



9 June, 2023

## Monetary Policy Committee (MPC)

**Context:** RBI has decided to keep the Policy Rates unchanged for the second time in a row after 2 days of MPC meeting, on 8<sup>th</sup> June.

- The Reserve Bank of India's Monetary Policy Committee (MPC) has decided to maintain the policy repo rate at 6.50%.
- The standing deposit facility (SDF) rate remains unchanged at 6.25%, while the marginal standing facility (MSF) rate and Bank Rate remain at 6.75%.
- This is the second time the policy rate has been paused after a series of rate hikes aimed at curbing inflation.
- Crude oil prices have eased, but the outlook remains uncertain, and input costs and output prices are expected to increase according to the Reserve Bank's surveys.
- CPI inflation for 2023-24 is projected at 5.1%, with quarterly rates at 4.6% (Q1), 5.2% (Q2), 5.4% (Q3), and 5.2% (Q4), with balanced risks.

There are both **direct and indirect instruments** used for implementing monetary policy. Few include:

- ❖ Repo rate
- ❖ Reverse Repo rate
- ❖ Liquidity Adjustment Facility (LAF)
- ❖ Marginal Standing Facility (MSF)
- ❖ Corridor
- ❖ Bank Rate
- ❖ Cash Reserve Ratio (CRR)
- ❖ Statutory Liquidity Ratio (SLR)
- ❖ Open Market Operations (OMOs)
- ❖ Market Stabilisation Scheme (MSS)

## What is Monetary Policy?

- Monetary policy is a set of actions to control a nation's overall money supply and achieve economic growth.
- Monetary policy strategies include revising interest rates and changing bank reserve requirements.
- Monetary policy is commonly classified as either expansionary or contractionary.
- The RBI commonly uses three strategies for monetary policy including reserve requirements, interest rates, and open market operations.

## Monetary Policy vs Fiscal Policy

- The monetary policy is governed by the Central Bank of the country. On the other hand, fiscal policy is directed by the Finance Ministry.
- Monetary policy is performed for a long duration compared to fiscal policy, which is decided for only one year.
- Monetary policy plays an important role in maintaining price stability. On the other hand, fiscal policy is responsible for giving a particular direction to the economy.
- The political impact on monetary policy is absent. Conversely, there is a significant impact of politics on fiscal policy.
- The monetary policy specifically deals with financial management as well as borrowing. Contrarily, fiscal policy comprises government revenue and spending.
- The political impact on monetary policy is absent. Conversely, in fiscal policy, there is a major impact of politics on policy.
- Economic stability is the main focus of monetary policy compared to fiscal policy, which focuses on the economy's growth.
- The economic status of a nation is directly dependent on the change in monetary policy. On the other hand, fiscal policy gets updated every year.

## Face to Face Centres



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## Monetary Policy Committee

- The Monetary Policy Committee (MPC) was formed by the Reserve Bank of India (RBI) in 2016.
- It was established under the provisions of the RBI Act, 1934.
- The primary objective of the MPC is to maintain price stability and achieve the target inflation rate set by the government.
- Composition
  - The MPC consists of six members.
  - It includes three members nominated by the RBI, including the Governor of RBI who serves as the ex-officio Chairperson of the MPC.
  - The other three members are appointed by the Government of India.

## Agni Prime (Agni-P) and Integrated Guided Missile Development Programme (IGMDP)

**Context:** India successfully conducts night launch of new-generation Agni-prime ballistic missile off Odisha Coast.

- Agni-P is a ballistic missile that belongs to the Agni series of missiles.
- It is a two-stage, surface-to-surface missile.
- The missile is road-mobile and can be transported using a truck.
- It is powered by solid fuel, which enhances its operational flexibility.
- Agni-P is launched from a canister, which provides protection and ease of deployment.
- The missile is equipped with a dual redundant navigation and guidance system, ensuring accuracy and reliability.
- Agni-P is considered a medium-range ballistic missile (MRBM).
- It is the sixth missile in the Agni series.
- The Agni series of missiles is developed by the Defense Research and Development Organization (DRDO) of India.
- The missile is designed to carry conventional or nuclear warheads.

## IGMDP

### ➤ Overview:

- Initiated in 1983 by the Indian government.
- Aimed to develop indigenous guided missiles for defense purposes.
- Led by the Defense Research and Development Organization (DRDO).
- Collaboration with other defense organizations and industries.



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➤ **Projects under IGMDP:**

a. **Agni:**

- Focus: Ballistic missiles.
- Developed long-range ballistic missiles.
- Capable of carrying nuclear warheads.

b. **Prithvi:**

- Focus: Surface-to-surface missiles.
- Developed variants for different ranges.
- Used for various operational purposes.

c. **Akash:**

- Focus: Surface-to-air missiles.
- Designed for intercepting and destroying aerial targets.
- Enhances air defense capabilities.

d. **Trishul:**

- Focus: Short-range surface-to-air missiles.
- Intended for air defense purposes.
- Discontinued due to performance issues.

e. **Nag:**

- Focus: Anti-tank guided missiles.
- Designed for precision strikes against armoured targets.
- Enhances anti-tank capabilities.

➤ **Objectives:**

- Achieve self-reliance in missile technology.
- Reduce dependence on imports.
- Enhance defense capabilities.
- Strengthen deterrence posture.

## Biparjoy Cyclone and Naming of Cyclones

**Context:** Biparjoy Cyclone has intensified further and has been categorised as very severe cyclone by the Indian Meteorological Department

- Cyclonic storm named Biparjoy developed in the Arabian Sea.
- Positioned about 850 km west of Goa and 900 km southwest of Mumbai.
- Predicted to become a very severe cyclonic storm by June 13.
- Squally weather expected along the coastline of Karnataka, Goa, and Maharashtra.
- Wind speeds reaching 35-45 kmph during Thursday, Friday, and Saturday.
- No major impact predicted on countries adjoining the Arabian Sea.
- Monsoon onset announced on the Kerala coast, eight days behind the normal schedule.
- Northwards progression of monsoon in mainland India could be affected.
- Monsoon expected to progress to parts of central Arabian Sea, Kerala, Tamil Nadu, Karnataka in the next 48 hours.

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## How are Tropical Cyclones named?

- WMO/ESCAP Panel on Tropical Cyclones (PTC) agreed to assign names to tropical cyclones in the Bay of Bengal and Arabian Sea at Muscat, Oman in 2000.
- Naming of tropical cyclones in the north Indian Ocean began in September 2004.
- Initial list of names proposed by eight member countries: **Bangladesh, India, Maldives, Myanmar, Oman, Pakistan, Sri Lanka, and Thailand.**
- Requirement for a new list of names discussed during the 45th session of WMO/ESCAP in September 2018.
- Five new member countries included in the new list: **Iran, Qatar, Saudi Arabia, United Arab Emirates, and Yemen.**
- The new list of names expanded to 13-member countries.
- 27th Session of PTC held in 2000 in Muscat, Oman.
- The list of 169 cyclones names released by IMD in April 2020 were provided by these countries with each giving 13 names.

## Guidelines to adopt names of Cyclones

While picking names for cyclones, countries need to follow some rules.

- The proposed **name should be neutral to** (a) politics and political figures (b) religious believes, (c) cultures and (d) gender
- Name should be chosen in such a way that it **does not hurt the sentiments of any group** of population over the globe
- It should not be **very rude and cruel in nature**
- It should be **short, easy to pronounce** and should not be offensive to any member
- The **maximum length of the name will be eight letters**
- The proposed name should be provided with its pronunciation and voice over
- The names of tropical cyclones over the north Indian Ocean **will not be repeated.** Once used, it will cease to be used again.

## NEWS IN BETWEEN THE LINES

### Chandrayaan-3



**Context:** Recently, the Indian Space Research Organisation (ISRO) chairman, S. Somnath, announced that the eagerly awaited Chandrayaan-3 moon mission is scheduled to be launched in mid-July.

#### Chandrayaan-3 :

ISRO is gearing up for the launch of Chandrayaan-3, the third mission in India's lunar exploration program. It represents India's commitment to advancing its space exploration capabilities and contributing to scientific knowledge about the moon.

#### Objective of Chandrayaan-3:

The mission objective to build upon the successes of the previous Chandrayaan missions, including the Chandrayaan-2 mission, which achieved a historic landing near the lunar South Pole in 2019.

#### Launch site for Chandrayaan-3:

The launch site for Chandrayaan-3 is the Satish Dhawan Space Centre (SDSC) located in Sriharikota, Andhra Pradesh, India.

#### The Rocket which will be used to launch Chandrayaan-3:

Chandrayaan-3 is planned to be launched using the GSLV Mk III rocket. The Geosynchronous Satellite Launch Vehicle Mark III (GSLV Mk III) is a three-stage heavy-lift launch vehicle developed by the Indian Space Research Organisation (ISRO). It has the capability to launch heavy payloads including lunar missions like Chandrayaan-3.

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## The Babu and the Bazaar



**Context:** The exhibition titled "The Babu and the Bazaar" at DAG (Delhi Art Gallery) sheds light on the art produced during the 19th century in Kolkata, the financial hub of the British Empire in India.

### Artworks on Display:

The exhibition features works from the DAG collection, including Kalighat pats (watercolor paintings) that are juxtaposed with commissioned oil paintings and mass-produced prints.

### Kalighat Pat:

The exhibition delves into the art form known as "Kalighat Pat," a school of watercolor painting that originated in 19th-century Kolkata. The term was coined by artist Mukul Dey.

### Traditional Techniques and Materials:

The exhibition highlights the techniques and materials used by local patuas (scroll painters) of Kolkata.

**Historical Significance:** The exhibition showcases the evolution of art in Kolkata until the emergence of nationalist fervor. It demonstrates how art played a role in propagating the idea of an independent India.

## Discovering the Secrets of Siri Fort



**Context:** Recently, during renovation work at the Siri Fort Children's Park, the Archaeological Survey of India (ASI) stumbled upon a tomb-like structure in the Siri Fort area.

### Historical Significance:

Siri Fort, constructed in the 13th century by Alauddin Khilji, served as a garrison town for his army. It played a crucial role in the defense and administration of the Khilji dynasty.

### Ruins and Boundary Walls:

Over time, Siri Fort has fallen into ruins and today, only its boundary walls remain intact. The fort's location in present-day Delhi was strategically chosen with Hauz Khas village serving as an extension to fulfill the water requirements of the army.

## Sagar Parikrama Program



**Context:** The Sagar Parikrama Phase VII program has commenced from Madakkara, Kerala.

### Key Highlights:

The Sagar Parikrama Phase VII program is organized by the Department of Fisheries, Ministry of Fisheries, Animal Husbandry & Dairying, Government of India, in collaboration with the National Fisheries Development Board and the governments of Kerala, Puducherry, and Lakshadweep.

### Objective:

The Sagar Parikrama Program aims to directly interact with fishers, fish farmers and other stakeholders to understand the issues faced by coastal areas and the fishing community.

### Beneficiary Support:

During the program, beneficiaries such as fish farmers and fishermen are provided with support and assistance. The Kisan Credit Card for fisheries (KCC) is being sanctioned to eligible individuals, facilitating access to financial resources. Additionally, schemes like Pradhan Mantri Matsya Sampada Yojana (PMMSY) are promoted, encouraging fish farmers and allied activities to take advantage of the benefits offered.

**Participation and Livestreaming:** The Sagar Parikrama Phase VII program witnessed the participation of approximately 5,000 fishermen, fisherwomen and various fisheries stakeholders.

## Breach of Kakhovka Dam



**Context:** Recently, the Kakhovka Dam, a massive Soviet-era structure located on the Dnieper River in southern Ukraine, was breached.

### Kakhovka Dam:

The Kakhovka Dam is an integral part of the Kakhovka hydroelectric power plant in southern Ukraine. It was constructed during the Soviet era and serves multiple purposes, including power generation and water management.

### Reservoir:

The dam creates a reservoir that not only provides hydroelectric power but also supplies water to various regions, including the Crimean Peninsula and the Zaporizhzhia nuclear plant.

### Magnitude and Impact:

The Kakhovka Dam's reservoir has a water volume approximately equal to that of the Great Salt Lake in the United States. The breach of the dam has resulted in the release of a significant amount of water, causing flooding in the war zone and potentially affecting nearby areas.

### Dnieper River:

The Dnieper River is the fourth longest river in Europe, stretching 1,368 miles from the uplands of Russia's Valdai Hills. It flows in a southerly direction, passing through western Russia, Belarus, and Ukraine before reaching the Black Sea.

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