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Houthi's Uncrewed Surface Vessels are a new threat in the Red Sea

NEWS ANALYSIS

Dinakar Peri

NEW DELHI

The ongoing tensions in the Red Sea are seeing the emergence of a new trend, the increasing use of Uncrewed Surface Vessels (USV) by Houthis to target ships in the high seas. On Monday, U.S. military destroyed two explosive-laden USVs. The first instance of a USV use since the beginning of Houthi attacks on commercial shipping was in the first week of January, according to the U.S. military.

"CENTCOM Self-Defence Strikes On February



The first instance of the use of USV since the beginning of Houthi attacks on commercial shipping was in the first week of January. AP

5, at approximately 3:30 p.m. (Sana'a time), U.S. Central Command forces conducted a strike in self-defence against two Houthi explosive USVs. U.S. forces identified the explosive USVs in Houthi-

controlled areas of Yemen and determined they presented an imminent threat to U.S. Navy ships and merchant vessels in the region," U.S. Central Command (CENTCOM) posted on 'X'.

On the measures in place to thwart such attacks, Indian Navy sources said that force protection measures are in place for both surface and aerial threats in case such a threat was to arise.

On January 4, Vice Admiral Brad Cooper, commander of the international Combined Maritime Forces and also head of U.S. Navy's Bahrain-based 5th Fleet, said the "low-profile" USV came within a couple miles of U.S. Navy and merchant ships and exploded. This he said was the first time the Houthis had used an USV, since the outbreak of the Israel-Hamas war. Houthis had used USVs in the past. "We all

watched as it exploded. No more details on that for right now," he said then without getting into further details.

The second instance was on February 1, when U.S. forces noticed a USV "heading toward the international shipping lane" and shot it down which resulted in "significant secondary explosions".

Control measures

On the measures in place for such contingencies, a Navy source said all frontline ships have anti-drone systems fitted onboard. Indian Navy has close to 12 warships in the Gulf of Aden, North and Central Arabian Sea for anti-piracy

and maritime security duties, in the backdrop of Houthi attacks as well as increasing piracy incidents by Somali pirates.

"Whether manned or unmanned platform does not make much of a difference. Main aspect is the nature of the threat. There is detection by radar and optic sensors and there are gun mounts and close-in weapon systems among others in place," the source stated.

From a perspective of aerial or surface threats, there is constant radar surveillance, surface surveillance and there are fire control systems attached to them and also visual and optic sensors, the source

explained. In addition, when on deployment there are regular look outs as part of standard procedures, the sources said adding, "These cater to any surface and aerial threats."

However, these USV add another dimension of threat perception to commercial shipping which have in the last few months been targeted by missiles and one-way drones. With the continuing U.S.-led coalition attacks on Houthi military targets in Yemen as well as airstrikes against Iran's Islamic Revolutionary Guards Corps (IRGC), Quds Force and affiliated militia groups in Iraq and Syria, there is no end to volatility in sight.

With solar industry in crisis, Europe in a bind over imports from China

Announcements of production closures are piling up, and the sector has warned half of its capacity could shut within weeks unless governments step in; governments and industry are split over how to help; Europe wants to grow local clean technology manufacturing

NEWS ANALYSIS

Reuters

STRASBOURG,
FRANCE/LONDON

Europe's green energy transition is stuck between a rock and a hard place.

A flood of cheap Chinese solar panel imports is driving record solar energy installations. But those same imports are crushing Europe's few local solar manufacturers.

Governments and industry are split over how to respond.

Record solar capacity

Europe just had a bumper year for green energy. European Union countries installed record levels of solar capacity, 40% more than in 2022.

The vast majority of those panels and parts came from China - in some cases, 95%, International Energy Agency data show.

Yet, the green energy boom hasn't helped Europe's few local solar panel manufacturers, which have hit a crisis point, crushed by cheaper imports and oversupply. Announcements of production closures are piling up, and the sector has warned half of its capacity could shut within weeks unless governments step in.

Policymakers are scrambling



Dark patterns: Solar installations on 340 hectares surround the village of Hjoelstrup, Denmark which consists of 12 households. REUTERS

bling to respond, but are split over how to do so.

German Economy Minister Robert Habeck wrote to the European Commission in November, expressing concern that the EU executive was about to slap trade restrictions on Chinese solar imports, a letter seen by Reuters showed.

"I have heard that the Commission may be intending to impose safeguard measures against imports of photovoltaic (PV) modules from China. I have very strong concerns about this," the letter said.

Mr. Habeck warned restricting Chinese imports could kill off Europe's rapid expansion of green



The green energy boom hasn't helped Europe's few local solar panel manufacturers, which have hit a crisis point, crushed by cheaper imports and oversupply

energy and make 90% of the PV market more expensive. It risked bankruptcies among EU companies that assemble and install solar panels using imported parts, he said.

A spokesperson for Germany's Economy Ministry declined to comment on the letter.

Germany's own

planned support for the sector has been thrown into turmoil by a government budget crisis.

Elsewhere, Spain has not ruled out tariffs on imports of solar panel materials. The Netherlands wants to cover solar PV imports with the EU's carbon border tax, a government official told Reuters. And Italy last week announced a €90 million (\$97 million) investment in a PV panel factory in Sicily.

Price war

In a speech on Monday on the solar sector's problems, EU Financial Services Commissioner Mairead McGuinness offered no new support. She pointed

to EU measures already underway, including a law due to be finalised on Tuesday, which aims at fast-tracking permits for local manufacturing and giving products made in the EU, such as panels, an advantage in future clean tech tenders. On trade restrictions, Ms. McGuinness struck a cautious tone.

"Given that we currently rely to a very important degree on imports to reach EU solar deployment targets, any potential measure needs to be weighed against the objectives we have set ourselves when it comes to the energy transition," she said.

The industry itself is divided over the solution. So-

lar manufacturers have urged governments to step in to buy up excess inventories of solar modules to ease the oversupply - and, if this cannot be done fast, consider trade barriers.

But the broader green energy industry is opposed to import curbs.

"You can't reduce dependency on China in the short term or you don't build the projects," Miguel Stilwell d'Andrade, CEO of Portuguese utility EDP, told Reuters.

Inflationary impact

He noted solar panel prices have climbed in the United States, which has duties on Chinese imports. "It is having an inflationary impact ... the price of panels is more than double that of Europe," he said.

Even local manufacturers say hopes of a competitive local industry are dim.

Europe is in a "price war" with China, said Gunter Erfurt, CEO of Swiss panel maker Meyer Burger, which plans to close its loss-making German solar module factory, citing an absence of supportive European policies.

With some Chinese solar firms able to sell even below production costs, Europe is playing catch up.

"The solar industry in China has been strategically subsidised with hundreds of billions of dollars for years," Mr. Gunter Erfurt told Reuters.

'Tax-to-GDP ratio to hit all-time high of 11.7% of GDP in FY25'

Revenue Secretary says the rise will be led by an uptick in direct tax collection; more tax payers will opt for the new tax regime, he adds

Vikas Dhoot
NEW DELHI

India's tax-to-GDP ratio is expected to hit a record high of 11.7% of GDP in 2024-25, led by an uptick in the more 'equitable' direct taxes, and the government will continue to simplify and rationalise the tax regime to reduce disputes, litigation and intrusive means of enforcement, Revenue Secretary Sanjay Malhotra has said.

Noting that frequent changes in tax rates "don't help", Mr. Malhotra said corporate and personal income taxes have been reduced, and he was hopeful that a high proportion of income tax payers will opt for the new tax regime that doesn't allow deductions but offers a higher tax-free income threshold. Growth in Personal Income Tax collections stands at 28% so far this year, and may moderate to 20%-22% by the end of March, the Secretary said.

On the prospects for rationalising the Goods and Services Tax (GST) rates, the Revenue Secretary said that a Group of Ministers (GoM) tasked by the GST Council to review the rate structure has been reconstituted, but small changes to rationalise rates on different items are a continuing exercise in the Council. The GST Council is expect-

Rising tax collection

Revenue Secretary Sanjay Malhotra says direct tax collection has increased to 6.6% of GDP this year, from 6.1% in 2022-23

■ Malhotra notes that frequent changes in tax rates "don't help", and that direct tax rates have been reduced

■ Growth in personal income tax collections stands at 28% so far this year, but may moderate soon, he adds



■ He promises that the Centre will continue to simplify and rationalise the tax regime to reduce disputes and litigation

ed to meet every quarter and should meet soon, but no date has been fixed yet, he told *The Hindu*.

Divergent trend

"The tax-to-GDP ratio should be at an all-time high next year at 11.7% from 11.6% this year and 11.2% in 2022-23. This is primarily because of direct taxes increasing from 6.1% of GDP in 2022-23 to 6.6% this year and 6.7% next year, which is more equitable," Mr. Malhotra said, noting that indirect taxes are also increasing but remain at around 5% of GDP.

"As the economy grows and per capita income increases, as per other countries' experience, one can say that the tax-to-GDP also increases and more so when you are developing, with the pace of increase in taxes more than the GDP. We are on a marathon and the target is to keep improving. But there's miles

to go," he said.

On the modest revenue growth projections for 2024-25, he said, "One can't expect the same revenue buoyancy every year. From a 1.4 buoyancy this year, we are projecting a 1.1 buoyancy. As nominal GDP growth is expected to rise 10.5%, tax revenues are expected to grow at 11.5%."

While the Department of Revenue is not examining lapses at Paytm Payments Bank, the Enforcement Directorate steps in when there are issues of money laundering, the Secretary said.

With the deadline for new manufacturing units to avail a 15% corporate tax rate ending in March 2023, Mr. Malhotra said a lot of companies have already availed it, but next year's tax returns will reveal the overall numbers. About 57% of the corporate tax income is being filed at the reduced rate of 22%.

India to see \$67 bn in energy investments in next 5-6 years: PM

Lalendu Mishra
BETUL, GOA

Prime Minister Narendra Modi on Tuesday said India aimed to raise the percentage of domestic gas in the primary energy mix from 6% to 15% as part of efforts to develop environmentally friendly energy sources and enhance the energy mix.

"This would see an investment of about \$67 billion in the next five to six years," Mr. Modi said in his inaugural address at the second edition of India Energy Week (IEW).

With India poised to become the third-largest economy, the energy sector would play a crucial role in India's growth story, the Prime Minister observed. India's energy demand would double by 2045; keeping that in mind the country had started working on developing affordable and sustainable energy, he added.

Stating that India had embarked on an 'unprecedented infrastructure push', he mentioned that ₹1 lakh crore had been earmarked for this in the interim budget.

'Big part for energy'

"A big part of this will go to the energy sector. This amount will create assets in railways, roadways, waterways, airways, and housing which will need energy leading to India's efforts to expand its energy capacity," he said.

On the Global BioFuel Alliance, which was unveiled during the G20 Sum-



PM Narendra Modi speaking at the inauguration of India Energy Week 2024, PM

mit held in India, he said 22 nations and 12 international organisations had come on board to encourage the use of biofuels, and this would create economic opportunities worth \$500 billion.

Ethanol blending push

Emphasising India's progress in the biofuel sector, Mr. Modi said ethanol blending in per litre of petrol had witnessed a significant rise from 1.5% in 2014 to 12% in 2023 leading to a reduction in carbon emissions by about 42 million metric tons.

"Government has set a target of 20% ethanol blending in petrol by 2025," he added.

Recalling the initiation of 20% ethanol blending in more than 80 retail outlets during India Energy Week last year, he said the number of outlets had now increased to 9,000.

He said the government was working towards the installation of 5,000 compressed biogas plants.

(The writer is in Goa at the invitation of the Federation of Indian Petroleum Industry)

Court to hear plea for ASI survey of all cellars in Gyanvapi

The Hindu Bureau
NEW DELHI

The Varanasi district court on Tuesday fixed February 15 to hear an application seeking a survey by the Archaeological Survey of India (ASI) in the remaining cellars inside the Gyanvapi mosque.

This comes days after the court allowed *puja* in one of the cellars of the mosque.

The petitioner, Rakhi Singh, is also one of the main petitioners in the Shringer Gauri case, which led to the survey of the mosque complex by the ASI last year. Ms. Singh maintained that the religious character of the structure will be fully confirmed with the survey of all cellars.

The Hindu petitioners claim the mosque is a part of the adjacent Kashi Vishwanath temple.

Saurabh Tiwari, the petitioner's counsel, said the acting District Judge, Anil Kumar, has admitted the case. "In the application, my client has maintained that within the Gyanvapi



The Gyanvapi mosque and the Kashi Vishwanath Temple in Varanasi. PTI

premises, cellar no. N1 to N5 (in the north) and S1 to S3 (in the south) exist and cellars nos. N1 and S1 are completely not accessed because their entrances are blocked. Hence, survey of the unaccessed area of the mosque should be done by removing the blocked entrance and debris, through a safe methodology," he added.

HC stricture

Meanwhile, the Allahabad High Court asked the petitioners and respondents to avoid giving statements to the media.

The court will continue hearing the case on Wednesday.

Mint Street musings

The Interim Budget gives the central bank some more room to manoeuvre

The latest bi-monthly meeting of the Reserve Bank of India's Monetary Policy Committee (MPC), whose outcomes will be revealed by RBI Governor Shaktikanta Das on Thursday, is widely expected to result in a status quo on interest rates yet again. At its last review in early December, five of the six MPC members had voted to persist with the 'withdrawal of accommodation' stance and the panel had raised its GDP growth forecast for the year to 7% from 6.5%. Hopes of a stance shift to 'neutral' are slim, but it would be instructive to see if the growth estimate is revisited in light of the National Statistical Office projection of a 7.3% uptick in 2023-24. The US Federal Reserve held interest rates for the fourth straight review last week, and chairman Jerome Powell was vague about the proximity of much-anticipated rate cuts this year, seeking more data to establish that inflation had been reined in sustainably. India's policymakers may not take a direct cue from the US Fed, but the concerns are similar as Governor Das had articulated in December. The 4% inflation target remains elusive for now – December's inflation rate hit a four-month high of 5.7%. The RBI expects inflation to average 5.2% in this quarter, which it only expects it to cool to 4% in the July-September phase, providing a window for a rate cut consideration if the monsoon is normal.

Finance Minister Nirmala Sitharaman's interim Budget for 2024-25, however, could give the central bank some more room to ease liquidity constraints in the economy. While the government did not provide a prop for weak consumption trends, it is also not adding to inflation pressures. A stronger than expected pursuit of fiscal consolidation in this year and the next, and a promise to lower gross market borrowings from ₹15.4 lakh crore this year to a tad over ₹14 lakh crore in 2024-25, should help. The Minister asserted that this will free up more credit for the private sector now that industry is beginning to invest 'at scale'. Gross market borrowings as a share of the fiscal deficit will also drop below 84% from 89% this year. With foreign capital inflows into Indian government bonds likely to spike following their inclusion in global bond indices, banks which are the major holders of these securities and are facing elevated credit to deposit ratio growth rates, should get more space to lend. Economists expect this to help lower borrowing costs for the entire economy. Yields on government bonds have already dropped from 7.14% ahead of the Budget to about 7.05% and could drop further, even as systemic liquidity has improved a tad. For Mint Street hawks, that is no small comfort.

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A travesty

Manipulation of Chandigarh mayor poll
has grave implications for democracy

The Supreme Court of India's stinging remarks on the manner in which the Mayor of Chandigarh was elected has confirmed suspicion that the victory of Manoj Sonkar, the Bharatiya Janata Party (BJP) candidate was obtained through manipulation. After viewing footage of the videographed electoral process, the Chief Justice of India found it appalling that the presiding officer himself appeared to be defacing the ballots, and termed it a "mockery of democracy". Many had noted as soon as the election was called in favour of the BJP that it was a travesty that took place on January 30, as eight votes cast by elected councillors were declared invalid. The election held on January 30 itself was based on a direction from the Punjab and Haryana High Court. Earlier, it was due to be held on January 18, but it was deferred to February 6 at the last minute as it was disclosed that Anil Masih, a nominated councillor and a BJP minority wing functionary, fell ill. However, thanks to the court's intervention, it was advanced to January 30. The Congress and the Aam Aadmi Party (AAP) allege that the election was put off only because two parties, which were contesting jointly, were set to win. AAP has 13 members and the Congress seven in the Corporation, but the AAP candidate Kuldeep Kumar polled only 12 votes, with eight votes being declared invalid. Mr. Sonkar, with 16 votes, was declared the winner.

The Mayor is chosen by the 35 elected Councillors and the Member of Parliament for Chandigarh. A simple method for a comparatively small elected body choosing its mayor is by a show of hands or the members rising in support of the respective candidates. That they had to record their preferences through voting slips indicates that there was suspicion of possible cross-voting. What made the process dubious was that Mr. Masih, who presided over the election, was accused of not showing the 'invalid' ballot papers to the candidates. As a result, no one knew why exactly these votes, presumably those that ought to have gone to the AAP candidate, were declared invalid. The apex court has done the right thing in ordering the ballots and the records be handed over to the High Court's Registrar-General and the proposed Corporation meeting postponed until further orders. The development may concern only one municipal corporation in the country, but the idea that an election can be so brazenly rigged has grave implications for democracy. A political party seeking to be re-elected for a third consecutive term at the national level cannot be seen as manipulating any election in this manner. Only a verdict invalidating the election and ordering a fresh one, with safeguards against manipulation, will be in the interest of justice.