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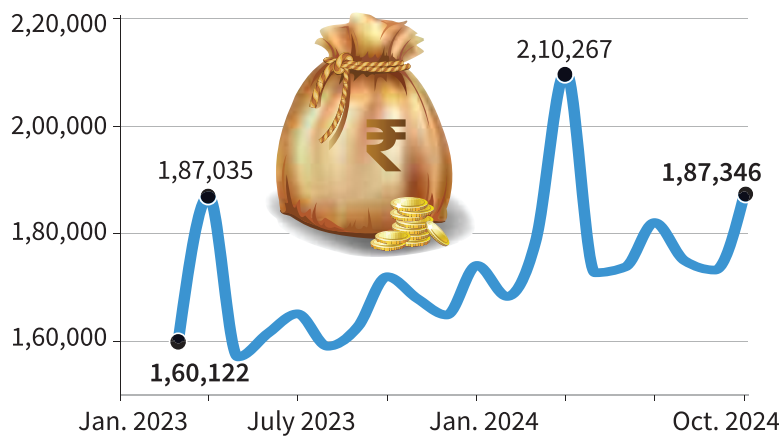
● ECOLOGY

## GST receipts' growth picks up again, but still off target

ECONOMICS &amp; DEVELOPMENT

### Revenue resurgence

The chart shows India's Gross Goods and Services Tax (GST) collections from March 2023 to October 2024 (in ₹ cr)



India's Gross Goods and Services Tax (GST) collections exceeded ₹1.87 lakh crore in October, making it the second-highest monthly collection on record. Growth rebounded to 8.9% in October, up from a 40-month low of 6.5% in September. After adjusting for refunds, net revenues increased at a slower rate of 7.9%, totalling slightly over ₹1.68 lakh Cr in October. This also represented an improvement from September's growth rate of 3.9%, which was the lowest recorded in 2024-25 so far.

Last month's GST revenues were second only to April 2024's collection of ₹2.1 lakh Cr. Despite the stronger growth rate, GST revenues remain below the 2024-25 Budget target, which anticipated an

approximate 11% rise in net revenues. In October, gross revenue growth from domestic transactions rose to 10.6 %, up from around 6 % in September, while import revenue growth slowed significantly to 3.9 % in October, down from an 8 % increase the month before. Net domestic receipts in October, based on September's transactions, grew by 8.7 %, nearly double the 4.5 % growth rate recorded in the prior month.

In the first seven months of this fiscal year, total GST revenues before refunds have reached ₹12.74 lakh Cr, a 9.4 % increase over the same period in 2023-24. Net revenues after refunds have risen by 9 % to over ₹11.27 lakh Cr, according to official data.

### Deep variations

Despite the overall improvement in domestic transactions, differences among states became more pronounced compared to the previous month. Twelve states reported growth above the national average of 10.6 % in domestic GST revenues, while another twelve lagged behind this rate, and five states experienced a year-on-year decline in gross GST receipts.

Year-over-year, Uttarakhand's revenues remained flat, while Arunachal Pradesh saw a steep 33 % decline, followed by an 8 % drop in Nagaland and a 5 % reduction in Manipur—a modest improvement from the 33 % decline in Manipur's GST revenues in September amid ongoing strife. Himachal Pradesh and Chhattisgarh also reported contractions of 2 % and 1 %, respectively, in October.

In contrast, Kerala recorded the strongest growth in GST revenues at 20 %, followed by Gujarat with a 17 % increase after flat performance in September. Four states, including Haryana and West Bengal, reported a 15 % rise, while Maharashtra and Bihar saw 14 % growth in GST collections.

Among states with slower revenue growth, the lowest increases were seen in the former state of Jammu and Kashmir and Sikkim, both at just 2 %, followed by Jharkhand at 3 % and Tamil Nadu at 4 %. While several large states have achieved growth above 9 %, some larger states and many smaller ones have shown below-average increases, which could be a concern for them.

### Jump in refunds

Refunds to domestic taxpayers surged by 42.8 % in October, up from around 24 % in September, marking the third consecutive month of improvement. In contrast, export-related GST refunds declined by 2 % in October, following a sharp 39.2 % increase in the previous month.

Overall, refunds were 18.2 % higher than in October last year, though the growth rate has decelerated for the second month in a row. The refund levels remain strong, reflecting stabilization in the refund process and fewer rejections due to interpretative issues. In July, refunds had dropped by over 19 %.

## Patrolling resumes at Demchok, to begin in Depsang on weekend

### INTERNATIONAL RELATIONS

The Indian and Chinese Armies began coordinated patrols along the Line of Actual Control in Demchok on Friday, with patrolling in Depsang expected to begin shortly. This follows the completion of disengagement in both areas in eastern Ladakh on Wednesday, marking the resolution of the final friction points from the 2020 stand-off between the two nations. The resumption of patrolling is a notable step toward restoring the pre-April 2020 status quo.

Officials from both sides confirmed the completion of disengagement on the ground in both areas. On Wednesday, ground commanders at the Brigadier level and below held meetings to finalize the logistics of patrolling. To prevent face-offs and potential clashes, patrols will be coordinated in terms of timing and frequency. However, given that a stand-off has persisted at Demchok since 2017 and the recent agreement only aims to revert conditions to the pre-April 2020 status, it remains uncertain how far the Indian Army will be able to patrol in the Demchok area.

In Depsang, where the situation is more complex, patrolling is expected to resume over the weekend. Technically, this would allow the Indian Army to patrol up to Patrolling Points 10, 11, 11A, 12, and 13—points it last accessed in January 2020.

With disengagement now completed at all friction points from the May 2020 stand-off, the next step involves establishing new patrolling norms and resuming patrols at other friction points, such as Galwan, Patrolling Point 15 and 17A in the Gogra Hot Springs area, and both the north and south banks of Pangong Tso.



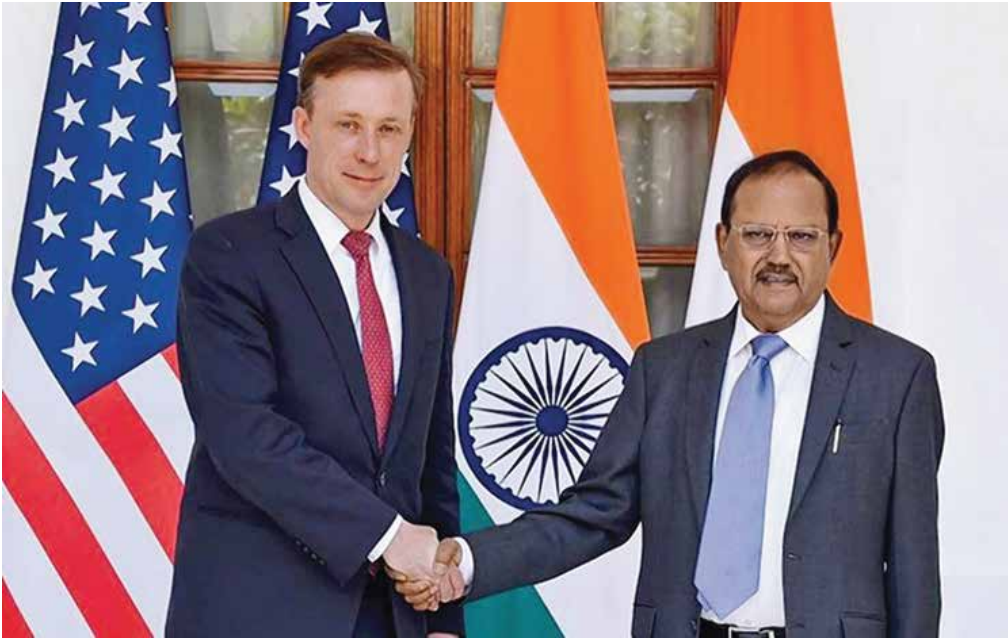
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# India silent after U.S. imposes sanctions on 19 Indian entities

## INTERNATIONAL RELATIONS



India has not issued a direct response to the U.S. decision to sanction 19 Indian entities for allegedly supplying "dual-use" technologies to Russia. Labelling them as "Third-Country Sanctions Evaders," the U.S. Treasury Department imposed sanctions on nearly 400 companies and individuals from 17 countries on Wednesday. However, despite multiple requests for a response to the sanctions against several Indian firms in this action against Russia, India's Ministry of External Affairs declined to comment on Friday.

Officials also did not comment on whether the issue had been discussed in a phone call between National Security Adviser Ajit Doval and his U.S. counterpart, Jake Sullivan, on Thursday. A readout from the U.S. White House said the two Advisers had discussed "regional security developments, underscoring the need for further efforts to ensure stability in the Indo-Pacific region and globally", but made no mention of the U.S. action over Russia-linked companies in India.

### Closer collaboration

The readout mentioned discussions on expanding collaboration in essential areas, including clean energy supply chains and defense cooperation, emphasizing "progress in the bilateral partnership" under the Initiative on Critical and Emerging Technology (iCET), which they launched in 2023. To date, the Modi government has not responded to U.S. Treasury sanctions imposed since 2022 on several Indian entities for ties to Russia and Iran, stating that India "does not recognize unilateral sanctions." According to the U.S. Treasury Department, these sanctions mean that the U.S. will freeze all properties of the sanctioned companies and individuals in the country and prohibit U.S. citizens from conducting any transactions with them.

Deputy Secretary of the Treasury, Wally Adeyemo, stated that the United States and its allies would persist in taking decisive global actions to halt the supply of essential tools and technologies that Russia requires to conduct its unlawful and unethical war against Ukraine, as new sanctions were announced. Shortly after the sanctions were declared, the National Security Advisors (NSAs) of the U.S. and India held a call. This conversation came a few days after India and China announced they had disengaged at the last two remaining points of contention along the Line of Actual Control, signalling a potential easing of tensions following a four-year military stand-off.

The NSAs' discussion also took place amid rising tensions between India and Canada over the killing of Khalistani activist Hardeep Singh Nijjar, with recent allegations suggesting that Home Minister Amit Shah had ordered Nijjar's killing last year. Responding to these claims, a U.S. State Department spokesperson noted that the accusations, raised publicly by the Royal Canadian Mounted Police

Commissioner and Canada's Deputy Foreign Minister, were "concerning" and stated that the U.S. would continue consulting with Canada on the matter. Meanwhile, the Indian Ministry of External Affairs has not commented on the latest allegations from Canada or the U.S.'s expression of concern.

## Sickness, infirmity are grounds for bail in PMLA case, says SC

### INTERNAL SECURITY

The Supreme Court has underscored that illness and infirmity can be grounds for granting bail, even under the Prevention of Money Laundering Act, 2002 (PMLA). In a recent decision, a three-judge Bench led by Chief Justice of India D.Y. Chandrachud highlighted the provision within the anti-money laundering law that permits bail for an ailing accused, allowing interim bail for Amar Sadhuram Mulchandani, the former chairperson of Seva Vikas Co-operative Bank. Section 45(1) of the PMLA includes a proviso stating that a person who is "sick or infirm" may be granted bail if so ordered by the Special Court.

Section 45 of the PMLA governs bail provisions. Clause (1) of this section is particularly strict, stipulating that bail can only be granted if the court finds reasonable grounds to believe the accused is not guilty, and is assured they will not commit any offense while on bail. These twin conditions make securing bail in PMLA cases exceedingly challenging. However, the proviso to Clause (1) gives courts discretion to exempt individuals under 16 years of age, women, and those who are sick or infirm from these strict conditions, offering a measure of humanitarian relief. In the current case, the court noted that Mr. Mulchandani was 67 years old and had already spent nearly a year and three months in custody.

## India's first analog space mission kicks off at Leh in Ladakh

### SCIENCE & TECHNOLOGY

India's first Mars and Moon analog mission at Leh in Ladakh to simulate life in an interplanetary habitat has been inaugurated. Indian Space Research Organisation (ISRO), AAKA Space Studio Pvt. Ltd, the University of Ladakh, IIT Bombay, and the Ladakh Autonomous Hill Development Council have collaborated in this endeavour.

A collaborative effort by Human Spaceflight Centre, ISRO, AAKA Space Studio, University of Ladakh, IIT Bombay, and supported by Ladakh Autonomous Hill Development Council, this mission will simulate life in an interplanetary habitat to tackle the challenges of a base station beyond Earth. This mission is designed to simulate extra-terrestrial conditions on Mars and the Moon, enabling India to enhance its human spaceflight capabilities.



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# 99 cities recorded 'poor' air quality a day after Deepavali

## ECOLOGY & ENVIRONMENT

### Peak Pollution

Ambala in Haryana registered the highest AQI value of 367 on November 1 (24 hours till 4 p.m.)



Here is a list of cities that registered a "very poor" air quality, according to the Central Pollution Control Board

City	AQI value	Prominent pollutant	City	AQI value	Prominent pollutant
Ambala, Haryana	367	PM2.5	Gurugram, Haryana	309	PM2.5
Amritsar, Punjab	350	PM2.5	Ghaziabad, U.P.	306	PM2.5
Delhi	339	PM2.5	Kurukshetra, Haryana	306	PM10
Hajipur, Bihar	332	PM2.5	Lucknow, U.P.	306	PM2.5, PM10
Khurja, U.P.	320	PM10	Chandigarh	302	PM2.5
Moradabad, U.P.	320	PM2.5			
Bikaner, Rajasthan	312	PM2.5			

Source: Central Pollution Control Board

Ninety-nine of the 265 cities for which Air Quality Index (AQI) data were available on the Central Pollution Control Board website reported "poor" air quality on Friday (data for 24 hours prior to 4 p.m. on this day). An AQI value of 200 or above corresponded to "poor" quality. Thirteen cities, including Delhi, Gurugram, and Ghaziabad in the National Capital Territory Region, recorded "very poor" air quality — AQI of 300 or above.

### Defying firecracker ban

Ambala in Haryana recorded the highest AQI of 367 followed by Amritsar in Punjab (350), while Delhi's average AQI was 339. These 24 hours corresponded to the period when Deepavali revellers took to burning crackers, defying a ban on it in places such as Delhi. People burnt crackers before 4 p.m. on Thursday as well.

On Thursday, the number of cities that had "very poor" and "poor" air quality was relatively fewer — six, including Delhi (second highest AQI of 328), and 43, respectively. On Wednesday, a day prior to Deepavali celebrations, only Delhi registered "very poor" air quality with an AQI of 307. The number of cities with "poor" AQI was even fewer — 24, almost

all of them in North India.

Large cities such as Mumbai, Chennai, Bengaluru, Hyderabad, and Kolkata registered a "moderate" AQI on Friday, but even among them, the AQI values had jumped from those registered on October 30. Data from 2023 corresponding to Deepavali celebrations show that Delhi's AQI was high at 358 on November 12, corresponding to a "very poor" air quality, jumping from 218 ("poor") the previous day. Similar to this year, 53 and 85 cities had "very poor" and "poor" AQI respectively on November 12-13 as compared with eight and 42 cities the previous day.

### Pollution during winter

In cities such as Delhi and others in northern India, pollution levels peak during the winter season due to emissions from vehicles, industries, garbage burning, and construction work, besides stubble burning after the paddy season in neighbouring States, with particles being trapped in the cold air.

Unfavourable winds in the early winter months that don't flush the pollutants out also lead to a faster build-up. Firecracker burning has also contributed to exacerbating air quality during this period. On Friday, Delhi's Anand Vihar station recorded its 10th highest concentration of PM2.5 this year (273.04 micrograms per cubic metre) if 24-hour values were considered. All nine others were in January, when winter peaks in the city.

# Zeroing in on methane diplomacy, at COP29

## ECOLOGY & ENVIRONMENT

From November 11 to 22, 2024, world leaders will gather in Baku, Azerbaijan, for the 29th Conference of Parties (COP29) to the United Nations Framework Convention on Climate Change (UNFCCC). Dubbed the “Finance COP”, representatives from every country will, for the first time in 15 years, set a new global climate finance goal, known as the “new collective quantified goal” or NCQG. The host country, Azerbaijan, has put forward an action agenda, which includes pledges to increase battery storage capacity six-fold, dramatically expand electricity networks, and cut methane emissions from organic waste.

Methane’s climate impacts are severe, accounting for around 30 % of global warming since the pre-industrial era, and its atmospheric concentration is rising rapidly. Crucially, on a 100-year timescale, methane has 28 times greater global warming potential than carbon dioxide and is 84 times more potent on a 20-year timescale.

This means that cutting methane is one of the most effective levers we have to slow near-term temperature rise and buy time for the longer-term CO2 reductions needed to stabilise climate change.

### Common ground between U.S., China

Despite tensions in their relationship, the United States and China have found common ground in addressing non-CO2 greenhouse gases such as methane. The two countries joined hands with the United Arab Emirates at COP28 (in Dubai, in November-December 2023) to sponsor a summit on methane and other non-CO2 emissions.

That month, in November 2023, China also released its first national plan for controlling methane emissions. While the plan eschewed specific mitigation targets in favour of capacity building, it signalled China’s acceptance of methane as an area for action and cooperation with the U.S. India, the world’s third-largest source of anthropogenic methane emissions behind China and the U.S., has an opportunity to leverage the U.S.-China methane partnership to gain sector-specific financing and capacity-building support.

According to the India Third Biennial Update Report to the United Nations Framework Convention on Climate Change, the country emitted 409 million tons of CO2-equivalent methane in 2016 (excluding land use and forestry), with agriculture accounting for 74 %, waste for 14 %, energy for 11 %, and industrial processes for 1 %. Methane’s detrimental effects go beyond its impact on climate change. Fires at waste dumpsites, for example, can cause significant spikes in air pollution. In 2022, a two-week fire at Delhi’s Bhalswa dumpsite led to particulate matter concentrations reaching 30 % to 70 % above baseline levels at nearby air quality monitoring stations.

But the dominance of agriculture, particularly livestock and rice cultivation, is what makes India hesitant to announce economy-wide methane reduction targets or sign the Global Methane Pledge championed by the U.S. and the European Union at COP28, which seeks to cut emissions by 30 % from 2020 levels by 2030. However, the U.S.-China focus on methane creates an opening for India to seek targeted assistance for reducing emissions from specific sectors such as waste management.

### Waste management programmes

The Indian government has developed a strong regulatory framework for waste management, but weak local capacity hampers implementation. However, it is working to expand innovative solutions across the country. A notable example is the model pioneered in Indore, Madhya Pradesh, which pairs citywide organic waste sorting with a large biomethane plant that produces fuel for buses. The government is also promoting the Galvanizing Organic Bio-Agro Resources Dhan (GOBARdhan) scheme,

which incentivises cattle waste utilisation and clean energy production in villages.

These initiatives are part of the broader Swachh Bharat Mission-Urban 2.0 programme to improve solid waste management. However, cities need more support to scale up organic waste management to its full potential. In the agriculture sector, the government is implementing climate-resilient practices through the National Mission for Sustainable Agriculture (NMSA). These include methane reduction techniques in rice cultivation, which can contribute to substantial emissions reductions.

The National Livestock Mission also promotes practices such as green fodder production, silage making, chaff cutting, and total mixed ration to reduce methane emissions from livestock.

### **An opportunity in the U.S.'s plan**

This is where COP29 and India's methane diplomacy come in. The U.S.-China methane partnership, while limited compared to their past cooperation, still creates an opening for India to seek concrete assistance for its methane mitigation efforts. In particular, India can leverage the U.S. methane push to gain financing and capacity-building support for reducing emissions from its waste sector, which produces over 14 % of its methane. India's 2016 inventory estimates these sources as producing around 4 % of India's methane emissions. But underlying data quality (emissions factors as well as waste stream volumes) is poor. Satellite monitoring on Delhi and Mumbai, for instance, suggests that emissions levels are 50 %-100 % above commonly used estimates and that dumpsites alone account for more than a quarter of Mumbai's greenhouse gas emissions.

Methane may be a side issue in the overall COP29 agenda, but it presents a significant opportunity for India to fast-track its efforts in reducing methane emissions. The Government of India has laid the groundwork with its existing policies and initiatives.

However, to effectively scale up the implementation of proven technological solutions worldwide, India now requires targeted international support in financing, capacity building, and technical assistance. By leveraging the U.S.-China methane partnership and proactively seeking this support at COP29, India can tap into the resources needed to accelerate its progress in methane abatement.

## **Core correction**

### **ECONOMICS & DEVELOPMENT**

Intense rainfall in August weakened industrial activity, leading to the first contraction in India's manufacturing output since October 2022. Prospects for a strong recovery in September appear limited, with the delayed retreat of the southwest monsoon affecting activities like power demand. Output from India's eight core sectors dropped by 0.8% in September compared to August and was only 2% higher than the previous year. These core infrastructure sectors, which account for around 40% of industrial production, had seen a contraction for the first time in 42 months in August. The Ministry has adjusted the decline to 1.6%, down from the initial estimate of 1.8%. These sectors have only expanded by 4.2% in the first half of 2024-25, nearly half of the 8.2% growth seen in the same period last year and significantly below the 7.6% pace of 2023-24. While year-over-year growth figures may vary due to base effects, a key concern is the steady decline in the Index of Core Industries (representing absolute production levels) since May. In September, the index dropped for the fourth consecutive month, falling 8% below its May level. Economists anticipate that overall industrial output may recover slightly from August's low in September, but with only modest growth at best.

The slowdown in industrial activity is concerning, especially given fears of weakening urban demand for durable goods like cars and everyday items, as seen in disappointing second-quarter results from fast-moving consumer goods companies. While rural demand appears to be picking up following a

favourable monsoon, reduced urban spending may hinder India's domestic consumption-driven growth. Government records indicate that the Centre's capital expenditure on public infrastructure projects has dropped by 15% this year. Although there was a capex surge in July after the 2024 general elections affected first-quarter figures, the spending pace slowed again in August and September. These sectors have only expanded by 4.2% in the first half of 2024-25, nearly half of the 8.2% growth seen in the same period last year and significantly below the 7.6% pace of 2023-24. While year-over-year growth figures may vary due to base effects, a key concern is the steady decline in the Index of Core Industries (representing absolute production levels) since May. In September, the index dropped for the fourth consecutive month, falling 8% below its May level. Economists anticipate that overall industrial output may recover slightly from August's low in September, but with only modest growth at best.



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