

The Hindu

Editorial

India is not the fastest growing big economy (Page no 8)

GS Paper 3, Indian Economy

The Provisional Estimates of Annual National Income in 2021-22 just released show that GDP grew 8.7% in real terms and 19.5% in nominal terms (including inflation).

It makes India the fastest growing major economy in the world. Further, the real economy is 1.51% larger than it was in 2019-20, just before the novel coronavirus pandemic hit the world.

In nominal terms it is higher by 17.9%. These numbers imply that the rate of inflation was 10.8% in 2021-22 and 16.4% between the two years, 2019-20 and 2021-22.

This picture implies almost no growth and high inflation since the pre-pandemic year. So, the tag of the fastest growing economy means little.

If an economy drops sharply and then rises, equally fast to reach its earlier level, which cannot be taken as an indication of a rapidly growing economy.

The quarter to quarter growth currently may give some indication of the present rate of growth.

In 2020-21, the quarterly rate of growth increased through the year. In 2021-22, the rate of growth has been slowing down. Of course in 2020-21, the COVID-19 lockdown had a severe impact in Q1 (-23.8%); after that the rate of growth picked up.

In 2021-22, the rate of growth in Q1 had to sharply rise (20.3%). Ignoring the outliers in Q1, growth rates in 2021-22 have sequentially petered out in subsequent quarters: 8.4%, 5.4% and 4.1%.

True, the last quarter (January-March 2022) data was impacted by the Omicron-related lockdowns in January and February. It was further impacted in March by the supply disruptions following the war in Ukraine and the severe COVID-19 lockdown in China.

The gulf of sensitivity that India will have to cross (Page no. 8)

GS Paper 2, International Relation

The strong and widespread targeting of India in the Islamic world over the past few days arose from a specific theological consideration.

It was not directly related to the politics or policies of India's ruling dispensation though its opponents within India would wish to give it that colour.

The veracity of this assessment is borne out by the general apathy of the Islamic ummah towards India's Muslim population.

From time to time, the Organisation of Islamic Cooperation (OIC) has criticised the Indian state's alleged discrimination of its Muslim minorities.

However, the organisation's views have never formed the basis of its member-states' bilateral ties with India. And, Islamic states have not been swayed by Pakistan's consistent portrayal of the Narendra Modi government as fascist and anti-Muslim.

Indeed, India's relations with some significant Muslim countries such as Saudi Arabia and the United Arab Emirates (UAE) have strengthened since Prime Minister Narendra Modi assumed office in May 2014.

It is possible that the current resentment, even outrage, on account of the present controversy may lead to a greater scrutiny in the ummah of the Modi government's policies towards the country's Muslims.

India's social situation may come under a deeper focus but the governments of Islamic countries would not want their India policies to be determined by theological considerations; they have an array of interests at stake in their India ties.

News

Russia delivers more efficient nuclear fuel for Kudankulam. (Page no. 10)

(GS Paper 3, Science and Tech)

Rosatom State Corporation of Russia has supplied the first batches of more reliable and cost-efficient nuclear fuel over the existing one, the TVS-2M nuclear fuel, to India for the Units 1 and 2 of Kudankulam Nuclear Power Plant (KNPP), the company.

Once the new TVS-2 M fuel is used in the next refuelling, the reactor will start operations with an 18-month fuel cycle. It means the reactor, which has to be stopped for every 12 months for removing the spent fuel and inserting the fresh fuel bundles and allied maintenance, will have to be stopped for every 18 months.

Thus, TVEL has fulfilled the agreement with Nuclear Power Corporation of India Limited (NPCIL) on implementation of a comprehensive engineering project, including introduction of TVS-2M nuclear fuel and elongation of the fuel cycle

from 12 to 18 months for both VVER-1000 reactors.

Compared to the current fuel model, the TVS-2M fuel assemblies have a number of advantages making them more reliable and cost-efficient, according to Rosatom.

World

Won't rule out war over Taiwan: China (Page no 13)

(GS Paper 3, International Relation)

Beijing will “not hesitate to start a war” if Taiwan declares independence, China’s Defence Minister warned his U.S. counterpart, the latest salvo between the superpowers over the island.

The warning from Wei Fenghe came as he held his first face-to-face meeting with U.S. Defence Secretary Lloyd Austin on the sidelines of the Shangri-La Dialogue security summit in Singapore.

Beijing views self-ruled Taiwan as its territory and has vowed to one day seize the island, by force if necessary, and U.S.-China tensions over the issue have soared in recent months.

Mr. Wei warned Mr. Austin that “if anyone dares to split Taiwan from China, the Chinese Army will definitely not hesitate to start a war no matter the cost.

The Chinese Minister vowed that Beijing would “smash to smithereens any ‘Taiwan independence’ plot and resolutely uphold the unification of the motherland”.

He “stressed that Taiwan is China’s Taiwan... Using Taiwan to contain China will never prevail”.

World

Fitch upgrades India’s outlook to stable citing ‘rapid’ recovery (Page no 14)

(GS Paper 3, Indian Economy)

Fitch Ratings raised India’s rating outlook to ‘stable’ from ‘negative’, citing fading downside risks to medium-term growth thanks to a rapid economic recovery and easing of weaknesses in the financial sector.

The credit rating firm has, however, lowered its GDP growth forecast for 2022-23 from 8.5% projected in March to 7.8% due to the impact of inflation on the growth momentum.

Despite near term headwinds from the global commodity price shock, Fitch expects robust growth for India relative to similarly rated peers, but the country’s public finances remain a credit weakness with the debt ratio broadly stabilising, based on its expectations of ‘persistent large deficits’.

The firm affirmed India’s long-term foreign currency issuer rating at ‘BBB-’ while revising the outlook, noting that this ‘balances India’s external resilience from solid foreign-exchange reserve buffers against some lagging structural indicators’.

A BBB rating reflects low expectations of default risk with adequate capacity for payment of financial commitments, although adverse business or economic conditions are more likely to impair this capacity.