

## ● POLITY

## ● ECONOMICS

## ● TECHNOLOGY

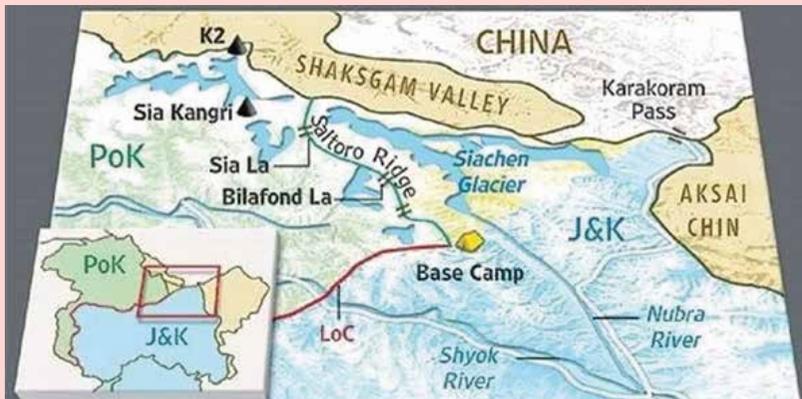
## ● ECOLOGY

## INTERNATIONAL RELATIONS

## India protests Chinese road construction in PoK valley

**CONTEXT:** India has registered its protest with Beijing against China's "illegal attempts" to "alter facts on the ground" after recent satellite pictures indicate China building a road into the lower Shaksgam valley of Pakistan-occupied Kashmir, which faces the Siachen glacier.

**BACKGROUND:** Pakistan ceded Shaksgam Valley, part of Pakistan-occupied Kashmir to China in 1963. India has never accepted Sino-Pakistan Boundary Agreement, 1963 through which Pakistan unlawfully ceded the Shaksgam Valley to China. The 2020 Sino-India standoff in eastern Ladakh has made the control of Siachen, a piece of Indian territory wedged between China and Pakistan even more critical for India. China has undertaken a massive build-up and deployment along the Line of Actual Control threatening Indian positions in Depsang and Daulat Beg Oldie.



jurisdiction without taking prior consent. The West Bengal had withdrawn prior consent under Section 6 of the Delhi Police Special Establishment Act to CBI investigations within its territory on November 16, 2018.

## POLITY AND GOVERNANCE

## Centre to train State police forces on new criminal laws

**CONTEXT:** The Union government has rolled out an intensive training strategy for police and prison department personnel across the country on the new criminal laws and to sensitise them to the transition from the colonial legacies to a new system of justice.

The Parliament of India had replaced the three existing laws, namely the Indian Penal Code, 1860; the Code of Criminal Procedure, 1973; and the Indian Evidence Act, 1872 by three new progressive and modern pieces of legislation — the Bharatiya Nyaya Sanhita, 2023; Bharatiya Nagarik Suraksha Sanhita, 2023; and Bharatiya Sakshya Adhinyam, 2023, respectively. The new laws aimed at providing speedy justice to the citizens and strengthening the judicial and court management system were based on the principle of access to justice by all and would come into force from July 1.

The Home Ministry said the new criminal law had several new provisions, synchronised with modern-day times and contemporary technologies. They were envisaged at bringing in an era of ease of policing and justice. It was the endeavour of the Union government to reach out to all ranks of police and prison officers in the country to make them aware of the positive and advanced changes so as to equip them with the basic knowledge and understanding of various new provisions.

The Bureau of Police Research & Development (BPR&D), a premier training and research arm of the Home Ministry, had developed the Training of Trainers' module and various other training programmes for different levels of police/prison personnel on the new criminal laws. Integration had been completed with the 'Integrated Government Online Training' (iGOT) portal to make the courses available to the trainees.

## POLITY AND GOVERNANCE

## Law and order a State subject, says SC on Bengal's suit

**CONTEXT:** The Supreme Court categorically noted law and order as a State subject, after West Bengal complained that the Central Bureau of Investigation (CBI) claims "unilateral right" to investigate offences committed by Central employees within State jurisdiction.

Another SC Bench is tackling a similar question of law related to Tamil Nadu in the case of Ankit Tiwari, an ED officer against whom the T.N. Directorate of Vigilance and Anti-Corruption had launched a criminal prosecution for bribery.

The ED had approached the Supreme Court claiming the case be transferred to it as Mr. Tiwari was a Central government employee. The hearing before Justice Gavai's Bench was based on an original suit filed by West Bengal under Article 131 of the Constitution against the Union government. The State alleged that CBI was probing several cases and registering FIRs within its



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## INTERNATIONAL RELATIONS

## Police make arrests, dismantle barricades at UCLA after clashes with students protesting war in Gaza

**CONTEXT:** Police arrested pro-Palestinian protesters on college campuses across the U.S. overnight, notably at the University of California, Los Angeles (UCLA), where chaotic scenes played out early on Thursday as officers in riot gear surged against a crowd of demonstrators and made arrests.



The police removed barricades and began dismantling fortified encampment of pro-Palestinian demonstrators at UCLA after hundreds of protesters defied orders to leave. A crowd of more than 1,000 had gathered on campus, both inside a barricaded tent encampment and outside it, in support. Protesters and the police shoved and scuffled.

### 'Unlike other protests'

Protesters on college campuses are setting up tent encampments to demand that universities cease business with Israel or companies they believe support the Gaza war. This movement, unique in this century, has led to police crackdowns reminiscent of actions taken during the Vietnam War protests.

Four individuals were arrested at Yale University after about 200 demonstrators marched to the university president's home and the campus police department. Despite warnings about violating campus policy by occupying areas without permission, protesters proceeded with the demonstration. Occupy Yale, the protest group, accused campus police of being violent during the arrests, claiming that no warnings were given beforehand. In Oregon, police are removing demonstrators from the Millar Library at Portland State University, where they have been occupying since Monday.

The protests at UCLA appeared to be getting the most attention. Iranian state television carried live images of the police action, as did Qatar's pan-Arab Al Jazeera satellite network. Live images of Los Angeles also played across Israeli television networks, as well.

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## ECOLOGY AND ENVIRONMENT

## Removing exotic plants will ensure food for wild animals, finds study

**CONTEXT:** A study by the Kerala State Forest Protective Staff Organisation, an association of frontline forest officers called for removal of exotic species such as *Acacia mearnsii* (black wattle) and eucalyptus from forest areas to help ensure food for wild elephants at Chinnakkal in Munnar.



According to officials, 19 wild elephants, including two tuskers Chakkakompan and Murivalan Kompan, five male calves, and 12 female elephants, have been confined to the Chinnakkal landscape. An expert panel appointed by the High Court to address human-animal conflict in the region has recommended reopening the elephant corridor from Anayirankal to Old Devikulam in Munnar for facilitating the movement of elephants.

A group of ground forest team, including deputy rangers, watchers, and a protection watchers team, visited Chinnakkal recently and interacted with local people and panchayat officials about steps to mitigate human-elephant conflict in the region. In many areas in forests filled with exotic trees, no other plants are growing. Wild animals, including elephants, are unable to move through these areas. If these areas change to natural grasslands, it will ensure food and water for wild elephants. The Chinnakkal landscape is overrun by West Indian Lantana (kongini), inhibiting the growth of other species and restricting access to animals.

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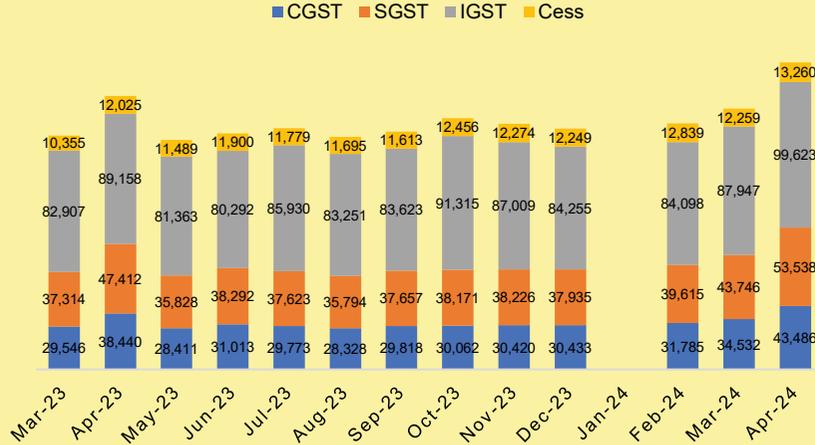
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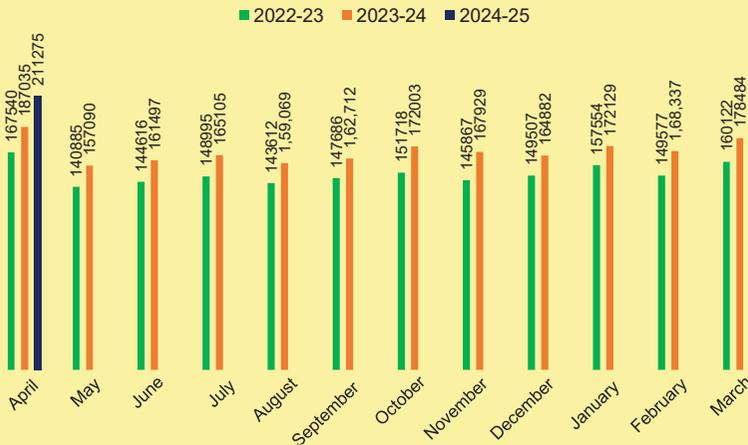
**ECONOMICS AND DEVELOPMENT**

**Tipping point**

**CONTEXT:** The Goods and Services Tax (GST) revenue collections in April recorded ₹ 2.1 lakh Cr., reflecting a Year on Year (Y-o-Y) growth rate of 12.4 % over the previous highest tally of ₹ 1.87 lakh Cr. in the same month last year. The Goods and Services Tax (GST) revenues for April, 2024 was ₹1.92 lakh Cr., 15.5 % higher than the collection in April 2023, taking refunds into account.



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



**FIGURE:** Column chart representation of Goods & Services Tax (GST) receipts (Cr.) (on Y-o-Y basis).

Finance Minister Nirmala Sitharaman has hailed the recent ₹2 lakh crore-plus GST revenues as a significant achievement, citing a robust economy and efficient tax collections as key factors. The government's crackdown on fraud, particularly fake invoicing, and the enforcement of stricter compliance measures have contributed to this increase in revenue. With central GST revenues surpassing last year's targets, achieving the goals outlined in the interim Budget for 2024-25 now requires less than 10% revenue growth. The more critical imperative is to plan and execute the expansion of the GST net, and expedite the long-awaited reboot of its complex rate structure to make it a truly simple tax for consumers and investors, now that revenue worries are relatively muted. Smart GST reforms, informed by stakeholder consultations, need to be at the forefront of the agenda of whoever comes into office, to correct anomalies that hold consumption back and set the foundations for the next virtuous cycle of investment and growth.

**SCIENCE AND TECHNOLOGY**

**The judiciary's shadow over standard essential patents**

**CONTEXT:** Certain technology companies are wielding 'Standard Essential Patents' (SEP) against the telecom manufacturing sector in India, a complex policy issue which has direct ramifications for India's effort to build a domestic manufacturing industry for cellular phones.

The 'Standard Essential Patents' (SEP) cover technologies adopted by the industry as "standards". For example, technologies such as CDMA, GSM, LTE are all industry standards in the telecom sector. Such technological standards are especially important to ensure interoperability of different brands of cellular phones manufactured by different companies. For example, once GSM was adopted as a standard, all manufacturers had to ensure that the handsets that they manufactured were compatible with GSM.

**Opaque model**

The process of setting standards in the technology sector is largely privatised and dominated by "Standard Setting Organisations" (SSOs) run largely by private technology companies. Countries such as India with little innovation in the telecom sector, have very little influence over how standards are set or how SEPs are licensed.

Theoretically, the companies which own the SEPs, gain enormously because every manufacturer of cellular phones has to licence the technological standards in question in order to survive in the market. The lack of alternatives also means that owners of SEPs can demand extortionary royalties or licensing terms from manufacturers that block competition. In economics, this is called the "patent holdup" problem. In theory, the SSOs are supposed to prevent such a scenario by requiring the owners of SEPs to licence their technologies at a fair, reasonable and non-discriminatory (FRAND) rate.

The model of self-regulation by the technology industry has been marked with opacity and has failed rather spectacularly, as evidenced by the record fines that some of these SEP owners have had to cough up across the world for engaging in anti-competitive practices. The largest of these SEP owners, Qualcomm, has been fined \$ 975 million by China (2015), \$ 873 million by South Korea (2017), \$ 774 million by Taiwan (2017) and \$ 1.2 billion (2018) and another \$ 272 million (2019) by the Europe Commission. Not all these fines have been sustained on appeal but are a useful indicator of how other countries have responded to the issue from a competition law perspective.

**The effect of judicial lethargy and activism**

In 2013, the Competition Commission of India (CCI), acting on a complaint by Micromax began an investigation under the Competition Act into the issue of whether Ericsson abused its dominant position by demanding extortionate royalties for its SEPs. Ericsson challenged the power of the CCI to do so, before the Delhi High Court, on the grounds that the Patents Act vested the power to remedy an abuse of patents only with the Patent Office.

The first round of litigation was resolved in favour of the CCI by a single judge on March 30, 2016. Ericsson then challenged this decision before the Division Bench of the Delhi High Court, where it remained pending for an astounding seven years until a judgment was delivered against the CCI on July 13, 2023. The CCI has appealed against this decision to the Supreme Court of India, where the matter remains pending. As a result, India is the only major economy to not yet investigate the potentially abusive licensing practices of technology companies that own SEPs.

While the competition law issues remained mired in litigation, the Delhi High Court proceeded to hear lawsuits filed by Ericsson and other SEPs owners against manufacturers of cellular phones on the question of whether the latter were infringing SEPs owned by the former and whether damages were payable. Ideally the infringement lawsuits should have been stayed until the competition law issues were resolved. The ordinary course of such litigation in most countries is for the courts to conduct a trial on the validity of the patents, whether there has been infringement and, if so, the damages payable. These trials are complex and can take time. For example, one of the early lawsuits filed by Ericsson against Lava International took eight years to be decided in a remarkable judgment, running into 500 pages, and delivered by Justice Amit Bansal of the Delhi High Court, recently.

The problem, however, is the manner in which Delhi High Court has granted “interim” remedies pending the conclusion of these long-winded trials. For the last decade, the Delhi High Court has short circuited the entire process by granting a series of orders requiring manufacturers, many of them Indian companies, to “deposit” money with the court in order to continue manufacturing during the pendency of the trial.

Such “deposit” orders, often running into crores of rupees, before trial, are unprecedented in the history of commercial law for the simple reason that there is no provision in the law granting judges such powers. In addition to being unprecedented, these orders are also unfair to defendants because they deprive them of working capital (which is very expensive in India) for the entire duration of the trial (which can take up to eight years).

Yet, such judicial activism has been justified by the Delhi High Court by invoking its “inherent powers to do justice”. Such similar logic has been used in the past by the judiciary to justify activist measures such as “public interest litigation”. That the same argument has been used to justify activism in the name of the oppressed and also in the name of multinational corporations demonstrates how specious an argument it was in the first place.

This judicial activism combined with judicial delays will have a negative impact on the government’s attempt to attract more investment in the manufacturing sector. These measures, by government, have included pay-outs to manufacturers under the “production linked incentives” scheme for manufacturing in India. It is worth questioning the rationale of putting money in the pockets of manufacturers, while turning a Nelson’s eye to the manner and the amount of money that is being removed from the same pockets by the owners of SEPs. More pertinently, unlike manufacturers who

are investing in India to create jobs, the owners of SEPs are only taking their money out of the country.

### The case of Europe

It is time for the Indian government to intervene and put in place measures to regulate SEPs before the judiciary causes further damage to India’s manufacturing dreams. India will not be an outlier if it intervenes. The European Parliament has already enacted one such set of measures to regulate SEPs. India, arguably, has a much stronger case to push for similar, if not stronger regulatory measures, since it has no say in how SEPs are selected by SSOs, while also being compelled by international agreements to enforce patents of foreign technology companies.

## ECONOMICS AND DEVELOPMENT

# April PMI signals second-best gain in manufacturing sector in 42 months

**CONTEXT:** India’s manufacturing activity eased in April but still signalled the second-best improvement in three-and-a-half years, as per the seasonally adjusted HSBC India Manufacturing Purchasing Managers’ Index (PMI), which slid to 58.8 from March’s 16-year high of 59.1.

New orders rose at the second-strongest pace in almost 40 months, with domestic demand rising faster than export orders. Output growth slowed but was still the second-fastest in 42 months.

Manufacturers reported higher confidence levels with expectations of higher output a year ahead bolstered by current and anticipated upticks in demand. Firms added employees at a moderate pace, which was still the quickest since September. However, pressure on capacities remained mild.

Producers took input purchases to the highest level since June, and expansion of stock inventories was the third-strongest since early 2005, even though input costs rose. Expectations that demand conditions will remain conducive to growth supported inventory-building initiatives.

Price gains were reported for materials like aluminium, paper, plastics and steel, and producers last month raised selling prices at the fastest pace in three months, noting that labour costs had also gone up.

Higher costs of raw materials and labour led to a modest uptick in input costs, but inflation remains below the historical average. However, firms passed these increases onto consumers through higher output charges, as demand remained resilient, resulting in improved margin.



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