launched by Environment and Forest Minister Chandra Mohan Patowary, involved 108 enumerators and 354 volunteers. In Eastern Assam, 37,606 birds of 155 species were recorded, while Biswanath documented 12,002 birds across 82 species. Significant wetlands like Kaziranga-Hukuma Beel and Joysagar Doloni were crucial in the survey, emphasizing their conservation.



ECONOMICS

ROBUST REVENUES

CONTEXT: Government achieves 81% of FY 2023-24 direct tax target, with ₹14.7 lakh crore collected, exceeding expectations.

BACKGROUND: Economists anticipate India's net direct tax collection to exceed the ₹17.2 lakh crore Budget estimate by over ₹1 lakh crore, achieving an 18% full-year growth. Robust Goods and Services Tax inflows, augmented non-tax revenues, and a substantial central bank dividend are expected to propel overall revenues beyond Budget projections, despite modest excise duty returns. Corporate taxes have increased by 12.4%, while personal income taxes show a remarkable 27.3% growth, hinting at a sustained trend with a record 8.2 crore income-tax returns filed by December 31.

HIGHLIGHTS

- **Fiscal Comfort:** Healthy revenue rise and broader tax base ease concerns over a potential deficit miss (5.9% of GDP).
- **Tax Reform Opportunities:** Fiscal gains offer room for simplifying corporate and individual taxes, minimizing withholding tax rates.
- **TDS and TCS Adjustments:** Consider reducing tax deduction and collection rates; explore mechanisms for

intelligence without high rates.

- **Personal Income Tax Regime:** New exemption-less tax regime with lower rates gains popularity, potential for further reforms.
- **Public Policy Alignment:** Explore mechanisms promoting public policy goals like retirement savings, health insurance to deepen financial markets.
- **GST Rationalization:** Reconsider 18% GST on health insurance; broader GST rate rationalization awaited.
- **Interim Budget 2024-25:** Finance Minister signals no major moves, unlikely to repeat 2019's income-tax slab rejig.
- **Policymaker Enthusiasm:** Revenue buoyancy encourages policymakers to keep reform options open for the new government.

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INFRASTRUCTURE

INDIA'S LONGEST SEA BRIDGE INAUGURATED

CONTEXT: PM Modi inaugurates Atal Setu, India's longest sea bridge, cutting Mumbai-Navi Mumbai travel from 2 hours to 20 minutes.

BACKGROUND: The Prime Minister inaugurated the Atal Setu, highlighting India's infrastructural prowess and its path towards development. With a total length of 21.8 km, the bridge, constructed with Japanese assistance, features a significant 16.5 km stretch over the Arabian Sea. Scheduled for public use starting Saturday, the inauguration was accompanied by the Prime Minister laying the foundation stone for diverse development projects valued at over ₹12,700 crore in Navi Mumbai, spanning sectors such as connectivity, water, gems and jewellery, and women empowerment.

HIGHLIGHTS OF NEWS

- **Development Achievements:** PM Modi highlights completion of various projects, taking a dig at the previous government's delays and cost overruns.
- **Double-Engine Government:** Attributes progress to the synergy of central and state governments, contrasting with the past administration's inefficiencies.
- **Infrastructure Milestones:** Lists completed projects, including bridges, tunnels, expressways, railways, and airports, showcasing the government's commitment to development.
- **Focused Vision:** Emphasizes the government's vision to enhance urban transport infrastructure, citing specific projects like the Atal Setu for improved connectivity.



- **Citizen Impact:** Stresses the positive impact on citizens' ease of mobility, reduced travel time, and enhanced connectivity between key locations.



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SCIENCE AND TECHNOLOGY

DRDO CONDUCTS SUCCESSFUL FLIGHT TEST OF AKASH MISSILE

CONTEXT: DRDO successfully tests new-gen Akash surface-to-air missile off Odisha coast at Integrated Test Range, Chandipur.



BACKGROUND: The recent flight test involved a high-speed unmanned aerial target at very low altitude, successfully intercepted and destroyed by a weapon system. The test validated the entire system, comprising an indigenously developed radio frequency seeker-equipped missile, launcher, multi-function radar, and command, control & communication system. The success opens the path for upcoming user trials, according to a statement by DRDO.

Akash Surface-to-Air Missile

- **AKASH Missile System:** Short Range Surface to Air system safeguards against air attacks, with Multiple Target engagement capability.
- **Mobile Configuration:** Entire weapon system configured on mobile platforms, ensuring quick mobilization and deployment capabilities.
- **Operational Range:** Ranges from 4.5 km to 25 km, with an altitude of 100 m up to 20 km.
- **Technical Specifications:** Length - 5870 mm, Diameter - 350 mm, Weight - 710 kg; employs Command Guidance.
- **Versatile Target Engagement:** Targets include helicopters, fighter aircraft, UAVs; fully automatic with rapid response time.
- **Robust Features:** Open system architecture, immunity to jamming, secure communication, self-sufficient power, road/rail transportable, and safety features with IFF.

ECONOMICS

NOV. FACTORY OUTPUT GROWTH DROPS TO 8-MONTH LOW OF 2.4%

CONTEXT: India's industrial output growth hits 8-month low at 2.4% in November, manufacturing expansion slows to 1.2%.

HIGHLIGHTS: India's industrial output growth hit an eight-month low at 2.4% in November, down from October's 16-month high of 11.6%. Manufacturing growth declined to 1.2%, the slowest in seven months. Consumer durables production contracted 5.4%, reaching its lowest since June 2021. Only six of 23 manufacturing segments recorded growth, while furniture output plummeted by 30.5%. The slump is attributed to base effects from November 2022 and sequential contractions in electricity and manufacturing.

Index of Eight Core Industries (Base: 2011-12=100) For November, 2023

- **Cement** - Cement production (weight: 5.37 per cent) decreased by 3.6 per cent in November, 2023 over November, 2022. Its cumulative index increased by 10.3 per cent during April to November, 2023-24 over corresponding period of the previous year.
- **Coal** - Coal production (weight: 10.33 per cent) increased by 10.9 per cent in November, 2023 over November, 2022. Its cumulative index increased by 12.8 per cent during April to November, 2023-24 over corresponding period of the previous year.
- **Crude Oil** - Crude Oil production (weight: 8.98 per cent) decreased by 0.4 per cent in November, 2023 over November, 2022. Its cumulative index declined by 0.2 per cent during April to November, 2023-24 over corresponding period of the previous year.
- **Electricity** - Electricity generation (weight: 19.85 per cent) increased by 5.6 per cent in November, 2023 over November, 2022. Its cumulative index increased by 7.7 per cent during April to November, 2023-24 over corresponding period of the previous year.
- **Fertilizers** - Fertilizer production (weight: 2.63 per cent) increased by 3.4 per cent in November, 2023 over November, 2022. Its cumulative index increased by 6.3 per cent during April to November, 2023-24 over corresponding period of the previous year.
- **Natural Gas** - Natural Gas production (weight: 6.88 per cent) increased by 7.6 per cent in November, 2023 over November, 2022. Its cumulative index increased by 5.4 per cent during April to November, 2023-24 over corresponding period of the previous year.
- **Petroleum Refinery Products** - Petroleum Refinery production (weight: 28.04 per cent) increased by 12.4 per cent in November, 2023 over November, 2022. Its cumulative index increased by 5.0 per cent during April to November, 2023-24 over corresponding period of the previous year.
- **Steel** - Steel production (weight: 17.92 per cent) increased by 9.1 per cent in November, 2023 over November, 2022. Its cumulative index increased by 14.2



"If you invest more in your education, then you are likely to get more interest in it."
—Benjamin Franklin

per cent during April to November, 2023-24 over corresponding period of the previous year.

- Source (Department For Promotion Of Industry And Internal Trade; Office Of The Economic Adviser)

The Index of Industrial Production (IIP)

- Released by: The Index of Industrial Production (IIP) is released monthly by the Central Statistics Office (CSO) under the Ministry of Statistics and Programme Implementation.
- Calculation Components: IIP calculates the relative changes in production levels of a basket of industrial items, including manufacturing, mining, and electricity sectors.
- Weightage and Base Year: The index assigns weightage to different sectors based on their contribution to the Gross Value Added (GVA). The base year for the current series is 2011-12.
- Data Sources: Primary data for IIP is collected from factories and establishments across various industries, providing a comprehensive overview of industrial activity in India.
- Economic Indicator: IIP serves as a crucial economic indicator, reflecting the growth or contraction trends in the industrial sector, influencing policy decisions and market sentiments.

INTERNATIONAL RELATIONS

U.S., AND U.K. LAUNCH JOINT STRIKES AGAINST HOUTHIS TARGETS AFTER RED SEA ATTACKS

CONTEXT: The US and UK-led coalition airstrikes in Yemen followed escalating Houthi attacks on shipping in the Red Sea, and came after discussions between India and the US on maritime security and regional events.

STORY SO FAR: US-led coalition airstrikes in Yemen

Escalating tensions: Following a surge of Houthi attacks on commercial vessels in the Red Sea, the US-led coalition conducted airstrikes on Houthi military targets in Yemen.

India's position: Before the strikes, External Affairs Minister Jaishankar discussed maritime security and regional matters with US Secretary Blinken. While India participated in UNSC discussions, it has remained silent on the airstrikes.

KEY POINTS:

Justification: The coalition justifies strikes as self-defense and protection of maritime navigation.

Tensions: Recent Houthi attacks and earlier warnings by coalition nations highlight rising tensions.

Casualties: Houthis claim five killed and six injured in the airstrikes.

International response: Ten nations, including the US and UK, issued a joint statement supporting the strikes.

Analysis:

- The airstrikes signal a potential escalation in the Yemen conflict, despite international calls for de-escalation.
- India's silence amid its close ties with both the US and Saudi Arabia highlights the complexity of its diplomatic position.
- The humanitarian crisis in Yemen is likely to worsen due to the ongoing conflict and potential disruptions to commercial shipping.

Additional information:

- Houthi rebels, backed by Iran, are fighting against the internationally recognized government supported by a Saudi-led coalition (including the US).
- The conflict has caused a devastating humanitarian crisis in Yemen, with millions displaced and facing food insecurity.
- Concerns remain about civilian casualties and potential violations of international law in the context of the airstrikes.

SUMMARY: The recent developments in Yemen underscore the precarious security situation and the urgent need for a peaceful resolution to the conflict.

SCIENCE AND TECHNOLOGY

SCIENCE MINISTRY TEAM VISITS HAWAII TO TAKE STOCK OF TELESCOPE PROJECT

CONTEXT: Official delegation from India's Department of Science and Technology visits Mauna Kea, Hawaii, to address challenges to Thirty Meter Telescope project.

HIGHLIGHTS: The Thirty Meter Telescope (TMT) is designed as a 30-meter diameter optical and infrared telescope for deep space observations. A collaborative effort involving the U.S., Japan, China, Canada, and India, the Indian participation was endorsed by the Union Cabinet in 2014. India anticipates a significant role, committing hardware valued at \$200 million to the project.

News Highlights

- Mauna Kea Telescopes:** Local opposition due to cultural concerns; plans to build Thirty Meter Telescope (TMT) face hurdles.
- Permit Issues:** TMT permits invalidated in 2015, restored in 2018; local opposition hinders construction, leading to considerations of alternate sites.
- Alternate Site:** Observatorio del Roque de los Muchachos in Spain considered; India's stance unclear, with discussions ongoing for consensus.
- Astronomy Hub:** Mauna Kea known as the world's best for astronomy; efforts to proceed with TMT while addressing local concerns.

- Future Decisions: Project director hopes for a firm decision on the site within the next two years, balancing scientific goals and community support.



POLITY AND GOVERNANCE

A CASE DIARY FOR THE INDIAN POLICE

CONTEXT: A recent conference of top police officials in India highlighted the need for police reform, focusing on improving their public image, embracing technology, and reducing political interference.

STORY SO FAR

PUBLIC IMAGE, FEDERAL ISSUES

- **Public image:** Public trust remains low, with citizens hesitant to seek help from police due to a negative image.
- **Federal discord:** Tensions exist between the central government (managing the IPS) and some states that view the IPS as "unreliable intruders" and prefer local recruits. This could worsen with the role of the Enforcement Directorate (ED) causing friction.
- **Lack of trust in police commissions:** Past commissions haven't significantly improved police reputation.
- **Attacks on ED officers:** This further strains relations between the central government and states.

THE SHADOW OF POLITICS

Despite embracing technology due to increased recruitment of educated personnel, the Indian police force faces internal challenges hindering its potential:

Improved tech adoption: More educated lower-rank officers contribute to increased tech savviness, though career choice is often driven by unemployment rather than attraction to the force.

Limited opportunities for lower ranks: Constables and sub-inspectors lack opportunities to showcase their skills due to the dominance and focus on IPS officers. This contrasts with the global trend of starting at the bottom and rising through the ranks.

Proposed restructuring: The author suggests restructuring to bridge the gap between ranks and improve overall policing quality. This would require knowledge, integrity, and empathy at all levels.

Lack of mentorship: Unfortunately, senior officers, especially IPS, seem uninterested in mentoring and educating lower ranks. The hierarchical structure hinders dedicated time and effort towards empowering the constabulary.

These issues highlight the need for a cultural shift within the police force, where knowledge and skills are valued at all levels, and mentorship is actively pursued by senior officers to unlock the full potential of the entire force.

SUMMARY: Despite recent calls for reform, Indian police face challenges: low public trust, federal discord, and internal issues like limited opportunities for lower ranks and lack of mentorship. A cultural shift is needed to unlock the full potential of the force.

POLITY AND GOVERNANCE

SC REFUSES TO STAY LAW ON SELECTION OF CEC, EC

CONTEXT: A petitioner had approached the Supreme Court Challenging the validity of the Parliament Law regarding the selection of the Election Commission. The Chief Justice's exclusion from the electoral selection committee, mandated by the 2023 Act, undermines the Supreme Court's prior judgment by prioritizing political influence over judicial oversight. Supreme Court has refused to grant a stay on the matter while it has sent a notice to the Union government regarding the same.

STORY SO FAR: The Supreme Court refused to halt a new law that removes the Chief Justice of India from the committee choosing India's election officials. Critics argue this weakens the court's previous ruling and harms electoral independence.

KEY POINTS OF THE PETITIONER'S CONTENTION:

- New law excludes the Chief Justice from the selection committee for appointing election officials.
- Petitioners say this weakens a previous Supreme Court decision and undermines judicial oversight.
- They argue the Prime Minister will now have undue influence over the selection process.
- The court agreed to hear the case in April but declined to stop the law for now.
- The new law replaces the Chief Justice with a Union Cabinet Minister nominated by the Prime Minister.
- Petitioners argue this violates the principle of separation of powers and could compromise free and fair elections.
- Another petition calls for a completely independent selection committee for election officials.

MAJOR ASPECTS OF THE LAW PASSED BY THE PARLIAMENT

The Supreme Court's refusal to stay the new law on election official selection has sparked concerns about its impact on judicial independence and fair elections. Here's a summary with additional context:

NEW LAW:

- Creates a selection committee for the Chief Election Commissioner (CEC) and Election Commissioners (ECs) comprising the Prime Minister, Leader of Opposition in Lok Sabha, and a PM-nominated cabinet minister.
- Excludes the Chief Justice of India (CJI), previously included by a Supreme Court ruling.
- Grants the government's primary control over the appointment process.
- Mandates selection from a pool of bureaucrats.

CHALLENGES:

- Petitioners argue the law weakens the earlier Supreme Court decision, undermining judicial oversight.
- They fear the Prime Minister will have undue influence, potentially compromising election fairness.
- The exclusion of the CJI is seen as a violation of the separation of powers principle.

- The bureaucrat-only pool restricts diversity in potential candidates.

LEGAL QUESTION:

The central legal question revolves around whether Parliament can override a Supreme Court judgment, especially one from a Constitution Bench.

ADDITIONAL INFORMATION:

- The law's passage followed the Supreme Court's March 2023 ruling directing the inclusion of the CJI in the selection committee.
- The ruling was a safeguard against political interference in election administration.
- The new law's implications extend beyond the immediate case, raising concerns about the broader relationship between the judiciary and the legislature.

SUMMARY: While the Supreme Court declined to immediately stop the new law, legal challenges could lead to its revision or even nullification. The case has ignited a debate about the balance of power between the judiciary and the government, with implications for the future of India's electoral process.

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Regional office

Vedhik IAS Academy
202, Raheja Chambers, 12,
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560001. Karnataka, India.

GCC Office:

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