

## Edition: International

### The Hindu Important News Articles & Editorial For UPSC CSE

May 2024						
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## About Buddha Purnima

- This year, Buddha Purnima is being observed on **Thursday, May 23**.
- It is celebrated to mark **the birth of Gautam Buddha**, the founder of Buddhism.
- His birth anniversary is also known as **Vaisakhi Buddha Purnima or Vesak**.
- In 1999, it became an **UN-designated day**, to acknowledge the contribution of Buddhism to society.
- It is considered a '**triple-blessed day**' - as Tathagata Gautam Buddha's birth, enlightenment, and Maha Parnirvana.
- Lord Buddha was born as Prince Siddhartha Gautama on the full moon day in **563 BC at Lumbini in Nepal**.
- In Hinduism, Buddha is considered as the **ninth avatar of Lord Vishnu**.

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**GS:3 [Internal Security : Cyber Crime]****Organised Crime**

- ➡ **Definition:** Organised crime varies from country to country but generally involves illegal activities such as property offenses, money laundering, drug trafficking, currency violations, intimidation, prostitution, gambling, and trafficking in arms and antiquities.
- It can also involve participation in the legal economy through illegal competitive means like extortion, which can have a greater economic impact than entirely illegal activities. In both cases, criminal methods are used because organised criminal groups are made up of criminal elements.

**Various Initiatives Regarding Cyber Security**

1. National Cyber Security Policy
2. Cyber Surakshit Bharat Initiative
3. Indian Cyber Crime Coordination Centre (I4C)
4. Cyber Swachhta Kendra (Botnet Cleaning and Malware Analysis Centre)
5. Computer Emergency Response Team – India (CERT-In)
6. Critical information infrastructure (CII)
7. Defence Cyber Agency (DCyA)

**Note : Golden Triangle**

- ➡ The Golden Triangle typically refers to a region in Southeast Asia known for the production of **illicit drugs**, particularly Opium. It's an area where the borders of three countries meet: **Myanmar (formerly Burma), Laos, and Thailand**.
- ➡ Originally, the term "**Golden Triangle**" referred to the opium-producing region covering parts of these three countries. However, it has evolved to denote a broader area associated with drug production, trafficking, and organized crime.
- ➡ One more infamous region for illicit drugs is Golden Crescent or "Death crescent", this **crescent region includes Afghanistan and Iran** – making it a natural transit point for drugs being smuggled out of Pakistan.

## 'Cambodia, Myanmar and Laos emerge as hub of organised financial crimes'

**Vijaita Singh**  
NEW DELHI

Nearly half of financial frauds targeting Indians originate from the three south-east Asian countries of Myanmar, Cambodia and Laos, and many web applications used to commit the frauds are written in Chinese language, thereby not ruling out the Chinese connection, Rajesh Kumar, Chief Executive Officer of the Indian Cyber Crime Coordination Centre, said on Wednesday.

Mr. Kumar said in the first four months of the year, Indians had lost over ₹1,776 crore in 89,054 cases of financial crimes such as digital arrest, stock market scams, investment scams and romance or dating scams and there had been a "spurt in the organ-



A total of 3.25 lakh mule bank accounts and 595 apps had been blocked. REUTERS

ised crime from south-east Asia." These complaints were received on the national cybercrime portal and not all of them were converted into First Information Reports.

A total of 3.25 lakh mule bank accounts, 595 apps and more than 3,000 URLs had been blocked in the past four months.

Additionally, 5.3 lakh SIM cards and 80,848 IMEI numbers had been suspended since July 2023 and 3,401 WhatsApp

groups had been taken down in the past two months.

The officer added that on May 20, many Indians working in a suspected scam compound in Siha-nouk city, Cambodia protested against their employers. "Some of them join willingly and some are duped into joining these centres with the fake promise of data entry operator. They arrive on tourist visas in Thailand and due to ungoverned border and human traffickers, they end up in these compounds where they are made to work for long hours. Indians erupted in protest as they wanted their passports back, the Andhra Pradesh police are investigating the case and three recruiting agents have been arrested," Mr. Kumar said.

**Context**

Recent judicial decisions by the Supreme Court, including declaring electoral bonds unconstitutional and granting bail to prominent figures, have sparked debates about the Court's independence and effectiveness amidst allegations of executive influence and online attacks on its legitimacy.

**Executive influence and online attacks on legitimacy of Supreme Court of India****Implications:**

- ➔ **Undermining Independence:** Judicial interference or Executive perceived influence can erode the independence and impartiality of the judiciary, compromising its ability to deliver justice.
- ➔ **Public Distrust:** Online attacks on the legitimacy of the Supreme Court can erode public trust in the institution, undermining its authority and effectiveness.
- ➔ **Threat to Rule of Law:** Any erosion of the Supreme Court's legitimacy poses a threat to the rule of law, weakening the foundation of India's democratic framework.
- ➔ **Impact on Judicial Decision-Making:** Fear of online backlash or executive pressure may influence judicial decision-making, compromising the court's ability to uphold constitutional principles and protect fundamental rights.

*When control is disguised as reform*

Three recent judicial decisions have led to attacks on the Supreme Court's legitimacy. On February 15, the Court declared electoral bonds unconstitutional, stating that the "right to know supersedes anonymity." On May 10, the Court granted interim bail to Delhi Chief Minister Arvind Kejriwal saying, "We... reject the argument that the reasoning... results in grant of privilege or special status to politicians." On May 15, the Court granted bail to Prabir Purkayastha, founder and Editor-in-Chief of *NewsClick*, holding that "communication of the grounds of arrest in writing was not provided... which vitiates the arrest." These judgments, based on legal merit, challenge state excesses and also harm the ruling party's interests. The BJP undeniably benefited from electoral bonds, Mr. Kejriwal's arrest, and the suppression of a critical media platform.

These decisions are healthy outcomes for any constitutional democracy where institutions have autonomy and there is a working system of checks and balances. However, they have been perceived by many as breaking a pattern. Legal scholars and even practitioners have been criticising the Court over the last few years for judicial abdication, acquiescence, avoidance, and, in some instances, for working hand-in-glove with the executive. Hence, the recent decisions, especially during an election year, have been seen as an unexpected but welcome display of courage.

**A sustained campaign**  
In our digital media ecology, each hearing on subjects of public importance, especially those with political implications, receives immediate online commentary. The Supreme Court and High Courts have facilitated this by enabling live tweeting and streaming of proceedings. Legal reporting platforms have further brought the court into our social media streams. However, a



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disturbing trend has surfaced: abuse of the judiciary. Many believe that institutions are colonial impositions or are rooted in western liberalism and are therefore in conflict with the social norms of "new India". When this authoritarian world view is challenged, its proponents seek to subvert the legitimacy of the court. Digital campaigns against the court exploit public frustration over the decades it takes for citizens to obtain justice, anger regarding judicial nepotism, and the lack of diversity in the higher judiciary, and even conjure up fantasies of a secret society of senior lawyers influencing the court. Such attacks masquerade as suggestions for reform. But the proposed "solutions" are not based on evidence. The masked objective seems to be to achieve absolute executive control.

This clever subterfuge has been brought forth by Jyotjeet Pal and Sheyri Agarwal, who gathered data from X over four months and highlighted spikes in comments on five days when the Chief Justice of India took positions antithetical to the BJP-led government or its supporters. They concluded in their study that the "Chief Justice's liberal leanings in several judgments rattle many who lean right. But the more significant issue is that purging the Supreme Court of similarly liberal-leaning justices represents an existential thorn in institutional capture by the political establishment." They also noted that "attacks are more strongly tied to digital influencers who are highly polarised in favour of the BJP." While the study did not capture this clearly, many online influencers with large followings enjoy official patronage. Nowadays, high-ranking advisers and cabinet ministers devote significant time to participating in podcasts and YouTube interviews and often comment on the need for judicial reforms and even a repeal of the Constitution. Critics may dismiss this study as biased and point to instances where "liberal" and "left leaning" users

have engaged in similar practices. However, the study notes distinctions in how the Opposition and wider civil society organise and conduct campaigns online – by appealing to the Court to follow its constitutional role.

Today, each judgment and slip-up is put up, ridiculed, and delegitimised through coordinated campaigns. For example, the Juvenile Justice Board recently granted bail to the minor son of a builder who was allegedly driving the car that crashed into two people killing them. Juxtaposed against news reports of the grant of bail are captions such as "the Indian judiciary is a joke". This ignores the role of the police and politicians in the initial procedure. These drip campaigns are part of the long game of organised partisans calling for direct control by the Prime Minister.

**The way forward**

Television and social media play a crucial role in shaping norms. So, we must publicly acknowledge the threats facing the independence of the judiciary, carefully scrutinise proposals disguised as judicial reforms, and take urgent but careful remedial action on issues such as the collegium system. Public trust is the judiciary's greatest ally, and it must be restored by improving service delivery, increasing diversity in appointments, and improving the Court's counter-majoritarian spine. The judiciary and the wider legal fraternity must counter online threats by dispelling misinformation and exposing bad faith propaganda. This requires reasoned, consistent, and honest public communication about the judicial process. Finally, we the people must recognise the Court as an imperfect ally, sometimes even a negligent guardian, but nonetheless a protector of our constitutional rights. Our civic vision has to be broader than the narrow framing of a powerful Prime Minister or a dominant political party, regardless of the election results.



## Daily News Analysis

- ➡ **Stifling Dissent:** Online attacks may deter judges from delivering unpopular judgments or dissenting opinions, stifling judicial independence and freedom of expression.

### Way Forward:

- ➡ **Preserve Judicial Independence:** Safeguard the independence of the judiciary from executive influence or pressure, ensuring judges can uphold the rule of law without fear or favour.
- ➡ **Combat Online Misinformation:** Implement measures to counter online attacks and misinformation campaigns targeting the legitimacy of the Supreme Court, including fact-checking initiatives and public awareness campaigns.
- ➡ **Enhance Transparency:** Promote transparency in judicial appointments, proceedings, and judgments to foster public trust and accountability.
- ➡ **Strengthen Cybersecurity:** Bolster cybersecurity measures to protect the Supreme Court and judicial officials from online threats and cyberattacks.
- ➡ **Promote Civic Education:** Enhance civic education programs to educate the public about the role and importance of an independent judiciary in upholding democracy and protecting rights.
- ➡ **Professional Ethics:** Uphold professional ethics and standards among legal professionals, judges, and government officials to maintain the integrity and credibility of the judiciary.
- ➡ **Engage in Dialogue:** Foster constructive dialogue and engagement between the judiciary, executive, civil society, and the media to address concerns and strengthen public confidence in the Supreme Court.
- ➡ **Judicial Reform:** Implement reforms to enhance the efficiency, accountability, and accessibility of the judicial system, addressing grievances and promoting justice for all..

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## GS 2 : [Indian Polity &amp; Governance]

The article discusses a peculiar trend observed in the 2024 Indian elections where the total number of voters declined in nearly one-third of all constituencies compared to the 2019 elections. It questions the reliability of voter turnout percentages and calls for an explanation from the Election Commission.

## Background:

In a growing country like India, it's generally expected that parameters like GDP, population, and voter turnout would increase annually, barring exceptional circumstances like the Covid-19 pandemic.

## Analysis of Voter Turnout:

## The curious case of declining voters in the 2024 elections

In nearly one-third of all constituencies in the 2024 election, the total absolute number of voters declined vis-à-vis the 2019 election

## DATA POINT

Praveen Chakravarthy

It is generally well-accepted that prices of essential goods, population, GDP, agricultural production, professionals' salaries and many such parameters only increase every year in a developing and growing country like India unless there is an abnormal, rare event such as Covid-19, which can cause GDP or population or salaries to decline that year. The percentage or rate of increase for each may vary year to year but the absolute number only goes up, barring exceptional conditions.

Similarly, the total number of people who come out to vote in an election is expected to only increase over a five-year election cycle. This is because India's population continues to grow and the number of people who reach the voting age of 18 increases every year unless there has been a rare demographic disaster resulting in higher numbers of deaths or people fleeing. The total number of people who voted in a constituency in 2024 should then be higher than the number who voted in that constituency in 2019. Just as percentage increase in GDP or salary may vary yearly, voter turnout percentages can go up or down between elections. But the actual number of voters generally only rises between two five-year election cycles in India.

Is it then not intriguing that in nearly one-third of all constituencies in the 2024 election, the total absolute number of voters declined vis-à-vis the 2019 election? An analysis of the 427 constituencies until Phase 5 reveals that in 115 (27%) constituencies, fewer number of people came out to vote than in 2019. It is almost unparalleled in India's electoral history that in such a large number of constituencies, there is a decline in total voters from the previous election held five years ago.

Remember, these are not voter turnout percentages but absolute total numbers of people who voted.

There is much hullabaloo over voter turnout percentages in the ongoing election. But here is the rub - voter turnout percentage is an insufficient measure to compare across elections. It is because turnout percentage depends on the total number of electors on the electoral rolls. The total number of electors in a constituency for an election depends on the number of new voters registered as well as the number of dead or emigrated voters deleted. Both these vary widely from election to election depending on the intensity of electoral roll cleaning by the Election Commission. This is why the more meaningful and intuitive measure for comparison is the change in total number of people who came out to vote across elections.

Until Phase 5, more than 505 million people voted in 2024 versus 485 million in 2019, an increase of just 4%. In 2019, there was a 12% increase in total voters in these same constituencies vis-à-vis 2014. Clearly, there is a significant decline in the total number of voters in the current election than the norm in previous elections. But the even more baffling finding is that in 115 constituencies, the total number of voters declined from 2019, which is a rarity in a growing country like India. To put it in context, none of these constituencies experienced a decline in total voters in 2014 and only 19 did in 2019. How is it possible that so many constituencies had such a dramatic drop in total voters? Even if one were to adjust by removing small States and Union Territories that one may argue skews the analysis, the finding is still the same - in one-third of all constituencies, the total voters declined vis-à-vis 2019.

Delving further, most of the constituencies where there is a decline in total voters are in six States - Kerala, Madhya Pradesh, Rajasthan, Tamil Nadu, Maharashtra, and Uttar Pradesh. A change in to-

tal voters in a constituency from the previous election is largely a function of three factors - number of new eligible electors, number of electors who have emigrated out, and percentage of electors who come out to vote. Surely it cannot be the case that there was an inexplicable drop in the number of eligible electors, which normally only follows broad population trends? Neither can it be the case that there was a sudden alarming increase in emigration of people from these 115 constituencies due to economic or other compulsions. None of these constituencies saw a decline in total voters in either the 2014 or 2019 election from the previous election.

So, the only logical explanation is an extreme decline in turnout to cause a reduction in total absolute voters vis-à-vis 2019. The natural follow-up question then is - why is there a decline in voters in a significant number of constituencies that the Opposition won in 2019 or is expected to get stronger in 2024? Was the reduced turnout voluntary or implicitly coerced? If voluntary, what demographic or other explanations justify such a large and sudden drop in turnout in so many constituencies in States that are seemingly 'in play' for 2024? It is not even the case that voters in the initial phases of the elections were apathetic and the turnout started to pick up as elections progressed. The share of constituencies that saw a decline in total voters from 2019 fluctuates up and down across phases.

It is a rarity in the Indian context for constituencies to see a decline in the absolute number of voters between two five-year election cycles. But nearly one-third of all constituencies experienced such a decline in 2024 vis-à-vis 2019. It is best to avoid conjectures and let the Election Commission explain this mysterious trend.

Praveen Chakravarthy is Chairman, All India Professionals' Congress and Data Analytics of the Congress

### Drastic change

The data were sourced from the Election Commission of India

Chart 1: The chart shows the change in voters and electors in % terms between the 2014 and the 2019 elections

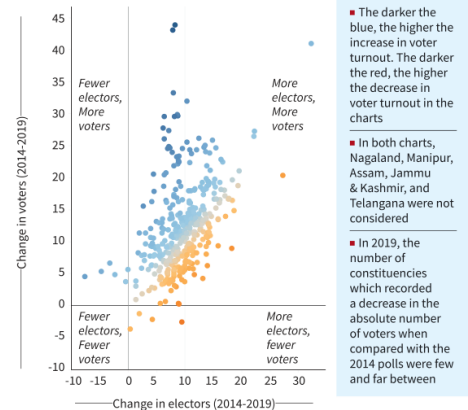
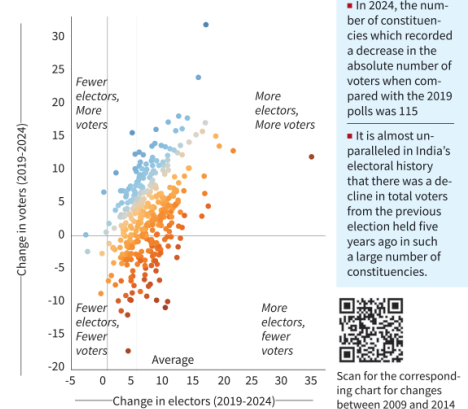


Chart 2: The chart shows the change in voters and electors in % terms between the 2019 and the 2024 elections



## Daily News Analysis

- ➡ An analysis of 427 constituencies until Phase 5 of the 2024 elections revealed a decline in total voters in 115 (27%) constituencies compared to 2019.

### Comparison across Elections:

- ➡ The more meaningful measure for comparison is the change in the total number of voters across elections, rather than voter turnout percentages.
- ➡ Until Phase 5 of the 2024 elections, there was a 4% increase in total voters compared to 2019, significantly lower than the 12% increase observed in the same constituencies between 2014 and 2019.

### Anomalies in Voter Trends:

- ➡ It's baffling that 115 constituencies experienced a decline in total voters, a phenomenon not observed in the 2014 elections and seen in only 19 constituencies in 2019.

### Possible Explanations:

- ➡ The decline in total voters could be attributed to a significant decrease in voter turnout rather than demographic factors like population decline or increased emigration.
- ➡ The sudden drop in turnout raises questions about whether the reduced participation was voluntary or implicitly coerced.

### Questions Raised:

- ➡ The article questions why constituencies that were won by the Opposition in 2019 or were expected to strengthen in 2024 witnessed reduced turnout.
- ➡ It calls for demographic or other explanations to justify the sudden drop in turnout, especially in states considered 'in play' for the 2024 elections.

### Conclusion:

- ➡ The decline in the absolute number of voters across nearly one-third of all constituencies in the 2024 elections is unprecedented and warrants explanation from the Election Commission..

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**GS 3 : [Indian Economy: Banking Sector & NBFCs; Growth & Development]****How does RBI Generate Surplus?****➡ RBI's Income:**

- Interest on holdings of domestic and foreign securities.
- Fees and commissions from its services.
- Profits from foreign exchange transactions.
- Returns from subsidiaries and associates.

**➡ Expenditure of RBI:**

- Printing of currency notes.
- Payment of interest on deposits and borrowings.
- Salaries and pensions of staff.
- Operational expenses of offices and branches.
- Provisions for contingencies and depreciation.

**RBI to transfer ₹2,10,874 cr. surplus to Centre for FY24**

Union government nets windfall gain from central bank's record surplus transfer that is more than double the ₹87,416 crore transferred in FY23; transfer to aid fiscal consolidation, say economists

**Lalatendu Mishra**  
MUMBAI

In a windfall gain for the Centre, the Reserve Bank of India's board on Wednesday approved the transfer of a record ₹2,10,874 crore as surplus to the Union government for the accounting year 2023-24.

The latest transfer by the RBI is more than double the ₹87,416 crore that it had transferred in FY23.

The Board also decided to increase the Contingent Risk Buffer (CRB) to 6.50% for 2023-24, from 6% in the

**Bountiful surplus**

The RBI's surplus payout to the Centre has risen steadily and hit a record ₹2,10,874 crore in FY24



■ Transferable surplus based on Economic Capital Framework (ECF) adopted by RBI in 2019

■ 'Larger dividend owing to higher RBI income from domestic, foreign assets', says Barclays's economist Sodhani

previous year.

"The transferable surplus for the year (2023-24) has been arrived at on the basis of the Economic Cap-

ital Framework (ECF) adopted by the Reserve Bank on August 26, 2019, as per recommendations of the Expert Com-

mittee to Review the extant Economic Capital Framework of the Reserve Bank of India," the central bank said in a statement.

**'On track'**

"We see the fiscal consolidation program on track, and await the final budget in July," said Shreya Sodhani, Regional Economist, Barclays.

"The larger dividend was realised owing to higher RBI income... from both domestic and foreign assets, thus raising the quantum of profits booked," Ms. Sodhani observed.

**Surplus:**

- ➡ The difference between RBI's income and expenditure is Surplus.

**Why is it transferred to the government?**

- ➡ The central bank transfers its surplus to the government under the provisions of Section 47 of the Reserve Bank of India Act, 1934.
- ➡ The Government of India is the sole owner of India's central bank, the RBI.
- ➡ So the government can make a legitimate claim to this surplus.



- Also, by virtue of its role as the manager of the country's currency, the RBI generates more surplus than the entire public sector put together.
- So this surplus, in effect, belongs entirely to the country's citizens.
- Given this, the RBI pays the remaining surplus after setting aside what is needed to be retained as equity capital to maintain its creditworthiness.

**A technical Committee of the RBI Board headed by Y H Malegam (2013), which reviewed the adequacy of reserves and surplus distribution policy, recommended a higher transfer to the government.**

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### GS 3 : [International Relations: Regional Groupings ; Important International Institutions]

#### Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)

### BIMSTEC gets 'legal personality' after charter comes into force

**Kallol Bhattacharjee**  
NEW DELHI

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) will now be open to new members and observers after a historic first charter of the grouping came into force on May 20, the Ministry of External Affairs has announced.

With the charter having been adopted in the 5th summit of the BIMSTEC leaders, the grouping has acquired a 'legal personality' and will be able to enter

into structured diplomatic dialogue with other groupings and countries.

"The entry into force of the BIMSTEC Charter reaffirms India's commitment to a prosperous, peaceful and sustainable neighbourhood. BIMSTEC reflects the synthesis of our Neighbourhood First and Act East policies," External Affairs Minister S. Jaishankar said.

Official Spokesperson Randhir Jaiswal said the charter will provide "legal and institutional framework for meaningful cooperation and deeper inte-

gration of the Bay of Bengal region."

#### Long history

BIMSTEC was formed in 1997 but for a long time, the organisation could not form consensus among its seven member states – Bangladesh, Bhutan, Sri Lanka, Nepal, Thailand, Myanmar and India – about a common charter that could sum up the vision of the grouping.

Following the pandemic, the leaders of the BIMSTEC nations met virtually on 30 March 2022 under the chairship of Sri Lanka

and adopted the charter. The chair of BIMSTEC was taken up by Thailand after the 5th leaders' summit. Last month, Nepal's parliament took up the BIMSTEC charter and ratified it which paved the way for the coming into force of charter.

The organisation received greater attention especially in the backdrop of the near moribund status of the South Asian Association for Regional Cooperation (SAARC) which last time met in Kathmandu during November 2014.

The next SAARC summit

was to be held in Islamabad in 2016 but was derailed in the backdrop of terror strikes on India that New Delhi blamed on Pakistan-based elements. Ever since, the statements emanating from the Government of Prime Minister Modi have indicated that India is willing to shift its focus from SAARC to BIMSTEC as the latter is in greater harmony with India's 'Act East' policy.

This SAARC vs BIMSTEC issue came up during the debate in parliament in Kathmandu where Foreign Minister of Nepal Narayan

Kaji Shreshtha said that Nepal does not view BIMSTEC as a replacement of SAARC saying, "In order to reinvigorate the stalled SAARC process, Nepal, as its current chair, will surely take an initiative."

In the previous decades, BIMSTEC was also marked by growing discord between Bangladesh and Myanmar which has displaced more than a million Rohingya refugees who entered Bangladesh in 2017. Similar refugees from Myanmar have also streamed into Thailand ever since the 2021 coup.

#### ➤ About BIMSTEC

- BIMSTEC It is an economic bloc that came into being in June 1997 through the Bangkok Declaration.
- BIMSTEC was initially formed with four member states- Bangladesh, India, Sri Lanka and Thailand on June 6, 1997.

## Daily News Analysis

- Nepal became an observer state in 1998 and became full-time member of the bloc along with Bhutan in February 2004.
- **Members** - Bangladesh, India, Myanmar, Sri Lanka, Thailand, Nepal and Bhutan.
- **Permanent Secretariat** - Dhaka, Bangladesh

### ➡ Aim

- Its aim is to counter the onslaught of globalisation by accelerating regional growth through mutual cooperation by utilising regional resources and geographical advantages.

### ➡ Areas of cooperation

- It is sector-driven cooperative organisation in which, initially, 6 sectors had been included:
- Trade, Technology, Energy, Transport, Tourism and Fisheries
- As of now, BIMSTEC has 14 priority areas of cooperation.
- Climate change was added as the 14th priority area of cooperation in 2008.
- Among these priority areas, a member country chooses which of the 14 priority areas it is willing to take lead.
- India is lead country for Transport & Communication, Tourism, Environment & Disaster Management, Counter-Terrorism & Transnational Crime.

### ➡ Importance of BIMSTEC

- Around 22% of the world's population live in the seven countries around the Bay of Bengal, with a combined GDP close to \$2.7 trillion.
- All seven countries have sustained average annual rates of growth between 3.4% and 7.5% from 2012 to 2016.
- A fourth of the world's traded goods cross the bay every year.

Page : 08 Editorial Analysis

# A vegetable triumvirate, inflation and the takeaway

Inflation is a critical indicator of an economy's health, reflecting the changes in the general price level and the cost of living. In India, the Consumer Price Index (CPI) is used to measure price inflation which is largely based on the Laspeyres price index and measures the economy's cost of living. The CPI basket comprises 299 items of which vegetables account for a weight of 6.04% in the total basket.

Within vegetables, the three vegetables – tomato, onion, and potato (TOP) – hold a weightage of 2.2% in the overall CPI basket for an average Indian household. The significance of TOP goes beyond its numerical representation. These three commodities have historically played a pivotal role in influencing both food and beverages inflation as well as headline CPI figures. One notable fact is that the TOP group constitutes 3.6% of the total consumption basket in urban areas while it constitutes 5% of the total consumption basket in rural India for the bottom 5% of the consumption classes, respectively, as per the CPI basket classification.



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In FY2023-24, vegetable prices in India soared by about 15% (year-on-year). Vegetable prices have exhibited significant volatility, shifting dramatically from a fall of 0.7% in June to a substantial rise of 37.4% in July. Though vegetables have a weight of only 6% in the total CPI basket, their contribution to inflation was as high as about 30% in February and March 2024. Tomato prices soared by 202% in July 2023 and contributed to 18.1% of the total headline inflation despite the weight of tomatoes being only 0.6% in the CPI basket. During the same month, the contribution of vegetables to headline inflation was a high 31.9%, and of TOP was 17.2%.

## Price volatility

One of the striking features of TOP is its price volatility (*chart*). The coefficient of variation (CoV) of inflation is a key measure of volatility. The inflation volatility of TOP has been measured using the coefficient of variation (CoV) for the period January 2015 to March 2024, yielding a value of 5.2. It is significantly higher than the volatility of the vegetables sub-group (CoV=3.0), the food group (CoV=0.6) as well as the volatility of headline inflation (CoV=0.3). This exercise reveals that TOP's CoV surpasses not only the food and headline group but also the vegetables sub-group. This heightened volatility underscores the sensitivity of these commodities to market forces, weather fluctuations, and supply chain dynamics.

The *chart* shows the inflation trend for the three commodities, i.e., tomato, onion and potato, as well as for the constructed TOP group. The inflation rate for the TOP sub-group has remained quite volatile ranging from a minimum

value of -36.6% in September 2021 to 132.0% in December 2019 (The writer's calculation uses data from the National Statistical Office).

## Aiding the farmer

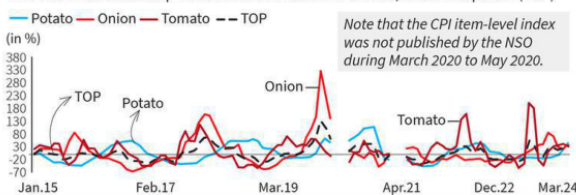
The volatility and importance of TOP in shaping inflation trends highlight the need for effective policy interventions and a nuanced understanding of agricultural supply chains. These are perishable crops and are subject to a number of biotic and abiotic stresses. As these crops do not have Minimum Support Price and are mostly sold to private traders by farmers, this volatility in prices also hurts farmers, the majority of whom are net buyers of these crops. The possible solutions to reduce the volatility of inflation for these crops include an overhauling of agricultural value chains and improvement in the cold storage facilities, better prices for farmers to incentivise the production of the crops, and increased profitability in the cultivation that can be achieved by reducing the exorbitantly high input prices of fertilizers and pesticides used in the production of these crops.

The abrupt changes in lifting the export bans on onion ahead of the Maharashtra elections also show that we are still using short-term measures to deal with the price volatility in these crops as against measures that are demanded by the farmers. The memorable Kisan Long March from Nashik to Mumbai in March 2023 and continuous protests by farmers have time and again raised the demand for Minimum Support Prices for onion. This demand seems to be continually ignored by the government.

*The views expressed are personal*

## Year on year inflation for tomato, onion and potato (January 2015 to March 2024)

The chart indicates sharp movements of inflation in tomato, onion and potato (TOP)



## GS Paper 03 : Indian Economy : Growth and Development

**Practice Question:** What do you understand by inflation targeting? Has the adoption of an inflation targeting regime served the interests of the Indian economy well? Critically examine. (150 words/10m)



## Measuring inflation

- In India, the Consumer Price Index (CPI) is used to measure price inflation which is largely based on the Laspeyre's price index and measures the economy's cost of living.
- The CPI basket comprises 299 items of which vegetables account for a weight of 6.04% in the total basket.
- Within vegetables, the three vegetables — tomato, onion, and potato (TOP) — hold a weightage of 2.2% in the overall CPI basket for an average Indian household.
- The significance of TOP goes beyond its numerical representation. These three commodities have historically played a pivotal role in influencing both food and beverages inflation as well as headline CPI figures.
- One notable fact is that the TOP group constitutes 3.6% of the total consumption basket in urban areas while it constitutes 5% of the total consumption basket in rural India for the bottom 5% of the consumption classes, respectively, as per the CPI basket classification.
- In FY2023-24, vegetable prices in India soared by about 15% (year-on-year). Vegetable prices have exhibited significant volatility, shifting dramatically from a fall of 0.7% in June to a substantial rise of 37.4% in July.
- During the same month, the contribution of vegetables to headline inflation was a high 31.9%, and of TOP was 17.2%.

## Price volatility

- One of the striking features of TOP is its price volatility.
- The coefficient of variation (CoV) of inflation is a key measure of volatility.
- The inflation volatility of TOP has been measured using the coefficient of variation (CoV) for the period January 2015 to March 2024, yielding a value of 5.2.
- It is significantly higher than the volatility of the vegetables sub-group the food group as well as the volatility of headline inflation.
- This exercise reveals that TOP's CoV surpasses not only the food and headline group but also the vegetables sub-group.
- This heightened volatility underscores the sensitivity of these commodities to market forces, weather fluctuations, and supply chain dynamics.

## Aiding the farmer

- The volatility and importance of TOP in shaping inflation trends highlight the need for effective policy interventions and a nuanced understanding of agricultural supply chains.
- These are perishable crops and are subject to a number of biotic and abiotic stresses.



## Daily News Analysis

- As these crops do not have Minimum Support Price and are mostly sold to private traders by farmers, this volatility in prices also hurts farmers, the majority of whom are net buyers of these crops.
- The possible solutions to reduce the volatility of inflation for these crops include an overhauling of agricultural value chains and improvement in the cold storage facilities, better prices for farmers to incentivise the production of the crops, and increased profitability in the cultivation that can be achieved by reducing the exorbitantly high input prices of fertilizers and pesticides used in the production of these crops.

### Conclusion

The abrupt changes in lifting the export bans on onion ahead of the Maharashtra elections also show that we are still using short-term measures to deal with the price volatility in these crops as against measures that are demanded by the farmers.

### What is the Need for Monitoring Inflation in the Economy?

#### ➤ Price Stability:

- Inflation erodes the value of money, which makes it harder for people to plan their finances and can lead to economic instability.
- By monitoring inflation, policymakers can take steps to maintain price stability, which promotes economic growth and stability.

#### ➤ Consumer and Business Confidence:

- When inflation is low and stable, it provides consumers and businesses with confidence in the economy, encouraging them to spend and invest.

#### ➤ Interest Rates:

- Inflation affects interest rates, which in turn affects borrowing and lending decisions, investment decisions, and overall economic growth.
- By monitoring inflation, policymakers can adjust interest rates to ensure that the economy is growing sustainably.

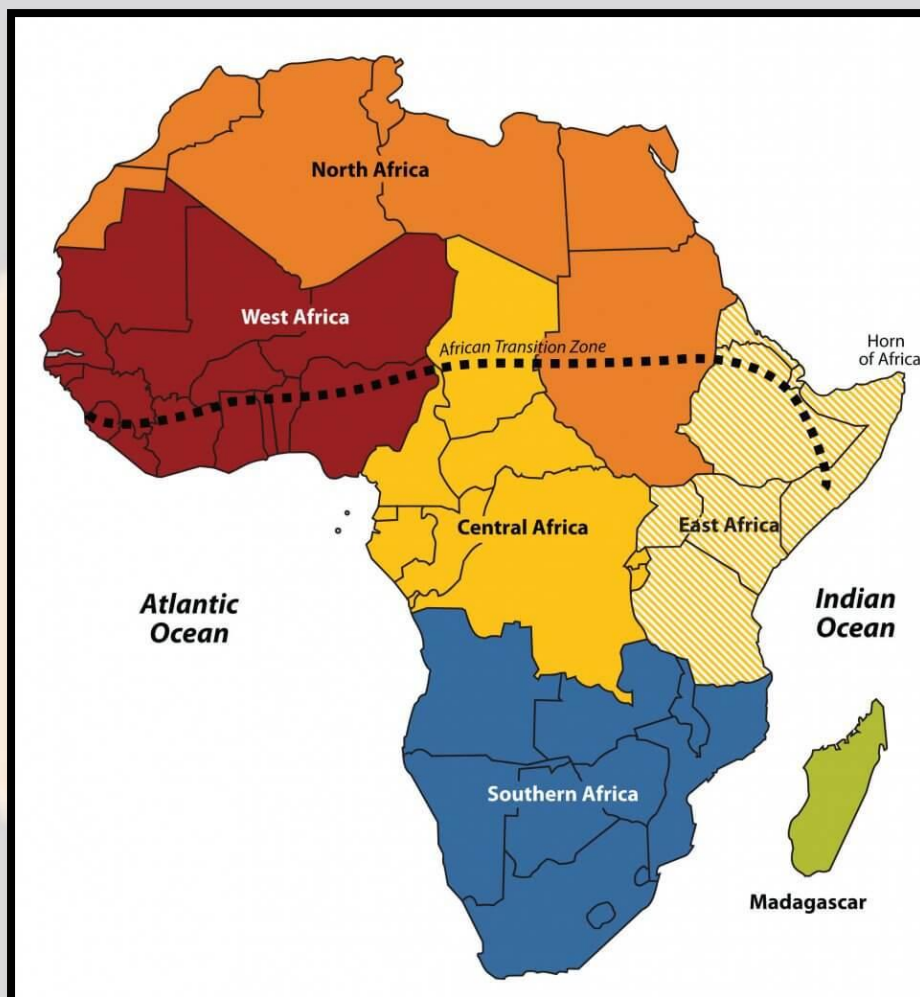
#### ➤ International Competitiveness:

- High inflation rates can make a country's exports more expensive, which can reduce its international competitiveness.
- Monitoring inflation can help policymakers keep inflation in check, which can support a country's economic competitiveness.

## Mapping : Africa -Regional divisions

The physiographic divisions of Africa are into the following six regions:

1. Northern Africa
2. Northeast Africa
3. Eastern Africa
4. Central Africa
5. Southern Africa
6. Western Africa



## Northern Africa

It extends from Algeria in the north, through, the Canary Islands, Santa Cruz de Tenerife, Ceuta, Egypt, Libya, Madeira, Melilla, Morocco, Sudan, and Tunisia, It reaches up to Western Sahara.



## North-East Africa

It is also called the horn of Africa which extends several hundred kilometers into the Arabian Sea and lies along the southern side of the Gulf of Aden. It contains countries such as Djibouti, Eritrea, Ethiopia, and Somalia.

## Eastern Africa

The extensive area stretches from the Red Sea and the Horn of Africa to Mozambique including Burundi, Comoros, Kenya, Madagascar, Malawi, Mauritius, Mayotte, Mozambique, Réunion, Rwanda, Seychelles, South Sudan, Tanzania, Uganda, Zambia, Zimbabwe.

## Central Africa

## Daily News Analysis

It is a large landmass situated exactly in the middle of the continent covering Angola, Cameroon, Central African Republic, Chad, Republic of the Congo, Democratic Republic of the Congo, Equatorial Guinea, Gabon, São Tomé, and Príncipe.

### Southern Africa

It is the southernmost part of the continent and covers the countries such as Botswana, Lesotho, Namibia, South Africa, and Swaziland.



### Western Africa

It is situated roughly at 100° E longitude covering countries like Benin, Burkina Faso, Cape Verde, Gambia, Guinea, Guinea-Bissau, Ivory Coast, Liberia, Mali, Mauritania, Niger, Nigeria, Saint Helena, Senegal, Sierra Leone, and Togo.