

The Hindu

Front Page

RBI raises rates to tame inflation (Page no. 1)

GS Paper 3, Indian Economy)

The Reserve Bank of India's Monetary Policy Committee (MPC) on Wednesday voted unanimously to raise the repo rate by 50 basis points to 4.90% in a bid to slow inflation, which it estimates will average 7.5% in the current April-June quarter.

The RBI's move will increase borrowing costs across the board, from those seeking loans to buy cars and homes, to MSME firms looking to raise capital.

The MPC also decided to remain focused on the withdrawal of accommodation, which had been provided to support the COVID-19 hit economy, to ensure that inflation remains within the target going forward, while supporting growth.

Inflation has steeply increased much beyond the upper tolerance level. A large part of the rise in inflation is primarily attributed to a series of supply shocks linked to the war [in Ukraine].

In these circumstances, we have started a gradual and orderly withdrawal of extraordinary accommodation instituted during the pandemic.

Editorial Page

Vicious domestic politics, foreign policy shocks (Page no 8)

(GS Paper 3, International Relation)

The unprecedented diplomatic backlash against India just a few days ago over the derogatory remarks made by the now suspended spokespersons of the Bharatiya Janata Party (BJP) against Islam highlights the tenuous limits of a carefully calibrated and politically useful binary that the BJP-led government in New Delhi has been pursuing in conducting its relationship with the West Asian states.

India dismiss the growing anti-Muslim sentiments in the country as either a fringe or a 'domestic matter' while proactively improving India's relations with the Muslim-majority states.

The backlash has clearly put the Government on the back foot, which is now struggling to contain the diplomatic fallout. While none of the Muslim-majority states in West Asia can claim to teach India the virtues of religious tolerance or pluralism — going by the despicable standards they adopt in their own counties — for India, this is not just a lesson in religious tolerance and pluralism but one that should drive home the stark lesson that vicious domestic politics has foreign policy implications.

More so, when bilateral relationships carefully built over decades by professional diplomats start getting undermined by communal politics and electoral calculations, hate speech can no longer be dismissed as "our internal matter"; it becomes a matter of national interest.

OPED

Dealing with the Indo-Pacific is not easy. (Page no. 9)

GS Paper 2, International Relation)

U.S. President Joseph Biden cannot forget his recent five-day visit to Asia. Hours after he left to return to the U.S., North Korea test-fired three ballistic missiles even as it is preoccupied with a 'fever' in the country.

Japan's Defence Minister said Chinese and Russian fighter jets carried out joint flights over the Sea of Japan and the East China Sea on May 24 as leaders of the Quad met in Tokyo.

And when Air Force One landed in the U.S., Mr. Biden became witness to the sparring between Republicans and Democrats about gun control legislation in the aftermath of a shooting at an elementary school in Texas which claimed 21 lives, of which 19 were children.

Still, in the assessment of the Biden White House, the outcome of the Asian trip could not have been better. The new conservative South Korean government showed willingness to turn the heat on North Korea and said it would even expand the presence of a U.S. missile defence system in the country, which had earlier angered China. In Japan, the administration promised him that it was ready to do away with its long-standing 1% GDP ceiling for annual defence spending.

The future of a Uniform Civil Code (Page no. 9)

(GS Paper 2, Governance)

Muslim groups, particularly Ulemas, have been opposed to the idea of a UCC for a long time. The Jamiat Ulama-i-Hind, led by Mahmood Asad Madani, recently passed a resolution against a UCC at a meeting in Deoband which was attended by over 2,500 of its members.

The All India Muslim Personal Law Board (AIMPLB) has been consistently opposing a UCC because it fears that such a code will undermine Muslim identity. Indeed, it owes its existence to this fear.

The AIMPLB was set up in 1973 at the initiative of Muhammad Taiyab, who was then Muhtamim of the Deoband madrasa.

When H.R. Gokhale, as Law Minister, tabled an Adoption Bill in Parliament, which was not consistent with Muslim religious laws on guardianship, Muslim clergies were anxious.

They saw the Bill as a precursor to a UCC. A small meeting took place in Deoband followed by a larger congregation in Mumbai on December 27-28, 1972.

The AIMPLB was born four months later. The fear of a UCC and the preservation of Muslim personal law were the reasons for the formation of the AIMLAB.

Over the years, the body began to champion diverse Muslim issues such as protection of disputed Islamic religious structures.

Ever since the passage of the Hindu Code Bill, the Hindu Right is of the view that Muslims are being pampered by being allowed to have their own personal laws in a Hindu majority country and therefore need to be 'disciplined' and brought under a UCC. In 1996,

Explainer

The Ukraine war and the global food crisis (Page no. 10)

(GS Paper 3, Food Crisis)

Russia's invasion of Ukraine and the subsequent sanctions on its economy have sent global food prices soaring, threatening to push millions of people, especially those in low-income countries, into starvation.

Ukraine and its allies in the West have accused Russia of weaponising food, saying that its blockade of Ukraine's Black Sea ports is the primary reason for the rising prices, while Moscow has blamed Western sanctions for the crisis.

As the war, in its fourth month now, is still raging in Ukraine's east with no political solution on the horizon, the United Nations and Turkey have initiated talks with the Russian leadership to facilitate the exports of grains and fertilizers from Russia and Ukraine.

Many countries were facing growing food insecurity even before Russia's war. Climate shocks, conflicts and the COVID-19 pandemic had disrupted supply chains, pumping up prices of both commodities and crops.

The war in Ukraine has aggravated this situation. As of June 1, 2022, the Agricultural Price Index was 40% higher compared to January 2021, according to the World Bank. Maize and wheat prices rose 42% and 60%, respectively, from the levels of January 2021.

Global food, fuel and fertilizer prices are projected to be sharply higher this year and will remain elevated into 2024, the Bank estimates.

Almost all economies in the world have been hit by higher food prices. Across the western world, there's a cost-of-living crisis with food and energy prices rocketing.

In the U.S., Treasury Secretary Janet Yellen told senators on Tuesday that the country was facing "unacceptable levels of inflation" which would stay so in the coming years.

In the U.K., inflation numbers have already hit a 40-year high. Almost 90% of emerging markets and developing economies experienced food price inflation greater than 5% this year.

Low-income countries that are reliant on imports for basic food consumption, are the hardest hit. According to the UN World Food Programme (WFP), Ethiopia, Nigeria, South Sudan and Yemen remain at 'highest alert' as hotspots with "catastrophic conditions", as Afghanistan and Somalia are added to this category.

News

Ahead of sowing, Kharif MSP revealed (Page no. 12)

GS Paper 3, Agriculture

The Union Cabinet on Wednesday raised the minimum support price (MSP) for paddy by ₹ 100 a quintal for the Kharif season of 2022-23.

The rates for 14 crops have been increased in the range of 4% to 8%. This is similar to the increase in MSP in 2021-22, which was in the range of 1% to 7%.

Indian agriculture had scaled new heights in the past eight years because of the government's 'beej se bazar tak' (seed to market) vision.

It has been decided that MSP rates for all varieties of 14 kharif crops have been increased. To boost morale the new rates had been announced before the beginning of the sowing season, for assured returns to the farmers and to boost their morale.

It would give farmers an indication of the price they would get and help them decide which crops to grow.

India and Vietnam sign mutual logistics agreement (Page no 14)

(GS Paper 3, International Relation)

India and Vietnam signed a Memorandum of Understanding (MoU) on mutual logistics support during the ongoing visit of Defence Minister Rajnath Singh to the Southeast Asian nation.

"The Defence Ministers signed the 'Joint Vision Statement on India-Vietnam Defence Partnership towards 2030', which will significantly enhance the scope and scale of existing defence cooperation".

In these times of increasing cooperative engagements between the defence forces of the two countries, this is a major step towards simplifying procedures for mutually beneficial logistic support and is the first such major agreement, which Vietnam has signed with any country.

The two sides had wide-ranging discussions on effective and practical initiatives to further expand bilateral defence engagements and regional and global issues.

World

Russia backs Ukraine grain exports plan (Page no. 15)

(GS Paper 3, International Relation)

Russia and Turkey on Wednesday voiced support for the creation of a safe maritime corridor in the Black Sea so Ukraine can export grain to global markets amid an escalating world food crisis.

A Turkish Minister said the move should also be accompanied by the easing of Western sanctions against Russia for its invasion of Ukraine.

Turkish Foreign Minister Mevlut Cavusoglu hosted his Russian counterpart Sergey Lavrov in Ankara for discussions focused on a UN proposal to free Ukraine's Black Sea ports and allow some 22 million tonnes of grain sitting in silos to be shipped out.

Ukraine is one of the world's largest exporters of wheat, corn and sunflower oil, but the war and a Russian blockade of its ports have halted much of that flow, endangering food supplies to many developing countries. Many of those ports are now also heavily mined.

Ukraine's government was not represented at the Ankara meeting but has expressed concerns that removing mines from its ports to facilitate grain exports could allow Russia to attack its southern coast.

Business

Indian economy well placed to deal with challenges, says Das (Page no. 16)

GS Paper 3, Indian Economy)

Reserve Bank of India Governor Shaktikanta Das said the Indian economy was well placed to deal with current challenges.

Indian economy has remained resilient and it is well placed to deal with the challenges emanating from the geopolitical developments. The banking sector remains resilient and strong.

Overall, the macroeconomic numbers also broadly look alright, despite the depreciation of the Indian rupee, so far it had been among the better-performing currencies in its peer group in emerging market nations and others.

The fiscal deficit [target] which was there in the Budget for the last year has been achieved. So, overall Indian economy continues to be in a resilient position.

The recovery is getting traction and it is reflected in the sense that capacity utilisation has improved. The disbursal of bank credit is also picking up. Rural and urban demand are also showing signs of further improvement.