

# **The Indian Express**

## **Front Page**

### **No rollback of Agnipath; good for Army, youth: NSA Ajit Doval (Page no 1) (GS Paper 3, Defence)**

There will be no roll back of the Agnipath scheme as it is for the good of the armed forces and even the youth who get trained through it, National Security Advisor (NSA) Ajit Doval said on Tuesday.

He also said there would be ample employment opportunities for Agniveers as by the time they retire from the forces, India will have a \$5 trillion economy and industries will be vying to employ disciplined, trainable youth.

“There is no question of any rollback. This is not a knee jerk reaction. This has been discussed for decades. In 1970s, we had General Krishna Rao Committee of which General Chhibber and General Sundar were members.

They talked about reforming the Army, including the manpower policy. Then there was the Arun Singh report in 1989 and then there was a Group of Ministers report... there was Subramaniam Committee report, the Kargil Committee report... All had this consistent refrain that go for a younger Army.

But there was a problem. While everybody realized it was necessary, no one had the ability and the will to take the risk,” Doval said in an interview to ANI.

## **Express Network**

### **PM Modi to attend BRICS virtual summit in China on June 23, 24 (Page no 7) (GS Paper 2, International Relations)**

India on Tuesday announced that Prime Minister Narendra Modi will attend the annual summit of the five-nation grouping BRICS on June 23 and 24 following an invitation by Chinese President Xi Jinping. Russian President Vladimir Putin will also attend the summit.

This announcement came from the Ministry of External Affairs, after New Delhi decided to go for a virtual summit, and not an in-person summit in China.

The decision was taken in view of the strained ties between India and China over the two-year-long border stand-off in eastern Ladakh.

China is hosting the virtual summit in its capacity as its chair of BRICS this year. Brazil’s Jair Bolsonaro and South African President Cyril Ramaphosa are likely to attend the virtual summit.

“At the invitation of President Xi Jinping, Prime Minister Narendra Modi will be attending the 14th BRICS Summit hosted by China in virtual format on June 23 and 24. This includes a high-level dialogue on global development with guest countries on June 24,” the MEA said in a statement.

It said the BRICS has become a platform for discussing and deliberating on issues of common concern for all developing countries, adding the grouping has regularly called for reform of the multilateral system to make it more representative and inclusive.

## **Editorial Page**

### **What MPC says, what RBI does (Page no 10) (GS Paper 3, Economy)**

Communication is a critical element of monetary policy. In the current inflation targeting (IT) regime, the resolution adopted by the Monetary Policy Committee (MPC) and published on the RBI’s website on the day of the monetary policy meeting is an important channel of communication with the public. Yet there seems to be a gap between what the MPC says and what the RBI does.

Under the IT regime, the most important role in communication belongs to the MPC, consisting of three external members, three RBI representatives, and chaired by the governor.

By law, this is the highest monetary policy-making body in the land, tasked with deciding monetary policy changes at regular intervals.

These changes are then communicated through formal statements, with the discussions underlying these decisions also being published, so that the public can understand why the MPC decided the way that they did.

During the first few years of IT from 2016 to 2018, the process worked quite well. On the days of policy announcements, the governor and his deputies would participate in a press conference to answer questions from the media.

But otherwise the focus was squarely on the MPC, especially its statement, from which the public used to glean important information about the monetary policy strategy — that is, why the repo rate was or was not changed.

From 2019 onwards, however, things began to change. The RBI began to release a separate governor's statement on the day of the monetary policy meeting, presenting an inflation outlook and even explaining the decision taken by the MPC. The rationale for this statement was unclear: At best, it has overlapped with the MPC statement; at times, it has seemed somewhat different, making it difficult for the public to understand what the policy strategy really was.

### **Shortchanging the Agniveer (Page no 10)**

#### **(GS Paper 3, Defence)**

In the nationwide uproar over Agnipath, one matter has received little attention: The way the scheme has been linked to educational programmes. These programmes have not been spelt out.

They are being defined on the go, as part of an unfolding package to assuage public anxieties. This is the time to voice some concerns to take into account as the programmes crystallise.

The need for such educational support cannot be questioned. Disbanded Agniveers will require training for whatever work they take up subsequently.

The point at issue is the nature of the training, and how it meshes with the education system generally. We must also recognise that leadership, discipline, team spirit, etc., while worthy traits of character that the forces might inculcate, do not constitute concrete skills or qualifications. For that, we must resort to the broader, and sadly messier, general education system.

Two major plans have been mooted. First, those joining after Class X can proceed to a Class XII certificate through the National Institute of Open Schooling.

It is unclear whether this will happen during their tour of duty or afterwards. Realistically, it can only be the latter. The idea is unexceptionable, even if relatively few 21-year-olds will enrol for a certificate that their peers obtained at 18.

The question relates to the content of the programme. This will apparently consist of “customised courses that are not only current but very relevant to their area of service”.

This is less than illuminating. Does it mean the “area of service”, namely military service, that they have left behind? It seems superfluous to repeat or extend that training, which would hardly help them in future civilian life.

## **Idea Page**

### **A four year test for Agnipath (Page no 11)**

#### **(GS Paper 3, Defence)**

The Agnipath scheme is passing through its first fiery test. Potential recruits for the Indian military are burning trains and buses, and it is tragic to see that the debate on the new scheme has passed on from television channels to a contest on the streets.

With the three services announcing the recruitment schedule beginning this month, it is hoped that the angst among the youth is soon dissipated.

However, considering the controversy surrounding the scheme, there is undoubtedly a requirement to conduct a reasoned analysis of this initiative.

Let me start by saying there is little doubt that the military requires restructuring, particularly the 1.2 million-strong army. A leaner military would lead to manpower cost savings that could be utilised for modernisation and technology adoption.

The Agnipath scheme is designed to reduce salary and pension expenditure, although the government is reluctant to admit that this is the primary factor behind its decision.

There are two competing narratives about Agnipath. The first terms the scheme as “transformative” and “a new idea of a new era” that would have a “positive impact on the human resources management of the armed forces”.

The second narrative, voiced mainly by military veterans, warns that the scheme will erode the ethos of the military and blunt its winning edge. Both narratives take an extreme position, and as usual, the truth lies somewhere in between.

The advantages of the Agnipath scheme have been brought out in the briefing held on June 14. It would lead to a more youthful and technically-adept military force.

By picking only 25 per cent of Agniveers for permanent absorption, the military will get the best people to form the core of the junior leadership. After serving for four years, the Agniveers will go into civil society “where they can contribute immensely towards the nation-building process”.

### **Our entwined, values interests (Page no 11)**

## **(GS Paper 2, International Relations )**

It is no accident that first two bilateral visits as Deputy Prime Minister and Defence Minister of Australia are to Japan and India.

The case for Australia making India a priority is unassailable: Australia must strengthen its understanding of and engagement with the world's soon-to-be most populous nation and a deeply consequential power.

Our world — and our region — faces the most serious strategic confluence of events since the end of the Second World War: Intensifying strategic and geo-economic competition, the return of war to Europe, growing climate risks, and enduring pandemic impacts, all of which are driving inflation and supply chain shocks.

Countries which share common values and interests must work together with resolve to shape our economic and strategic environment so that it continues to support our collective security and prosperity.

My visit this week to New Delhi and Goa is based on that conviction, and the commitment by the new Australian government to place India at the heart of Australia's approach to the Indo-Pacific and beyond. India's economy, manufacturing capabilities and talent ensure it will play a key role in securing supply chains and restarting post-pandemic growth.

Its military has the capacity and capability to respond to natural disasters, help stabilise an uncertain region and contribute to an effective balance of power. And its technological and scientific capabilities are gateways to a cleaner and more sustainable world.

Most of all, India's people have the optimism, the commitment to democracy, the drive and the goodwill to make our region safer, freer and better.

## **Explained**

### **India's emerging twin deficit concerns (Page no 14)**

#### **(GS Paper 3, Economy)**

In its latest 'Monthly Economic Review', the Ministry of Finance has painted an overall optimistic picture of the state of the domestic economy. "The World is looking at a distinct possibility of widespread stagflation. India, however, is at low risk of stagflation, owing to its prudent stabilization policies," it states.

The economic growth outlook is likely to be affected by several factors owing to the trade disruptions, export bans and the resulting surge in global commodity prices —all of which will continue to stoke inflation — as long as the Russia-Ukraine conflict persists and global supply chains remain unrepaired.

"However, the momentum of economic activities sustained in the first two months of the current financial year augurs well for India continuing to be the quickest growing economy among major countries in 2022-23," states the Finance Ministry report.

But, given the uncertainties, the report highlights two key areas of concern for the Indian economy: the fiscal deficit and the current account deficit (or CAD).

The report states that "as government revenues take a hit following cuts in excise duties on diesel and petrol, an upside risk to the budgeted level of gross fiscal deficit has emerged".

The fiscal deficit is essentially the amount of money that the government has to borrow in any year to fill the gap between its expenditures and revenues.

### **The point of interest rate hike (Page no 14)**

#### **(GS Paper 3, Economy)**

Last week the US central bank — routinely called the Fed — announced that it will raise interest rates by 75 basis points (or 0.75 percentage points). The Fed is doing this to bring down inflation to its target rate of 2%.

At present, inflation in the US is closer to 9%. Most commentators and observers of the US economy point out that every time the Fed has tried to reduce inflation even by as little as 2 or 3 percentage points, it has led to a recession. In other words, if the Fed remains steadfast in its resolve to bring down inflation to 2%, the US will go into a recession.

Inflation is the rate at which prices rise. A 2% inflation implies the general price level in April this year was 2% more than what it was in April last year.

A "rising" inflation rate implies that the rate (at which the prices rise) itself is increasing. In other words, imagine a scenario where the inflation rate was 1% in March, 2% in April and then 4% in May and 7% in June.

This is exactly what has been happening in most economies of the world lately. Take India, for example, where the inflation rate steadily went up from close to 4% in September last year to almost 8% in April this year.

## **Summer Solstice (Page no 14)**

### **(GS Paper 1, Geography)**

June 21 is the day of the summer solstice in the northern hemisphere. The summer solstice marks the beginning of the astronomical summer and occurs when the earth has its maximum tilt towards the sun. For temperate regions, the summer solstice is when the sun reaches its highest point in the sky.

The Earth orbits the sun at an angle. So for half the year, the Northern Hemisphere is tilted towards the Sun and therefore, it is summer for the Northern hemisphere and winter for the Southern Hemisphere. During the other half of the year, the Northern Hemisphere is tilted away from the sun, thus creating winter in the Northern Hemisphere and summer in the south.

Solstices happen twice per year: one for the winter and one for the summer and this is interchanged depending on which Hemisphere you live in. The longest day of the year happens on the day of the summer solstice since the earth receives the longest period of daylight during the day.

The solstice has been seen as a significant time of the year in many cultures and has been marked by festivals and rituals across the globe. Interestingly, Prime Minister Narendra Modi suggested June 21 as the international day of yoga at a UN address in 2021 since that was the longest day in the Northern Hemisphere. Also, Christmas happens around the day of the summer solstice in Australia and other countries in the southern hemisphere.

## **Economy**

### **RBI puts a stop to credit lines on prepaid instruments (Page no 15)**

#### **(GS Paper 3, Indian Economy)**

The Reserve Bank of India (RBI) has issued a notification disallowing non-bank prepaid wallets and prepaid cards from loading credit lines — preset borrowing limits — into these platforms.

This comes in the backdrop of a boom in credit instruments such as fintech-driven credit cards and buy-now-pay-later wallets.

The banking regulator has clarified that its master direction on prepaid payment instruments (PPIs) does not permit loading of PPIs from credit lines — a practice being undertaken by several fintech credit card companies. These companies typically tie up with banks or NBFCs and offer credit lines into their prepaid wallets.

The RBI defines prepaid payment instruments (PPIs) as payment instruments that facilitate the buying of goods and services, including the transfer of funds, financial services, and remittances, against the value stored within or on the instrument.

PPIs are in the form of payment wallets, smart cards, mobile wallets, magnetic chips, vouchers, etc. As per the regulations, banks and NBFCs can issue PPIs.