● POLITY   ● ECONOMICS   ● TECHNOLOGY   ● ECOLOGY

INTERNATIONAL RELATIONS

MUIZZU SETS DEADLINE FOR INDIA TO WITHDRAW TROOPS

CONTEXT: Indian and Maldivian officials met on Sunday to discuss various bilateral issues. though not confirmed by Indian officials, the official press release of Maldives mentions a discussion about the withdrawal of Indian Military personnel from Maldives.

The Maldivian president has been consistent in his demand for Indian troops' withdrawal, his chief poll pledge last year.

STORY SO FAR: Maldivian President Mohamed Muizzu has been demanding the withdrawal of Indian Military personnel from Maldives ever since his election to the Presidentship in September 2023. The demand also figured in his inaugural address soon after he assumed office in November 2023.

India has around 88 soldiers stationed in the Maldives. New Delhi has maintained that most of them are technical staff, engaged predominantly in maintaining aircraft gifted by India.

President Mohammed Muizzu is widely seen as being supported by Beijing and a recent statement about issuing a deadline of 15th March for the withdrawal of Indian Military personnel is immediately following his 5-day official visit to Beijing.

The recent development comes amid growing strain in ties between neighbors triggered most recently by the remarks of three ministers in the Muizzu administration, who criticised Indians and Shri Narendra Modi over his Lakshadweep visit.

ECONOMICS AND DEVELOPMENT

NEW INVESTMENTS SLID 46 % IN Q3 AS MANUFACTURING, INFRA OUTLAYS SHRANK

CONTEXT: Fresh investment plans in India have almost halved between October and December 2023 compared to the previous quarter. This marks the third consecutive quarter of decline in new investment projects. Public capital expenditure projects have tripped at a faster pace (almost 60%) than private sector outlays (down 35%).
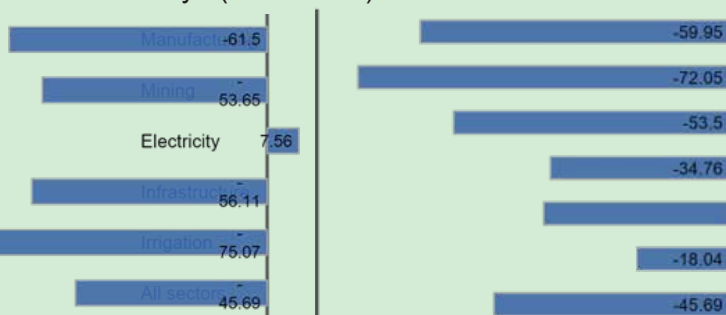

FIGURE: (L) Bar chart representation of Quarter wise decline in fresh projects by major sectors (FY 2023-24). (R) Bar chart representation of Quarter wise decline in fresh projects by ownership (FY 2023-24).

Manufacturing has seen the sharpest drop in proposed investments, down 61.5 % from the previous quarter. The decline in manufacturing investment plans came on the back of quarter-on-quarter drops of 77.6 % and 2.3 % in the first two quarters of 2023-24, respectively and was most pronounced in critical sectors such as automobiles (-63.8 %), steel (-74.8 %), and cement (-89 %).

From around 30 % of the ₹ 7.05-lakh crore of new investments announced in Q2 of this year, manufacturing projects accounted for just 21 % or ₹ 80,000-odd crore of the ₹ 3.83-lakh crore investments planned in Q3. Overall investment plans dropped 45.7 % quarter-on-quarter. The decline is attributed to factors like a below-normal monsoon, upcoming Lok Sabha elections, reduced capex initiatives by state governments, and the global slowdown.

Fresh investments in the infrastructure sector, where commitments by the State and Central governments are the highest, fell for the second successive quarter on a sequential basis, contracting 56.1 % in Q3 after a 10.9 % fall in Q2. While new road projects slumped 56 %, with 194 projects worth ₹ 25,904 crore, fresh railway investment plans plummeted by a much sharper 92.2 %, with only 28 new projects announced between October and December worth ₹ 5,758.6 crore compared with 48 projects worth ₹ 74,000 crore in the previous quarter.

The value of new mining projects also dropped 53.7 % sequentially to ₹ 5,813 crore, but the construction sector saw a relatively milder decline of 21.5 %, with 675 projects worth ₹ 81,350 crore announced in the third quarter.

Among the States, Maharashtra emerged as the top investment destination in Q3 with 470 new projects worth ₹ 1.04-lakh crore, followed by Karnataka (₹ 43,383 crore), Uttarakhand (₹ 34,024 crore), and Gujarat (₹ 31,379 crore). These four States accounted for 56 % of the total new investments announced between October and December.

INTERNAL SECURITY

READY TO PROTECT TERRITORIAL INTEGRITY AT ALL COSTS: ARMY CHIEF

CONTEXT: On the eve of Army Day, General Pande said the force is fully committed with an "unwavering resolve" to counter any security threat, asserting that its fundamental character, core ethos and professionalism will enable it to live up to the expectations of citizens.

The Indian Army continues to maintain a "robust posture" on the borders and is prepared to protect the country's territorial integrity at "all costs", Army chief General Manoj Pande said on Sunday, amid the over three-year festering border row with China in eastern Ladakh. The transition towards becoming a modern, agile, adaptive, technology-enabled and future-ready force shall continue as part of the transformation road map.

Without naming Pakistan, General Pande said the Army and other security forces are dealing with the "proxy war" in Jammu and Kashmir with a professional approach. "In combating proxy war in the hinterland, our synergised operations with other security forces continue. The Army will be observing 2024 as the 'Year of Technology Absorption' — a theme which underscores the focus and effort to leverage technology, as a catalyst for transformative change, General Pande said.

Army Day

The Army Day parade will be held in Lucknow on Monday. Army Day is celebrated on January 15 every year to commemorate the achievements of the first Indian Commander-in- Chief of the Army, Field Marshal K.M. Cariappa. Cariappa took over the command of the Indian Army from General Francis Bucher, the last British Commander-in-Chief, on January 15, 1949.

POLITY AND GOVERNANCE

A SPEAKER'S FLAWED MOVE TO DETERMINE THE REAL FACTION

CONTEXT: In the Maharashtra political crisis, the Speaker's decision to save Eknath Shinde's group from disqualification has been questioned by many. He wrongly focused on which faction is the "real" Shiv Sena, ignoring the Supreme Court's ruling that the original Sena (led by Uddhav Thackeray) is the relevant party for defection purposes. This leaves Shinde's group vulnerable to disqualification, while the Election Commission determines the ultimate fate of the Shiv Sena's name and symbol.

STORY SO FAR: In Maharashtra, the Speaker's attempt to save Eknath Shinde's group from disqualification is challenged. Ignoring Supreme Court rulings and focusing on an irrelevant "real Shiv Sena" question, the Speaker's decision is flawed. Shinde's group remains vulnerable to disqualification, while the Election Commission decides the fate of the Shiv Sena name and symbol.

AN ATTEMPT TO PREVENT DISQUALIFICATION:

- Original Shiv Sena seeks the Shinde group's disqualification for alleged defection based on secret meetings, skipped party meetings, and alliance with the opposition.
- Supreme Court precedent suggests Shinde's actions constitute voluntary party abandonment, warranting disqualification.
- However, Speaker Narwekar's lengthy judgment seeks to avoid this outcome, despite legal complexities favoring disqualification.
- The crux of the issue lies in the split party scenario: while a party split was previously an exemption from disqualification, it no longer applies under current law.
- Therefore, Shinde's group remains vulnerable to disqualification, leaving the final decision hanging between legal interpretations and political maneuvering.

SPEAKER'S ERRONEOUS MOVE:

- Speaker overstepping authority: Determining the "real Shiv Sena" falls under the Election Commission's purview (under paragraph 15 of the symbols order).
- Anti-defection law focuses on the original party: The Speaker only needs to establish which party the legislators originally belonged to, not which faction claims legitimacy.
- Deeming provision clarifies original party: The Tenth Schedule deems legislators to belong to the party that nominated them, eliminating ambiguity concerning their initial affiliation.
- "Real Shiv Sena" irrelevant to defection: Whether one faction has more claim to the party's name or ideology doesn't impact the defection charges against the Shinde group.
- This point essentially undermines the Speaker's reasoning for saving the Shinde group from disqualification. It emphasizes that legal procedures and established precedents were ignored in favour of a politically motivated decision.

JUDICIARY'S CLEAR ENUNCIATION OF THE LAW

- The speaker's recognition of the Shinde group's internal appointments contradicts the Supreme Court's ruling declaring them illegal.
- The court recognizes Uddhav Thackeray's Shiv Sena as the original party with sole whipping power, implying the Shinde group's actions constitute defection.
- Speaker oversteps by trying to identify the "real Shiv Sena," a task reserved for the Election Commission.
- The speaker's decision was based on irrelevant factors, ignoring both the Tenth Schedule and the Supreme Court's clear pronouncements.

CONSEQUENCES:

- Shinde group's disqualification remains a strong possibility despite the Speaker's attempt to save them.
- Doubts were raised about the Speaker's impartiality and adherence to legal guidelines.
- Legal battle likely to continue, with the Supreme Court having the final say.

SIGNIFICANCE:

- Undermines Judicial Authority: The Speaker's attempt to determine the "real Shiv Sena" directly contradicts the Supreme Court's ruling, setting a dangerous precedent for bypassing judicial rulings. This raises concerns about the erosion of judicial authority and the potential for future political interference in legal matters.
- Threatens Impartiality: By favoring Shinde's group and ignoring legal precedent, the Speaker's decision raises serious questions about his impartiality. This could cast doubt on the fairness of the entire disqualification process and fuel accusations of political manipulation.
- Uncertainty and Instability: The Speaker's flawed decision leaves the disqualification case in limbo, creating uncertainty and instability in Maharashtra's political landscape. This can hinder effective governance and decision-making at a critical time.
- Erosion of Anti-Defection Law: The Speaker's focus on the "real Shiv Sena" question distracts from the core issue of defection, potentially weakening the effectiveness of the anti-defection law. This could open the door for future instances of party hopping and political maneuvering without consequences.
- Potential for Protracted Legal Battle: The flawed decision can lead to a prolonged legal battle with appeals to higher courts, further delaying a resolution and prolonging the uncertainty surrounding the Maharashtra government.

CONCLUSION: The speaker's attempt to save Shinde's group has significant negative consequences. It undermines judicial authority, raises concerns about impartiality, creates political instability, weakens anti-defection laws, and potentially leads to a lengthy legal battle. This case sets a worrying precedent for future political conflicts and highlights the importance of upholding judicial rulings and maintaining independent political processes.

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REGULATING INDIA'S ONLINE GAMING INDUSTRY

CONTEXT: Market failures manifesting in various forms such as monopolies, externalities, and information asymmetries not only diminish economic value but also erode societal well-being, which results in decline in the trust of users. It is precisely in these cases that government regulatory intervention becomes vital. The measure of adequacy in this context hinges on a simple criterion — the benefits of government intervention must surpass its potential costs. The benefits include safeguarding public interest and trust.

Digital markets

Online services have become central to how most of us live our lives. With a staggering 692 million Internet users, India has the world's second-largest Internet user base and ranks eighth globally in terms of time spent on mobile apps. The average daily mobile app usage has surged to 4.9 hours, a 32% increase since 2019. Notably, a significant 82% of usage is dedicated to media and entertainment with social media accounting for roughly half of this engagement. While this trend has generated significant benefits to people, it has also created new concerns. For instance, the Internet has been inundated with AI-generated deep fake videos of celebrities. These technologically advanced simulations have blurred the lines between what's real and what's not. Market failure in online services has taken new characteristics and complexities due to the intricate interplay of data and algorithms.

The government is responding to these challenges by proposing new forms of digital regulation. Within this landscape, an important sector is online gaming where market failure is becoming evident and yet there is no adequate regulation.

The online gaming industry in India is predominantly a home-grown start-up ecosystem growing at 27% CAGR. It is widely estimated that AI and online gaming can add up to $300 billion to India's GDP by 2026-27. But with great leaps come inherent pitfalls. Similar to other forms of digital media, the meteoric rise of online gaming has brought with it an array of concerns such as addiction, mental illness, suicides, financial frauds, privacy and data security concerns. Money laundering and national security concerns are other realities. The situation is further exacerbated by the growth of illegal offshore gambling and betting markets wherein the volume of digital transactions provides fertile ground for financial malpractices. In July 2023, the Parliamentary Standing Committee on Finance, of which I am a member, identified four major trends in cybercrime. Notably, one includes the use of international online betting sites for purposes such as money laundering.

These issues are symptomatic of a larger problem of market failure, arising primarily out of insufficient regulation. Consider, for instance, the safety and financial ramifications of illegal offshore betting and gambling markets. No mechanism exists for individuals to differentiate between legitimate gaming platforms and illegal gambling/betting sites. In addition, in the absence of a specialised regulatory

authority, enforcement is lacking. As a result, the number of illegal operators is multiplying by the day. The illegal offshore gambling and betting market receives $100 billion per annum in deposits from India and has registered a growth rate of 20% in the past three years. Besides causing user harm, the clandestine and untraceable operations of these platforms are causing substantial losses to the exchequer. Estimates indicate that India lost $45 billion per annum in taxation due to operations of illegal offshore markets.

These challenges call for an urgent need for robust regulation of the online gaming industry. Some State governments attempt to ban online gaming. However, the inherent cross-border nature of the Internet makes enforcing such a ban almost impossible, leading to the unintended consequence of legitimate, regulated platforms being replaced by unregulated and potentially harmful ones.

In this context, the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 marked a commendable step towards oversight. However, the delayed notification of Self-Regulatory Bodies has stalled the progress. To protect 373 million gamers in India, who are potentially at risk, it is imperative that the sector is strictly regulated.

The global perspective

The U.K. has a centralised government regulator. In order to track the efficiency of measures undertaken, this body publishes quarterly the effects of regulation in the sector. The recent reports have shown that since 2017, operators who fell afoul of player protection requirements have been subjected to significant multi-million-pound fines. This strict enforcement, coupled with targeted efforts aimed at harm reduction during 2018-22, has led to a decline in both disordered gaming and medium-to-low risk gaming behaviour.

An unregulated market may not deliver the greatest benefit to society overall. According to the International Monetary Fund, a combination of high taxes and a weak, discretionary approach to regulatory enforcement creates the most fertile ground for the proliferation of a shadow economy — an environment in which the Indian online gaming industry is operating. Therefore, establishing a strict regulatory framework is an urgent need, not just for protecting our digital nagriks and national interests, but also to ensure responsible growth of the online gaming sector.

TOUGH ROAD AHEAD FOR TAIWAN'S LAI WITH PRESSURE FROM CHINA AND NO MAJORITY

CONTEXT: Ruling party candidate Lai Ching-te secured a comfortable presidential victory in the Taiwanese election, but his joy was tempered by his party's parliamentary defeat.

STORY SO FAR: Taiwan's President-elect Lai Ching-te faces a challenging four-year term with no parliamentary majority, an opposition keen on restarting a contentious service trade deal with China, and the looming threat of military action from Beijing. Despite Mr. Lai's comfortable electoral win, the Democratic Progressive Party (DPP) lost control of Parliament, crucial for legislative approval and spending.

China swiftly pointed out that most electors voted against Mr. Lai, emphasizing that the DPP does not represent mainstream public opinion. Concerns are raised about a tough term, particularly on China-related issues, as the opposition, holding a legislative majority, may seek to revive a controversial service trade pact shelved a decade ago due to mass protests. Lin Fei-fan, a senior DPP member, expresses worry about the challenges ahead for the new government.

PRESSURE FROM ALL SIDES:

The concerns revolve around the potential collaboration of local governments and Parliament to pressure the central government in Taiwan. Both the Kuomintang (KMT) and Taiwan People's Party (TPP) campaigned to restart the trade services pact, with uncertainty about whether they will cooperate in Parliament. The defeated KMT candidate did not confirm collaboration but emphasized the opposition's responsibility.

China rejects President-elect Lai's calls for talks, as he and the DPP reject Beijing's sovereignty claims, insisting that only Taiwan's people can determine their future. A Chinese commentator downplays the election outcome, asserting that the mainland's strength and the will of 1.4 billion people for reunification matter more than the election results.

China framed the vote as a choice between war and peace, cautioning electors to make the "correct choice" without endorsing specific candidates. Analysts suggest China is using the election outcome to justify its approach to Taiwan by highlighting its impact on the DPP's Parliament majority.

ELECTION RESULTS:

• Lai Ching-te (DPP) won the presidency but his party lost control of Parliament.

• China claims this outcome means no change in their "hard line" towards Taiwan.

TENSIONS AND POTENTIAL FUTURE:

• China is expected to continue increasing pressure on Taiwan through trade restrictions and military exercises, but experts don't anticipate an immediate military conflict.

• China insists on peaceful reunification and blames pro-independence Taiwan forces for any risks.

Head Office:
Vedhik IAS Academy, Mercy Estate, MG Road,
Ravipuram, Ernakulam- 682 015
+91 7777 875 588 | +91 9383 432 123 | 0484 4527777

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- Taiwan's military think tank believes China will observe Lai's actions before deciding next steps.

ADDITIONAL POINTS:

60% of voters did not support Lai, suggesting potential public opposition to a hardline stance against China.

China's military showcased exercises but stopped short of directly commenting on the election.

SIGNIFICANCE: The election results present a mixed picture for Taiwan-China relations. While Lai's victory might suggest a potential shift in Taiwan's approach, China's strong stance and continued pressure likely mean tensions will remain high in the foreseeable future. The key question remains: will any escalation lead to open conflict or will both sides prioritize peaceful resolution?

INTERNATIONAL RELATIONS

GLOBAL DEBT RUSH SPARKS HOPE FOR STRAINED DEVELOPING NATIONS

CONTEXT: A $30 billion gush of debt issuance by developing countries since the start of the year is sparking hope that some of the more pressed emerging market nations might be able to regain market access in 2024.

Emerging markets (EMs) are issuing debt at a rapid pace due to lower global interest rates making borrowing cheaper, uncertainty about future rate hikes by major central banks and desire to frontload issuance before rates potentially rise again.

Saudi Arabia is planning to issue bonds worth $12 billion and Mexico is planning to issue bonds worth $7.5 billion). Poland, Indonesia, Hungary is also planning to issue bonds. Total EM sovereign debt issuance forecast: $165 billion in 2024, up 20% from 2023.The demand for EM debt is strong thanks to higher yields compared to developed market bonds.

Challenge remains for high-risk, debt-burdened EM countries:

Many haven't issued debt since the pandemic. Their bond spreads have improved, but borrowing at 10% (typical yield) could be unsustainable. Angola, Kenya, Nigeria, and El Salvador are seen as potential high-risk issuers. Uncertainty remains about risk appetite for high-risk EM debt. Lower U.S.

bond yields offer a glimmer of hope for riskier borrowers.

Emerging markets (Ems) are seizing the opportunity of lower interest rates to issue debt and lock in funding. Demand for EM debt is strong, but riskier countries still face challenges in accessing the market. The direction of U.S. bond yields will be crucial for determining the fate of high-risk borrowers.

SCIENCE AND TECHNOLOGY

THE DEVICES THAT TRANSLATE QUANTUM EFFECTS TO COMPUTING AWESOMENESS

CONTEXT: 'Modern computers' semiconductor transistors, reaching over 100 million on 1 sq. mm, face quantum limitations as qubits enable superposition, challenging binary computing.

HIGHLIGHTS: Quantum computing, leveraging the principles of superposition in qubits, offers unprecedented computational efficiency compared to classical computing. With four qubits, it can perform complex calculations in a single step, revolutionizing information technology. The potential impact spans communication, banking, business, health, education, and entertainment, raising questions about the indispensable role of IT in modern society.

Gate in Computing: Semiconductor technology enables modern computers with terabytes of storage, translating to 8 trillion bits. Bits, representing 0s and 1s through voltage states, form the basis of information processing. Gates, circuits manipulating bits, dictate a computer's speed and functionality.

The Quantum Gate

- Shrinking Transistors: Semiconductor transistors are reaching quantum limits, becoming unreliable for computation due to quantum effects at smaller sizes.
- Moore's Law Decline: Moore's Law, predicting a tenfold increase in computing power every five years, has slowed to a two-fold increase.
- Quantum Computing: The quantum revolution offers a solution with qubits and quantum gates, using particles and superconducting circuits for advanced computational capabilities.

Superposition: Quantum computing introduces superposition, where qubits can exist in multiple states simultaneously, and offering unprecedented computational speed. Unlike classical bits, qubits in superposition handle multiple inputs in a single computation, revolutionizing efficiency. However, superposition is delicate, requiring ongoing research to mitigate its vulnerability to environmental interference.

What gates do

- Quantum Gates: Quantum gates manipulate qubits, with operations like NOT gate changing states; their action on superpositions is a combination effect.
- Hadamard Gate: Hadamard gate on a qubit creates a superposition of basis states, enhancing quantum

information processing capabilities.

- Controlled-NOT (CNOT) Gate: CNOT gate acts on two qubits, flipping the target qubit based on the state of the control qubit.
- Universal Quantum Gates: CNOT, along with other single-qubit gates, enables the creation of quantum circuits for all logical operations.

- Quantum Computing Advancements: Ongoing research worldwide aims at developing large-scale, reliable quantum computers with applications in diverse industries like drug design and secure communications.

Feature	Classical Computers	Quantum Computers
Processing Bits	Use classical bits (0 or 1)	Utilize quantum bits (qubits), 0, 1, or both
Parallelism	Sequential processing	Exploit parallelism with entanglement
Superposition	Cannot be in multiple states at once	Can exist in multiple states simultaneously
Entanglement	Not applicable	Qubits can be entangled for joint states
Speed and Efficiency	Limited by classical laws of physics	Can solve certain problems exponentially faster

THE DELUSION OF ELIMINATING 'THE LAST TERRORIST'

CONTEXT: In Jammu and Kashmir (J&K), the new year dawned in the backdrop of a terror strike in Rajouri-Poonch districts at Dera ki Gali (DKG), where four soldiers were killed in an ambush. In its aftermath, three civilians were alleged to have been killed by security forces. The Director General of Police, J&K, in his media briefing on the year's round up, touched upon the encouraging numbers of terrorists killed, and how the things in the Union Territory (UT) were looking up.
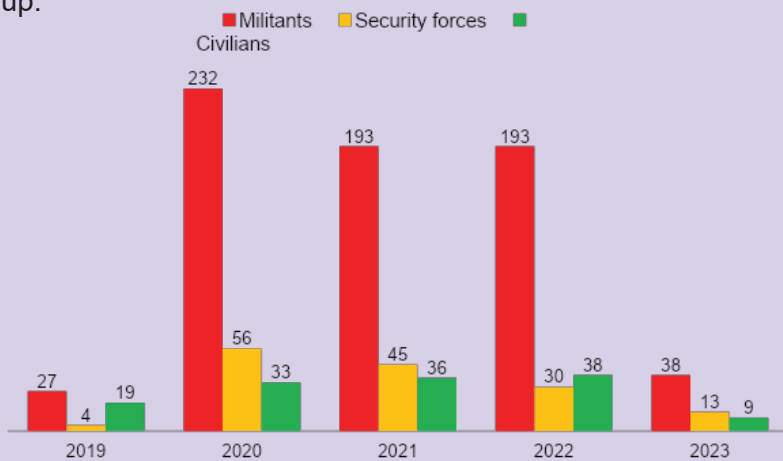

Legend: ■ Militants   ■ Security forces   ■ Civilians

Year	Militants	Security forces	Civilians
2019	27	4	19
2020	232	56	33
2021	193	45	36
2022	193	30	38
2023	38	13	9

FIGURE: Column chart representation of the causalities in the Jammu and Kashmir.

An obsession with the number of terrorists killed in Jammu and Kashmir (J&K) may be misplaced and counterproductive in the long run. While neutralizing terrorists is crucial, other aspects of counter-insurgency, like winning hearts and minds and building peace, are equally important, especially in light of declining terror incidents. Past experience in Rajouri-Poonch shows that simply killing terrorists doesn't solve the problem. Insurgency re-emerged there despite successes in the early 2000s. Chasing "kill numbers" overlooks the need for adaptation and long-term strategies like peacebuilding and conflict management.

The system struggles to adapt to changing dynamics. Short-term gains and career pressures incentivize chasing numbers even when it's not the most effective approach. People-centric operations and addressing public aspirations are essential but get neglected due to a focus on "tangible" results. Security forces must act in the people's interests and maintain their ethical standards. Unprepared political processes after security successes create a gap and hinder conflict resolution.

The lack of elected representation in J&K might impede a whole-of-government approach to resolving the conflict. Focusing on eliminating terrorists rather than terrorism itself could be problematic. There needs to be a shift in the counter-insurgency approach in J&K, with a greater emphasis on winning hearts and minds, building peace, and adapting to changing dynamics. It argues that chasing "kill numbers" is a short-sighted strategy that can ultimately prove counterproductive.

Head Office:
Vedhik IAS Academy, Mercy Estate,MG Road,
Ravipuram, Ernakulam- 682 015
+91 7777 875 588 | +91 9383 432 123 | 0484 4527777

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