

INTERNATIONAL RELATIONS**AUKUS ALLIANCE**

Recently, the Australia, United States and United Kingdom alliance made an announcement to develop hypersonic missiles.

About

- They will work together via the security alliance known as AUKUS to develop hypersonic missiles.
- It is a very fast system that cannot be intercepted by any current missile defence system.
- The move comes amid growing concern by the US and allies about China's growing military assertiveness in the Pacific.

AUKUS Alliance**Background:**

- The transfer of sensitive submarine technology by the U.S. to the U.K. is a sui generis arrangement based on their long-standing Mutual Defence Agreement of 1958.
- The AUKUS joint statement clearly acknowledges that trilateral defence ties are decades old, and that AUKUS aims to further joint capabilities and interoperability.
 - ❖ The word "further" is key, since defence cooperation already exists.
 - ❖ The other areas covered are cyber capabilities, artificial intelligence and quantum technologies, apart from undersea capabilities.

About:

- Based on a shared commitment of its three members to deepening diplomatic, security and defence cooperation in the Indo-Pacific to meet the challenges of the 21st century.
- Under it, the U.S., U.K will help Australia deploy nuclear-powered submarines in the Pacific region.

Focus:

- On integrating all defence and security related science, supply chains, industrial bases and technology.
- On protecting shared values and promoting security and prosperity in the Indo-Pacific region.

Significance of AUKUS Alliance**Novel Engagements:**

- It will involve a new architecture of engagements across emerging technologies such as artificial intelligence, quantum technologies, cyber capabilities, and additional undersea capabilities.
- It will help Australia to acquire nuclear-powered submarines (SSNs) in cooperation with the UK & the US.
- It also reaffirms that, after Brexit, the US still wants the UK, and not the EU, engaged as its key military partner.

Containing China:

- Even though this has not been stated explicitly, AUKUS will contain the rise of China, particularly its rapid militarisation and aggressive behaviour in the Pacific region, especially in and around the South China Sea.

Shifting US Priorities in Asia:

- It also gives US focus for its post-Afghanistan tilt to Asia.

Regional Security in the Indo-Pacific:

- The AUKUS deal seeks to address core US concerns of regional security, deterrence, and balance of power in the Indo-Pacific.

Complementing QUAD:

- It will enhance Australia's contribution to its other partnerships, including the QUAD. The Quad and AUKUS are distinct, yet complementary.

Challenges**Increasing Rivalry with China**

- AUKUS will challenge China's naval expansion and could hurt its commercial interests.
- In such a scenario, their relations with China are going to deteriorate.

Dissent in ASEAN

- Any sudden accretion in Australia's naval capabilities is bound to cause unease in the region.
- There is the matter of Association of Southeast Asian Nations (ASEAN) disunity over the emergence of AUKUS.

Implications on India

- The pact allows India—a key US partner and Quad member—the freedom to set the terms of engagement with its neighbour, without formally participating in a China-containment initiative.

- AUKUS is a broader coalition of countries in the Indo-Pacific region to deal with China. Any measure that boosts the capability of India's partners is a welcome move.
- However, AUKUS could push China into assuming a more adventurous posture by deploying more warships and submarines in the Eastern Indian Ocean.
- Thus, any miscalculated move could be detrimental to Indian interests.

Way Ahead

- India needs to display solidarity with its Quad partners, especially at a time when tensions with China are again rising.
- India should focus on close defence cooperation with strategically important nations without resorting to a security alliance.

Hypersonic Weapon

About:

- The term "hypersonic" describes any speed faster than five times that of sound, which is roughly 760 miles (1,220 kilometres) per hour at sea level, meaning these weapons can travel at least 3,800 miles per hour.
- They are manoeuvrable weapons that can fly at speeds in excess of Mach 5, five times the speed of sound.
- Most hypersonic vehicles primarily use scramjet technology.
- At hypersonic speeds, the air molecules around the flight vehicle start to change, breaking apart or gaining a charge in a process called ionisation.

Types of hypersonic weapons:

There are two main types of these weapons:

- **Glide vehicles:** They are launched from a rocket before gliding to their target, because of the challenges of achieving hypersonic propulsion of missiles.
- **Cruise missiles:** They have engines called scramjets that use the air's oxygen and produce thrust during their flight, allowing them to cruise at a steady speed and altitude.

Significance of Hypersonic:

- Unlike ballistic missiles, hypersonic weapons don't follow a predetermined, arched trajectory and can manoeuvre on the way to their destination.
- They are fast, low-flying, and highly manoeuvrable weapons designed to be too quick and agile for traditional missile defence systems to detect in time.

Indian Initiatives:

- India operates approximately 12 hypersonic wind tunnels and is capable of testing speeds of up to Mach 13.
- India is also developing an indigenous, dual-capable hypersonic cruise missile as part of its Hypersonic Technology Demonstrator Vehicle (HSTDV) program and successfully tested a Mach 6 scramjet in June 2019 and September 2020.

Scramjet

- A scramjet (supersonic-combustion ramjet) is a ramjet engine in which the airflow through the engine remains supersonic, or greater than the speed of sound.
- Scramjet powered vehicles are envisioned to operate at speeds up to at least Mach 15.
- In the chamber, the air mixes with the fuel to ignite supersonic combustion but the cruiser's flight will be at a hypersonic speed of Mach six to seven. So it is called supersonic combustion ramjet or Scramjet.

Ramjet engine

- It is a form of air-breathing jet engine that uses the engine's forward motion to compress incoming air without an axial compressor or a centrifugal compressor.
- Ramjets work most efficiently at supersonic speeds around Mach 3 (three times the speed of sound) and can operate up to speeds of Mach 6.
- Ramjet powered missiles provide greater range and a higher average speed compared to missiles powered by solid propellants.

IMPORTANT FACTS FOR PRELIM

1. Asian Development Bank Outlook Report

Recently, Asian Development Outlook (ADO) 2022 was released.

Major Findings

- Asian Development Bank projected a seven per cent collective growth for South Asian economies in 2022 with the sub-region's largest economy India growing by 7.5 per cent in the current fiscal year before picking up to eight per cent the next year.

- ❖ The ADB has factored in the Russia-Ukraine conflict's implications for India, which would be largely indirect through higher oil prices, and has assumed that the severity of the COVID-19 pandemic would subside with a rise in vaccination rates.
- Developing Asia's economies are predicted to grow by 5.2 per cent this year and 5.3 per cent in 2023 due to a robust recovery in domestic demand and continued expansion in exports.
- ❖ Developing Asia comprises 46 member countries of ADB by geographic group: the Caucasus and Central Asia, East Asia, South Asia, Southeast Asia and the Pacific.
- ❖ South Asia comprises Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka.

Challenges

- Inflation will accelerate and the current account deficit will widen due to the surge in global oil prices.
- Mobilising resources was particularly challenging for the State governments and improving their fiscal resources was critical for India's sustained and inclusive growth.

Suggestions

- Governments in the region will need to remain vigilant and prepared to take steps to counter these risks.
- Monetary authorities should also continue to monitor their inflation situation closely and not fall behind the curve.
- The region's economies urgently need to mobilise fiscal resources to restore the health of public finances and build a more inclusive and sustainable future.
- Strengthening personal income and property taxes can raise additional revenue and make tax systems more progressive.
- Significant opportunities exist to expand the use of tax and other fiscal instruments to tackle environmental and health priorities while raising revenue.

2. Countercyclical Capital Buffer

The Reserve Bank of India said it has decided not to activate the countercyclical capital buffer at this point in time as it is not required.

About Countercyclical capital buffer

Background:

- The RBI had proposed the CCCB for Indian banks in 2015 as part of its Basel-III requirements; it hasn't actually required the CCCB to be maintained, keeping the ratio at zero percent ever since.
- Basel III is an internationally agreed set of measures developed by the Basel Committee on Banking Supervision in response to the financial crisis of 2007-09. The measures aim to strengthen the regulation, supervision and risk management of banks.
- This is based on the RBI's review of the credit-GDP gap, the growth in GNPA, the industry outlook assessment index, interest coverage ratio and other indicators, as part of the first monetary policy of every financial year.

Meaning:

- Following Basel-III norms, central banks specify certain capital adequacy norms for banks in a country.
- The CCCB is a part of such norms and is calculated as a fixed percentage of a bank's risk-weighted loan book.
- The CCCB is supposed to be in the form of equity capital, and if the minimum buffer requirements are breached, capital distribution constraints such as limits on dividends and share buybacks can be imposed on the bank.

Significance:

- Creating a buffer: It requires banks to build up a buffer of capital in good times, which may be used to maintain the flow of credit to the real sector in difficult times.
- Restricting indiscriminate lending: It achieves the broader macro prudential goal of restricting the banking sector from indiscriminate lending in periods of excess credit growth that have often been associated with the building up of system-wide risk.

3. QS World University Rankings

- The QS World University Rankings 2022 were released recently.
- ❖ Five IITs, two IIMs, Jawaharlal Nehru University and Delhi University are among the 16 higher education institutes in India that collectively offer 35 programmes which globally rank among the top 100 in their respective subject categories.

About QS Rankings

- Quacquarelli Symonds(QS) is a UK Based think-tank.

- The QS World University Rankings is an annual publication of university rankings which comprises the global overall and subject rankings (which name the world's top universities for the study of 51 different subjects)
- It is the most-widely read university rankings in the world.
- It currently leads the higher education industry with consistent innovation and growth, progressively affecting the way students and institutions engage.
- The QS rankings provide methodical evaluations of key areas of higher education institutions, ultimately offering potential students expert advice proven to align students with their chosen path.
- **Indicators:**
 - ❖ QS uses a number of academic indicators by which to measure institutions, depending on the specific ranking in question. These include:
 - **Academic Reputation** – A score based on the reputation of an institution.
 - **H Index** – An index that attempts to measure both the productivity and impact of the published work of a scientist or scholar.
 - **Citations per Faculty** – Citations, evaluated in some fashion to take into account the size of the institution, are the best understood and most widely accepted measure of research strength.
 - **Staff with PhDs** – The indicator is based on a simple proportion of each institution that holds a PhD or equivalent terminal degree.

DAILY ANSWER WRITING PRACTICE

Q1. The International Monetary Fund (IMF) needs to recognise the changing economic dynamics of developing countries and undertake restructuring and reforms accordingly. Comment. (250 words)

Introduction

The International Monetary Fund (IMF) is an international financial institution, headquartered in Washington, D.C. Its stated mission is “working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.” IMF was formed in 1944, at the Bretton Woods Conference and came into formal existence in 1945 with the goal of reconstructing the International Monetary system. India became a founder member of IMF in December 1945 even before Independence.

Body

The present structure and power dynamics in IMF is not reflective of the current economic architecture and it is this systemic issue that casts shadows on its relevance because of

- **Quotas:** The rising clout of developing countries today vis-à-vis the developed ones is not commensurate with their quotas. Moreover the recent announcement of deferring the next round amendments in quota till 2019 could be dampener.
- **Appointment:** The heads have historically been appointed from a coterie of developed nations leading to discrimination of developing countries tries
- **Rise of alternative institutions:** Like NDB, AIIB have come up as an alternative to IMF. They look to provide greater credit with more creditor-friendly terms.

Shortcomings of IMF

Structural under-representation of the Global South

- One of the central criticisms of the IMF relates to the political power imbalances in their governance structures where, as a result of voting shares being based principally on the size and ‘openness’ of countries’ economies, poorer countries – often those receiving assistance from IMF – are structurally under-represented in decision-making processes

Undermining democratic ownership

- The issue of political power imbalances is exacerbated by another long-standing critique of IMF is that the economic policy conditions they promote – often attached or ‘recommended’ as part of loans – undermine the sovereignty of borrower nations, limiting their ability to make policy decisions and eroding their ownership of national development strategies.

Weak ability to learn from past mistakes

- The IMF’s Independent Evaluation Office (IEO) was set up in 2001 to conduct evaluations of the policies and functionalities of the institution with the aim of enhancing the learning culture, strengthening credibility, and supporting institutional governance and oversight
- However, the IMF has been criticised for failing to implement the recommendations

Neo-Liberal Criticisms

- IMF conditionalities have also been widely debated.
- Critics contend that IMF policy prescriptions provide uniform remedies that are not adequately tailored to each country’s unique circumstances.

- These standard, austere loan conditions reduce economic growth and deepen and prolong financial crises, creating severe hardships for the poorest people in borrowing countries and strengthening local opposition to the IMF.

Way forward

- While reforms in countries are happening in different stages, the global institutions have remained the way they have been for the last several decades
- Going further, there is a desperate need for all IMF to be more transparent, representative and speak for countries which don't get adequate representation
- The IMF should focus on lower income countries and support other developing countries' market funds raising activities, as its Article IV consultation reports are utilised by credit rating agencies, impacting the fund raising capacity of countries like India
- With a continuing trend of emerging markets increasing their share in global output or GDP over the years, many experts have called for alignment of quotas and the accompanying lending windows of the IMF to reflect the changed economic positions of countries.

Conclusion

- IMF definitely will have strong competition from emerging institutions in coming days and it needs to be nimble-footed to adapt to current dynamics. However to write it off as irrelevant will be not appropriate. Neighbours believe in its nuclear doctrine through effective confidence building measures.

DAILY QUIZ

Q1. With reference to Sutej Yamuna Link Canal (SYL), consider the following statements

- In 1982, then Prime Minister Rajiv Gandhi launched the construction of the SYL Canal.
- The canal once completed will enable sharing of the waters of the rivers Ravi and Beas.
- Water is a state subject but the Union Government has the power for regulation and development of inter-State rivers and river valleys.

Which of the following statements is/are correct?

- (a) 2 and 3 only (b) 2 only (c) 1 and 2 only (d) 1, 2 and 3

Q2. Which of the following countries are part of Five Eyes Alliance?

- United States
- United Kingdom
- Australia
- Canada
- New Zealand
- India
- South Korea

Select the correct answer using the codes given below.

- (a) 1, 2, 4, 5 & 6 (b) 2, 3, & 5 only (c) 1, 2, 3, 4 and 5 (d) 1, 3 and 5

Q3. Which of the following assistance is/are provided by Asian Development Bank (ADB) to its members?

- Loans
- Technical assistance
- Grants
- Equity investments

Select the correct answer using the code given below:

- (a) 1 and 3 only (b) 2 and 4 only (c) 1 and 2 only (d) 1, 2, 3 and 4

Q4. Which of the following are features of the Electoral Bonds Scheme?

- The State Bank of India (SBI) and Reserve bank of India have been authorised to issue and encash Electoral Bonds .
- Electoral Bonds will be issued in multiples of Rs 1,000, Rs 10,000, Rs 100,000 and Rs 1 crore .
- Electoral Bonds shall be valid for fifteen calendar days from the date of issue.
- The electoral bonds will not bear the name of the donor.

Select the correct answer using the code given below:

- (a) 1 and 3 only (b) 2 and 4 only (c) 1 and 2 only (d) 2, 3 and 4

Q5. What do you understand by the term Countercyclical capital buffer?

- A decrease in the value of an asset over time due to wear and tear.
- The policy of a government by which it adjusts the tax rates and spending levels to influence the national economy.
- It is an account that a bank holds on behalf of another bank. The funds in this account are for foreign counterparts.

(d) It is part of Basel-III norms and is calculated as a fixed percentage of a bank's risk-weighted loan book.