

INDIAN ECONOMY

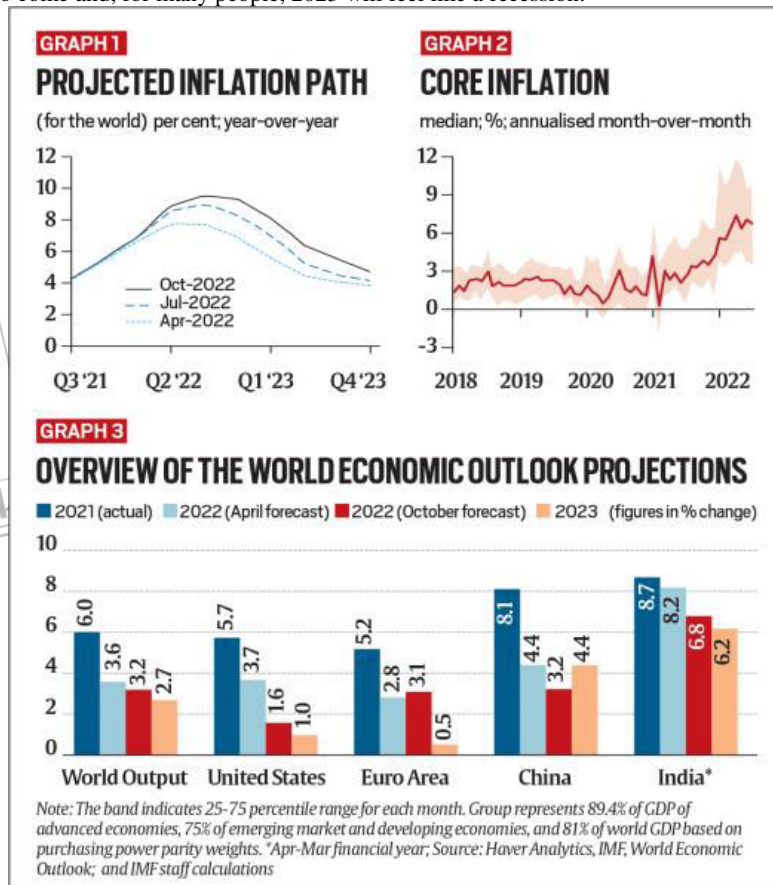
❖ **IMF's latest world economy report: Red flags for India**

❖ **CONTEXT:** International Monetary Fund's latest World Economic Outlook (WEO) — it publishes two WEOs each year (in April and October) as well as two updates (January and July) — to policymakers around the globe.

- It doesn't spell the dreaded word "stagflation" the IMF does separately state that "more than a third of the global economy will contract this year or next, while the three largest economies—the United States, the European Union, and China—will continue to stall" and that "increasing price pressures remain the most immediate threat to current and future prosperity by squeezing real incomes and undermining macroeconomic stability."
- Persistently high inflation and stalling growth is possibly the toughest policy challenge available. That's because policy measures to contain inflation typically drag down growth even further while measures taken to boost growth tend to spike inflation.
- Perhaps that is why the foreword to the latest WEO, written by Pierre-Olivier Gourinchas (the Economic Counsellor), starts by stating: "As storm clouds gather, policymakers need to keep a steady hand."

❖ **Outlook on growth**

- The IMF has sharply cut the forecast for global growth — from 6.0 per cent in 2021 to 3.2 per cent in 2022 and 2.7 per cent in 2023. Barring the global financial crisis of 2008 and the sharp fall immediately after the Covid pandemic in 2020, this is the weakest growth profile for the world since 2001.
- According to IMF the global economy continues to face steep challenges, shaped by the Russian invasion of Ukraine, a cost-of-living crisis caused by persistent and broadening inflation pressures, and the slowdown in China" — and the effect Overall, this year's shocks will re-open economic wounds that were only partially healed post-pandemic. In short, the worst is yet to come and, for many people, 2023 will feel like a recession.



❖ **On inflation**

- **Global inflation** is now expected to peak at 9.5 per cent in late 2022. It is expected to remain elevated for longer than previously imagined and is likely to decrease to 4.1 per cent only by 2024.
- A particular worry here is the trajectory of core inflation — that is the inflation rate when prices of food and fuel are taken away. Core inflation typically rises and falls more gradually than inflation in food and fuel.
- According to IMF global **core inflation**, measured by excluding food and energy prices, is expected to be 6.6 per cent on a fourth-quarter-over-fourth-quarter basis, reflecting the pass-through of energy prices, supply chain cost pressure, and tight labour markets, especially in advanced economies. In other words, food and fuel price inflation, which has typically spiked headline inflation, has now seeped through to core inflation and, as such, will take more time to go away.

❖ **Downside risks in these projections**

- The IMF has also detailed several downside risks or the reasons why things may get worse than projected.

- ✓ The first risk is that of policy miscalibration. Given the precarious situation facing most economies as well as massive uncertainty about what lies ahead, this is the biggest worry.
- ✓ **Fiscal and monetary policies** should not run against each other. A good example: What recently happened in the UK where the Liz Truss government resorted to an expansionary fiscal policy (tax cuts and unfunded hikes in expenditures) even as the Bank of England was trying to raise interest rates to contain historically high inflation. The result was a mini-financial collapse with investors losing confidence in the policymakers and selling off British assets (**gilts and pound-sterling**).
- ✓ Even when fiscal and monetary policies are aligned, there can be other mistakes. Monetary policymakers can over-tighten their stance (that is, raise interest rates more than required) or do the opposite. Over-tightening risks stalling down growth while under-tightening risks inflation seeping through to core inflation and taking longer to contain.
- ✓ Another big cause of worry is financial stability and its interplay with a stronger US dollar. Be it the pension funds in the UK or over-leveraged countries and firms elsewhere, sharp revision of interest rates will likely expose the weakest links in the global credit chain.
- ✓ There are geopolitical risks associated with the war in Ukraine. A worsening, or prolonging of the conflict can make all the above-mentioned pressures worse.
- ❖ **What it means for India**
 - At first glance, India appears better placed. India's GDP growth rate is better and inflation is not as high. But these metrics hide that in absolute terms, India is barely out of the contraction suffered in 2020, that it was home to the most people (5.6 crore, according to World Bank) pushed below abject poverty in 2020 or that crores are unemployed.
 - Moreover, if RBI cuts its growth rate forecast in April (7.2 per cent) by the same measure as IMF has (1.4 per cent points), India's growth in 2022-23 will be 5.8 per cent.
 - The threat to India comes from at least four sources:
 - ✓ Higher crude oil and fertiliser prices will spike domestic inflation;
 - ✓ Global slowdown will hurt exports, dragging down domestic growth and worsening the trade deficit;
 - ✓ A strong dollar will put pressure on the rupee's exchange rate, which will likely result in reducing our forex reserves and reducing our capacity to import goods when the going gets tougher.
 - ✓ The low demand among most Indians, the government might be forced to spend more towards providing basic relief in the form of **food and fertiliser subsidies**. This will worsen the government's financial health.

POLITY

- ❖ **Languages panel recommendations and a fresh 'Hindi imposition' row**
- ❖ **CONTEXT:** The 11th volume of the Report of the Official Language Committee headed by Home Minister Amit Shah, which was submitted to President last month, has triggered angry reactions from the Chief Ministers of Tamil Nadu and Kerala, who have described the Report as an attempt by the Union government to impose Hindi on non-Hindi-speaking states.
- ❖ **What is this language panel led by Amit Shah?**
 - The Committee of Parliament on Official Language was set up in 1976 under Section 4 of The Official Languages Act, 1963.
 - Section 4 of the Act says there shall be constituted a Committee on Official language, on a resolution to that effect being moved in either House of Parliament with the previous sanction of the President and passed by both Houses.
 - The Committee is chaired by the Union Home Minister, and has, in accordance with the provisions of the 1963 Act, 30 members — 20 MPs from Lok Sabha and 10 MPs from Rajya Sabha. The job of the Committee is to review the progress made in the use of Hindi for official purposes, and to make recommendations to increase the use of Hindi in official communications.
 - The name of the Committee is a little misleading. This is because unlike the other Parliamentary panels, the Committee of Parliament on Official Language is constituted by the Home Ministry, and it does not, like the Committees of Parliament, submit its report to Parliament.
 - Under the provisions of the 1963 Act, the panel submits its report to the President, who "shall [then] cause the report to be laid before each House of Parliament, and sent to all the State Governments.
- ❖ **What has the Shah panel recommended in its latest (2021) report?**
 - The contents of the report submitted to President on September 9 2022 by Shah and other members of the Committee are not in the public domain.
 - It has made around 100 recommendations; including that Hindi should be the medium of instruction in IITs, IIMs, and central universities in the Hindi-speaking states. The panel has the largest representation from majority of members belong to the ruling party (BJP) and includes MPs from the BJD, Congress, JD(U), Shiv Sena, LJP, AAP, and TDP.
 - The language used for communication in the administration should be Hindi, and efforts should be made to teach the curriculum in Hindi, but the latter is not mandatory.
 - Lower courts in Uttar Pradesh, Uttarakhand, Madhya Pradesh, Bihar, Haryana, and Rajasthan already use Hindi. High Courts in other states, where proceedings are recorded in English or a regional language can make available translations in Hindi, because verdicts of High Court of other states are often cited in judgments.
 - The panel is learnt to have taken a serious view of officers and other employees in the central government who do not use Hindi in Hindi-speaking states.
 - The panel wants state governments to warn officials that their reluctance to use Hindi would reflect in their Annual Performance Assessment Report (APAR).
 - It is the Committee's responsibility and role to see that the Hindi language is promoted in official communication, and there are recommendations to that effect.

- Communication, which includes letters and emails, question papers for recruitment exams, events organised by the government and its departments, will have to be in Hindi.
- There are specific proposals to make the language in official letters and invitations simpler.
- According to source the “crux” of the recommendations is that “there should be a deliberate attempt to reduce the usage of the English language in official communication and to increase the usage of Hindi.
- Knowledge of Hindi would be compulsory in a number of government jobs.
- ❖ **Are these recommendations intended for every state government, its institutions and departments across the country?**
- States like Tamil Nadu and Kerala are exempt as per The Official Languages Act, 1963 and the Rules and Regulations (of the Act), 1976. The law is implemented only in ‘A’ category states, in which the official language is Hindi.
- According to the Rules, region ‘A’ includes the states of Bihar, Haryana, Himachal Pradesh, Madhya Pradesh, Chhattisgarh, Jharkhand, Uttarakhand, Rajasthan, and Uttar Pradesh, and the Union Territories of Delhi and Andaman and Nicobar Islands.
- Region ‘B’ includes Gujarat, Maharashtra, and Punjab, and the Union Territories of Chandigarh, Daman and Diu and Dadra and Nagar Haveli. Other states, where the use of Hindi is less than 65 per cent, are listed under region ‘C’.
- The Committee has suggested that efforts should be made to use Hindi “100 per cent” in the ‘A’ states. The medium of instruction in IITs, central universities, and Kendriya Vidyalayas in the ‘A’ states should be Hindi, while the regional language should be used in other states, the Committee is learnt to have recommended.
- The use of Hindi in Ministries like Defence and Home are 100 per cent but the Education Ministry has not yet come to that level.
- The Committee had certain parameters to assess the usage of language and it has found that in many central universities including Delhi University, Jamia Millia Islamia, BHU, and AMU, the usage is just 25-35 per cent when it should have been 100 per cent.
- ❖ **Is this the first time that such recommendations have been made?**
- The makers of the Constitution had decided that both Hindi and English should be used as official languages for the first 15 years of the Republic, but in the wake of intense anti-Hindi agitations in the south, the Centre announced that English would continue to be used even after 1965.
- On January 18, 1968, Parliament passed the Official Language Resolution to build a comprehensive programme to increase the use of Hindi for official purposes by the Union of India.
- With the active promotion of Hindi being mandated by Article 351 of the Constitution, the Official Language Committee was set up to review and promote the use of Hindi in official communications.
- The first Report of the Committee was submitted in 1987. The ninth Report, submitted in 2011 by the panel headed by then Home Minister P Chidambaram, made 117 recommendations, including suggestions to increase the use of Hindi in computers in government offices.
- According to the Chidambaram-led panel recommends that all Ministries/Departments should immediately provide facilities of bilingual computers and should train officials. The recommendations were criticised, and concerns were expressed in Tamil Nadu especially over the alleged “Hindi imposition”.
- With the BJP, considered a party of the Hindi heartland in the southern states, in power at the Centre, attempts to promote Hindi have revived decades-old anxieties over the alleged imposition of Hindi.
- Parliament has witnessed heated exchanges between the Treasury and Opposition, especially members from Tamil Nadu, over Union Ministers replying to questions in Hindi. Over the past few years, Karnataka has seen protests over the use of Hindi in signboards and posters.
- ❖ **What does the new education policy say about teaching in Hindi and other regional languages?**
- The announcement of the new National Education Policy (NEP) in 2020 too had triggered controversy over this issue.
- Politicians from Southern India had alleged attempts to “impose Hindi and Sanskrit”; however, the Centre had said it was only promoting regional languages.
- The NEP says that mother tongue or the regional language would be the “preferred” mode of instruction until Class 5, and possibly Class 8.

PRELIMS

1. Interpol and the Red Notice

- ❖ **CONTEXT:** The Interpol has rejected a second request by India to issue a Red Corner Notice against Gurpatwant Singh Pannun, the Canada-based founder and legal advisor of the pro-Khalistan outfit Sikhs for Justice (SFJ), whom the Union Ministry of Home Affairs has listed as a “terrorist” under the Unlawful Activities (Prevention) Act (UAPA).
- ❖ **What is the Interpol?**
- The Interpol, or International Criminal Police Organization, is an inter-governmental organisation comprising 195 member countries, which helps police forces in all these countries to better coordinate their actions.
- The organisation enables member countries to share and access data on crimes and criminals, and offers a range of technical and operational support.
- The Interpol general secretariat coordinates the organisation’s day-to-day activities.
- It is run by a secretary general (currently Jurgen Stock of Germany, who has been Interpol’s chief executive since 2014), with its headquarters in Lyon, France, with a global complex for innovation in Singapore, and several satellite offices in different regions.
- Interpol has a National Central Bureau (NCB) in each member country, which is the central point of contact for both the general secretariat and the other NCBs around the world.

- Each NCB is run by police officials of that country, and usually sits in the government ministry responsible for policing. (Home Ministry in India.)
- Interpol manages 19 police databases with information on crimes and criminals (from names and fingerprints to stolen passports), accessible in real-time to countries.
- It also offers investigative support such as forensics, analysis, and assistance in locating fugitives around the world.

❖ **What is a Red Notice?**

- Criminals or suspects often flee to other countries to evade facing justice. A Red Corner Notice or Red Notice (RN) alerts police forces across the world about fugitives who are wanted internationally.
- Red Notices are issued for fugitives wanted either for prosecution or to serve a sentence. A Red Notice is a request to law enforcement worldwide to locate and provisionally arrest a person pending extradition, surrender, or similar legal action.
- RNs contain information that helps identify wanted persons, such as their names, dates of birth, nationality, and physical attributes such as the colour of their hair and eyes, as well as pictures and biometric data such as fingerprints, if they are available. RNs also mention the crime(s) they are wanted for.
- An RN is published by Interpol at the request of a member country. The fugitives may be wanted for prosecution or to serve a sentence. The country issuing the request need not be the home country of the fugitive; Interpol acts on the request of a country where the alleged crime has been committed.
- As of October 12 2022, the Interpol website contained a list of 7,135 public RNs in circulation. The number of valid RNs which are not public is several times more. These RNs are restricted for use by law enforcement authorities only.
- An RN is published on Interpol's website only in cases where the help of the public is needed to locate an individual, or if those individuals pose a threat to public safety.
- Among the most popular Indians on this list are jeweller Mehul Choksi and diamantaire Nirav Modi.

❖ **Is an RN a warrant of arrest?**

- An RN is only an international wanted persons' notice; it is not an international arrest warrant. Interpol itself does not want individuals; they are wanted by a country or an international tribunal.
- This means the Interpol cannot compel law enforcement authorities in any country to arrest the subject of an RN. It is up to individual member countries to decide what legal value to give to an RN, and the authority of their national law enforcement officers to make arrests.
- The Interpol says that an RN must comply with its constitution and rules. Every Red Notice request is checked by a specialised task force to ensure it is compliant with (Interpol) rules.
- The Interpol argues that an RN is issued only after a competent court has taken cognisance of a chargesheet against the fugitive.

2. **'Maa Bharati Ke Sapoot' (MBKS)**

❖ **CONTEXT: Raksha Mantri Shri Rajnath Singh to launch a website enabling citizens to contribute for the Armed Forces Battle Casualties Welfare Fund**

- 'Maa Bharati Ke Sapoot' (MBKS) website for the Armed Forces Battle Casualties Welfare Fund (AFBCWF) will be launched by the Hon'ble Raksha Mantri, Shri Rajnath Singh during a function being organised at National War Memorial Complex at New Delhi on 14 October 2022.
- AFBCWF is a Tri service fund, utilised for grant of immediate financial assistance of ex-gratia, to the Next of Kin and dependents of Battle Casualties. While the Government of India has initiated a large number of Welfare Schemes for the soldiers killed or disabled during active military operations in the line of duty, there has been a strong public sentiment and requests from patriotic citizens, corporate heads/ industry captains, to contribute to the cause of welfare of the soldiers and their families. This website is being launched to facilitate patriotic Indians to partner in this noble cause.
- Shri Amitabh Bachchan has accepted to be the 'Goodwill Ambassador'.

3. **Exercise IBSAMAR VII**

❖ **Context: INS Tarkash reached Port Gqeberha (also known as Port Elizabeth), South Africa to participate in the seventh edition of IBSAMAR.**

- It is a joint multinational maritime exercise among Indian, Brazilian and South African Navies.
- It was initiated in 2008
- Ex IBSAMAR highlights the maritime dimension of the IBSA Dialogue Forum and the robust South-South cooperation.
- The Indian Navy is represented by the Teg class guided missile frigate, INS Tarkash, a Chetak helicopter and the personnel from the Marine Commando Force (MARCOS).
- The harbour phase of IBSAMAR VII includes professional exchanges such as damage control and fire-fighting drills, VBSS/cross boarding lectures and interaction among special forces.
- The Joint Maritime Exercise will strengthen maritime security, joint operational training, sharing of best practices and building interoperability to address common maritime threats.

❖ **The IBSA Dialogue Forum**

- The IBSA Dialogue Forum (India, Brazil, South Africa) is an international tripartite grouping for promoting international cooperation among these countries.
- It represents three important poles for galvanizing South-South cooperation.
- The forum provides the three countries with a platform to engage in discussions for cooperation in the field of agriculture, trade, culture, and defence among others.

4. Slender loris sanctuary

❖ **Context:** The Tamil Nadu government recently notified the Kaduvur slender loris sanctuary covering 11,806 hectares in Karur and Dindigul districts.

- Slender lorises, which are small nocturnal mammals, are arboreal as they spend most of their life on trees.
- The species acts as a biological predator of pests in agricultural crops and benefits farmers.
- Listed as an endangered species by the International Union for Conservation of Nature, slender loris has a wide range of ecological roles in the terrestrial ecosystem.
- The survival of the species depends on habitat improvement, conservation and mitigation of threats.
- The sanctuary will cover Veda sandur, Dindigul East and Natham taluks in Dindigul district and Kadavur taluk in Karur district.



- The State government notified India's first Dugong Conservation Reserve in the Palk Bay, Kazhuvelli bird sanctuary in Villupuram, Nanjarayan Tank birds sanctuary in Tiruppur and the State's fifth elephant reserve at Agasthyamalai in Tirunelveli.

❖ **Slender Loris**

- The slender lorises (Loris) are a genus of loris native to India and Sri Lanka.
- The genus comprises two species:
 - ✓ The red slender loris found in Sri Lanka and the gray slender loris from Sri Lanka and India.
- They are found in tropical rainforests, scrub forests, semi-deciduous forests, and swamps.
- The primates have lifespans of approximately 15 years and are nocturnal.
- Slender lorises generally feed on insects, reptiles, plant shoots, and fruit.

❖ **Threats**

- Poaching activity, Illegal smuggling to supply a growing exotic pet trade, Habitat loss, Electrocutation on live wires, Road accidents, Destruction of tropical rain forest habitat

❖ **Conservation Status:**

- IUCN has listed them as Endangered
- They are listed under the Schedule I of the Wildlife (Protection) Act of India, 1972, according them the highest level of legal protection.

ANSWER WRITTING

Q. Explore and evaluate the impact of 'Work From Home' on family relationships.

The rising wave of the Covid-19 outbreak in India forced the corporate world in the country to opt for 'work from home' widely. Work from home was the only viable option to continue and sustain economic activities in the country to contain the spread of Covid-19.

Impact of Work from Home on Family Relationships

- **Stronger Bonds:** While working from home a person spends more time with family, which helps in strengthening family bonds.
- **Proper Attention to Children:** Work from home gives adequate time to parents to spend adequate time with their children, which is good for parent-children relationships.
- **Better Take Care of Old People:** While working from home the young generation can better take care of their old parents and provide them with the requisite attention.
- **Domestic Violence and Children Abuse:** According to an official data, National Commission for Women (NCW) registered an increase of at least 2.5 times in domestic violence complaints during the nationwide lockdown.
- **Strained Marital Relations:** When a husband and wife spend extended periods of time together without leaving the house, the likelihood of disputes between them increases and already tense marital relations worsen.
- **Disputes in family:** While working from home one shares the same workplace with other family members (wife, son, sister, brother) who may also be working from home. One may be sharing the same resources as internet, computer, Fan etc. If work timing or meeting time clash then it leads to arguments.
- **Leads to Frustration:** Working from home makes some people frustrated due to lack of required infrastructure.
- **Disturbed Domestic Chores:** Due to the same timing of work of both husband and wife it causes the negligence of routine domestic works which creates a situation of stress and tension between two.

MCQs

- Consider the following statements:
 - Tight monetary policy of US Federal Reserve could lead to capital flight.
 - Capital flight may increase cost of firms with existing External Commercial Borrowings (ECBs)

3. Devaluation of domestic currency decreases the currency risk associated with ECBs
Which of the statements given above are correct?
a) 1, 2 and 3 b) 1 and 2 only **c) 2 and 3 only** d) 1, 2 and 3
2. Which among the following steps is most likely to be taken at the time of an economic recession?
a) Cut in tax rates accompanied by increase in interest rate.
b) Increase in expenditure on public projects.
c) Increase in tax rates accompanied by reduction of interest rate.
d) Reduction of expenditure on public projects.
3. If another global financial crisis happens in the near future, which of the following actions/policies are most likely to give some immunity to India?
1. Not depending on short-term foreign borrowings
2. Opening up to more foreign banks
3. Maintaining full capital account convertibility
Select the correct answer using the code given below:
a) 1 only b) 1 and 2 only c) 3 only d) 1, 2 and 3
4. If the RBI decides to adopt an expansionist monetary policy, which of the following would it not do?
1. Cut and optimize the Statutory Liquidity Ratio
2. Increase the Marginal Standing Facility Rate
3. Cut the Bank Rate and Repo Rate
Select the correct answer using the code given below:
a) 1 and 2 only **b) 2 only** c) 1 and 3 only d) 1, 2 and 3
5. Consider the following statements:
1. In British India, English and Hindi were the sole language used for administrative purposes as well as for higher education purposes.
2. The Indian constitution declared Hindi in Devanagari script to be the official language of the union in 1950.
Which of the above statements is/are correct?
a) 1 only **b) 2 only** c) Both 1 and 2 d) Neither 1 nor 2
6. Consider the following statements
1. Article 348 (1) of the Constitution of India provides that all proceedings in the Supreme Court and in every High court shall be in English Language until Parliament by law otherwise provides.
2. Section 7 of the Official Languages Act, 1963, provides that the use of Hindi or official language of a State in addition to the English language may be authorized, with the consent of the President of India, by the Governor of the State for purpose of judgments etc. made by the High Court for that State.
Which of the above statements is/are correct?
a) 1 only b) 2 only **c) Both 1 and 2** d) Neither 1 nor 2
7. Consider the following statements with regards to Slender lorises
1. They are native to India and Sri Lanka.
2. India's first Slender lorises sanctuary has been established in Tamil Nadu
Choose the correct statement/s using the codes given below
a) 1 only b) 2 only **c) Both 1 and 2** d) Neither 1 nor 2
8. Exercise IBSAMAR VII often mentioned in news which of the following country is not a part of it?
a) India b) Brazil c) South Africa **d) Russia**
9. Which of the following statement is incorrect regarding recently launched website called "Maa Bharati Ke Sapoot" (MBKS)?
a) It is related to the pension scheme of retired defence personnel
b) It has been launched by Ministry of Defence
c) It is related to Armed Forces Battle Casualties Welfare Fund (AFBCWF) utilised for grant of immediate financial assistance of ex-gratia, to the Next of Kin and dependents of Battle Casualties.
d) Shri Amitabh Bachchan is the 'Goodwill Ambassador' for it.
10. Consider the following statements
1. International Criminal Police Organisation is an agency of the UN to facilitate international police cooperation among the member countries.
2. Interpol has a National Central Bureau (NCB) in each member country which runs by police officials of that country
Choose the correct statement using the codes given below
a) 1 only **b) 2 only** c) Both 1 and 2 d) Neither 1 nor 2