

SUPREME COURT BACKS 28% GST AND STATE BANS ON ONLINE GAMING

- Recently, the Supreme Court delivered two landmark rulings with major consequences for India's online real-money gaming industry. A bench of Justices J.B. Pardiwala and R. Mahadevan:
 - Upheld the constitutional validity of the Centre's retrospective 28% GST levy on online gaming companies.
 - Affirmed the validity of State laws banning real-money gaming platforms.
- These rulings come on top of an already difficult period for the industry, which has been reeling since the **Promotion and Regulation of Online Gaming Act, 2025** effectively prohibited real-money gaming in India.

Why the Court Upheld the 28% GST?

- The industry made two main arguments.
- First, GST should be levied only on the **platform's commission** — the fee it retains — not on the entire pool of money staked by players.
- Second, online games of skill deserve to be treated differently from gambling, and taxing them at 28% on the full stake was commercially unviable.
- **What the Court Said?**
 - The Court rejected both arguments. It drew a clear distinction between a skill-based competition and an online gaming platform involving money stakes.
 - In a genuine skill contest, a player pays an entry fee to compete.
 - But online gaming platforms are structured around wagering — they encourage repeated participation through discounts and bonuses, making the activity fundamentally different.
 - More importantly, the Court held that once money is staked on an uncertain outcome, the distinction between skill and chance becomes irrelevant for GST purposes.

- The Central GST Act already expressly includes actionable claims relating to lottery, betting, and gambling in the tax net.
- Parliament was therefore competent to levy GST on online gaming involving money stakes.
- On the retrospective nature of the demand, the Court held that the 2023 amendments did not create a fresh tax — they merely clarified and standardised what the law already said. That is why they could operate retrospectively.

Why the Court Upheld State Bans?

- The Court's reasoning on State bans rested on a foundational legal principle.
- It held that betting and gambling are **res extra commercium** — a Latin phrase meaning activities that fall outside legitimate commerce.
- Because they sit outside normal trade and business, they do not enjoy the constitutional protections available to commercial activities.
- The Court further held that even if a game is skill-based, the introduction of money stakes imparts the character of wagering to it. Once it becomes a wagering activity, States have full legislative competence to regulate or ban it.
- On fantasy sports — a major segment of the online gaming industry that had long claimed protection as a "game of skill" — the Court was unpersuaded. It noted that even the most sophisticated predictive models cannot forecast sporting outcomes with certainty.
- The Court also made a broader sociological observation: the widespread availability of smartphones and digital payment systems has effectively turned every mobile phone into a virtual gambling house.
- States, it said, can draw legislative support not only from **Entry 34 (betting and gambling)** but also from **Entry 1 (public order)** to justify restrictions.
- The ruling has also created an unexpected complication for the Centre. The Supreme Court clearly held that betting and gambling are State subjects under Entry 34, and upheld State laws regulating them.

PROJECT GLASSWING: INDIA'S CYBERSECURITY AGENCIES TO GET ACCESS TO ANTHROPIC'S POWERFUL AI

- **Anthropic** is one of the world's leading AI companies, known for its AI model Claude.
- But it has also developed a far more powerful and restricted model called **Claude Mythos** — described as a **frontier AI model** capable of identifying critical software vulnerabilities at a level that could "fundamentally alter the balance between cyber attackers and defenders."
- This is a significant claim. Most cybersecurity today depends on human experts finding software weaknesses before attackers do.
- A model that can do this at scale and speed could be a game-changer — but in the wrong hands, it could also be catastrophically dangerous.
- **Project Glasswing** is the controlled programme through which Anthropic shares access to **Mythos Preview** (the testing version) with a carefully vetted set of trusted organisations.
- Each organisation must meet Anthropic's security requirements before gaining access.

Why India Is Particularly Concerned?

- India's concern about Mythos is two-sided — both as an opportunity and as a threat.
- **The Defensive Opportunity**
 - India's critical infrastructure — banking systems, power grids, telecom networks — is a high-value target for cyberattacks.
 - A tool that can proactively find and fix software vulnerabilities in these systems before adversaries exploit them would be enormously valuable.
- **The Offensive Threat**
 - At the same time, India's government was also worried about what Mythos could do to India's systems in the wrong hands.
 - FM Nirmala Sitharaman, in April'26, held a high-level meeting with IT Minister Ashwini Vaishnaw to assess risks posed by Mythos to India's banking sector.

- The meeting resulted in concrete directions: the Indian Banks' Association (IBA) was asked to develop a coordinated institutional response mechanism, and banks were directed to engage top cybersecurity professionals to continuously strengthen their defensive and monitoring capabilities.

The Geopolitical Dimension: Anthropic vs. the US Pentagon

- As per various reports, Anthropic is helping the US National Security Agency (NSA) deploy Mythos for **offensive cyber operations** — specifically to infiltrate networks of countries like China and Iran.
- This creates an awkward contradiction. Anthropic is simultaneously:
 - Providing Mythos to trusted allies (including India) for defensive cybersecurity.
 - Reportedly assisting the NSA with offensive cyber operations.
 - Fighting a legal battle with the US Department of Defense (which includes the NSA) over the boundaries of AI use.

The legal dispute arose because Anthropic drew a firm line — it refused to allow its Claude AI models to be used for mass surveillance of US citizens or lethal autonomous drones.

- The Pentagon responded by labelling Anthropic a "supply-chain risk" — an unprecedented designation for a US company.
- Anthropic has sued over this label.

Conclusion

- AI is becoming a national security asset. Governments are no longer just regulating AI — they are actively seeking to deploy frontier AI models for defence and cybersecurity. The race to access the most powerful AI tools is becoming part of geopolitical competition.
- Critical infrastructure protection is increasingly about software. Banking systems, power grids, and communications networks all run on software. Identifying and fixing vulnerabilities in that software is now as important as physical security.
- AI companies are navigating unprecedented ethical and geopolitical pressure. Anthropic's tension with the Pentagon illustrates that even safety-focused AI companies face difficult choices about how their models are used — and by whom.

ECONOMIC ADVISORY COUNCIL TO THE PRIME MINISTER



EAC-PM
Economic Advisory Council
to the Prime Minister

- It is an **independent body** constituted to give advice on economic and related issues to the Government of India, specifically to the Prime Minister.

The Terms of Reference of EAC-PM include:

- **Analysing any issue, economic or otherwise**, referred to it by the Prime Minister and advising him thereon.
- **Addressing issues of macroeconomic importance** and presenting views thereon to the Prime Minister.
- These could be either suo-motu or on reference from the Prime Minister or anyone else.
- Attending to any other task as may be desired by the Prime Minister from time to time.
- The **role of EAC-PM is advisory** in nature and **not binding on the Government**.
- In addition to its advisory role, the EAC-PM also plays an important role in fostering greater economic understanding and awareness among the public.

Composition:

- EAC-PM is headed by a **chairperson** and consists of **eminent economists as members**.
- It is supported in its functions by a team of officials and administrators.
- There is no fixed definition of the exact number of members and staff of the EAC-PM.
- For administrative, logistic, planning, and budgeting purposes, the NITI Aayog serves as the nodal agency for the EAC-PM.

EAC-PM MEETING - STRENGTHENING INDIA'S GROWTH MOMENTUM AMID GLOBAL UNCERTAINTY

- The Indian PM chaired a meeting of the Economic Advisory Council to the Prime Minister (EAC-PM) to -
 - Review India's economic outlook,
 - Discuss reform priorities,
 - Assess external risks such as the West Asia conflict, and
 - Examine measures to sustain high economic growth.
- The discussions also focused on attracting foreign capital, improving ease of doing business, and reducing vulnerabilities arising from climatic uncertainties.

Key Outcomes of the Meeting:

- **Focus on sustaining economic growth:** The EAC-PM deliberated on policy measures to maintain and accelerate India's growth trajectory despite a challenging global environment marked by geopolitical tensions and economic uncertainty.
- **Major themes included:**
 - Strengthening long-term economic transformation.
 - Deepening structural reforms.
 - Enhancing Ease of Doing Business (EoDB) and Ease of Living.
 - Preserving macroeconomic stability while promoting investment-led growth.

Measures to Boost Foreign Capital Inflows:

- **Tax reforms for foreign investors:** The government announced significant tax relief measures for Foreign Institutional Investors (FIIs):
 - Removal of Short-Term Capital Gains Tax (STCG) on investments in government bonds.
 - Removal of Long-Term Capital Gains Tax (LTCG) on such investments.
 - Elimination of withholding tax on interest income earned by FIIs from government securities.

- **RBI measures:** The Reserve Bank of India (RBI) complemented these reforms by:
 - Easing norms for banks to mobilise foreign currency deposits.
 - Reviving the Foreign Currency Non-Resident (Bank) [FCNR(B)] Deposit Scheme, under which the RBI bears exchange-rate hedging costs.
 - Providing a temporary concessional forex swap facility for Public Sector Undertakings (PSUs) raising External Commercial Borrowings (ECBs).
- **Significance:** These measures are expected to improve liquidity and make India more attractive to global investors.

Strong Economic Performance:

- **Better-than-expected GDP growth:**
 - The Council took note of encouraging growth data for FY 2025–26.
- **For example,**
 - GDP growth of 7.8% in the January–March 2026 quarter.
 - Full-year provisional GDP growth estimate revised to 7.7%, higher than the earlier estimate of 7.6%.
- **Significance:**
 - Growth remained robust despite global uncertainties and the overlap of the West Asia conflict with the final month of the quarter.
 - Strong economic performance reinforced investor confidence and supported positive market sentiment.

Conclusion:

- The EAC-PM meeting underscored India's strategy of combining structural reforms, investor-friendly taxation, monetary support measures, and macroeconomic stability to **sustain high growth**.
- While geopolitical tensions and climate-related risks remain concerns, strong GDP performance, prospects of higher foreign capital inflows, and continued reform momentum position India favourably for long-term economic development.

KUNO NATIONAL PARK



Recently, the elusive Caracal, often referred to as the “flying cat”, has been recorded at Madhya Pradesh’s Kuno National Park after decades.

- **Location:** It is located in the Sheopur district of **Madhya Pradesh**.
- It derives its **name from the meandering Kuno River** (one of the main tributaries of the Chambal River), which flows from south to north and divides the park into two sections.
- It is nestled near the **Vindhyan Hills**.
- Originally established as Kuno Wildlife Sanctuary in 1981, it was upgraded to a national park in 2018.

Terrain: The park’s terrain is **dotted with plateaus, valleys, and seasonal rivers**, creating varied ecosystems.

Vegetation: The park boasts **diverse vegetation**, including tropical dry deciduous forests, savannah grasslands, and riverine forests.

Flora: Dominant trees include Khair (*Acacia catechu*), Salai (*Boswellia serrata*), and Ber (*Ziziphus mauritiana*).

Fauna:

- The protected area of the forest is home to the **jungle cat, Indian leopard, sloth bear**, Indian wolf, striped hyena, golden jackal, Bengal fox, and dhole, along with many bird species.
- It was selected under the ‘**Action Plan for Introduction of Cheetah in India**’.

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DIGITAL INDIA BHASHINI DIVISION



Recently, the Digital India BHASHINI Division (DIBD) has signed a Memorandum of Understanding (MoU) with Kathmandu University's Centre for Digital Public Infrastructure & Artificial Intelligence (DPI-AI), Nepal.

- It is under Digital India Corporation (DIC), Ministry of Electronics and Information Technology (MeitY).
- It is India's national initiative for AI-driven multilingual digital inclusion and language technology.
- Through the National Hub for Language Technology (NHLT), BHASHINI enables scalable speech and text-based AI services across Indian languages for governance, public platforms, and institutions.
- DIBD also drives open-source innovation, multilingual AI research, dataset creation, startup enablement, and academic collaboration, strengthening India's digital public infrastructure ecosystem.
- A Bhashini Platform is making Artificial Intelligence (AI) and Natural Language Processing (NLP) resources available to MSMEs, Startups and Individual Innovators in the public domain.
- The platform powers over 800 government websites, processes more than 15 million inferences daily, and supports 36 Indian text languages, 23 Indian voice languages, and 35 international languages.