



AMID HIGH INFLATION, RBI KEEPS REPO RATE AT 6.5%

ECONOMY & DEVELOPMENT

CONTEXT: The Reserve Bank of India (RBI) maintained its key interest rate at 6.5% despite inflationary pressures and a slowdown in economic growth, emphasizing the need to prioritize price stability while acknowledging the challenging economic conditions.

Balancing act

The RBI on Friday tried to find a balance between inflation management and supporting economic growth

- The RBI kept the repo rate **unchanged at 6.5%** for a record 11th meeting in a row
- The Cash Reserve Ratio — the proportion of deposits that banks must set aside with the central bank — has

been cut by **50 basis points to 4%**

- The cut will infuse **₹1.16 lakh crore** into the banking system and will soften short-term interest rates and enhance capacity of banks to extend credit



RBI Keeps Repo Rate Unchanged Amid Inflation Concerns

● Status Quo on Repo Rate:

- The RBI's Monetary Policy Committee (MPC) decided to maintain the repo rate at 6.5% for the 11th consecutive bi-monthly review.
- Decision reflects the need to balance inflation control and growth support, despite persistent inflation and weakening economic momentum.

Growth and Inflation Projections Revised Downward

● Growth Forecast:

- Real GDP growth for 2024-25 downgraded to 6.6% from the previous estimate of 7.2%.
- Economic growth slowed to a seven-quarter low of 5.4% in Q2 FY24, compared to RBI's earlier

projection of 7%.

● Inflation Forecast:

- Retail inflation for 2024-25 revised upward to 4.8%, from 4.5%.
- Food inflation remains high due to adverse weather and geopolitical uncertainties but is expected to ease by Q4 FY25.

Liquidity Measures to Support Growth

● CRR Reduction:

- The Cash Reserve Ratio (CRR) cut by 50 basis points to 4% in two phases starting December 2024.
- Expected to release ₹1.16 lakh crore of liquidity into the banking system.

● Interest Rate Ceiling on FCNR(B) Deposits:

- Ceiling increased to attract foreign capital inflows:
 - For 1–3 year deposits: ARR + 400 bps (previously 250 bps).
 - For 3–5 year deposits: ARR + 500 bps (previously 350 bps).
- Effective until March 31, 2025.

Inflation Risks and MPC Stance

● Persistent Inflation Challenges:

- October retail inflation spiked to 6.2%, led by food prices.
- Weather anomalies, geopolitical tensions, and financial volatility pose ongoing risks.

● MPC Approach:

- The vote to hold rates shifted to 4:2 from the previous 5:1.
- The MPC emphasizes maintaining price stability as a prerequisite for sustained growth.

Governor's Remarks

● Economic Outlook:

- RBI Governor Shaktikanta Das stated the MPC is cautiously monitoring inflation and growth.

- He highlighted that high inflation reduces disposable income, curbing private consumption and GDP growth.
- **Growth Recovery Hopes:**
- The RBI expects growth and inflation to stabilize in the second half of FY24.
- However, the central bank remains prudent, refraining from immediate rate cuts.

Future Steps to Address Challenges

- **Government Interventions:**
- Suggestions include reducing import duties on essential commodities to manage inflation.
- **Interest Rate Cut Possibility:**
- Any tangible measures to spur consumption and control inflation could accelerate rate cut considerations in the future.

ANALYSIS

The RBI's decision to maintain the repo rate at 6.5% underscores its focus on price stability amid persistent inflation and slowing economic growth. While liquidity measures like CRR cuts aim to support growth, inflation risks from food prices and geopolitical factors remain significant. Revised projections of lower GDP growth and higher inflation reflect economic challenges. The cautious MPC stance signals a wait-and-watch approach, balancing inflation management with long-term growth recovery expectations.

MISRI SET TO LAND IN DHAKA ON MONDAY AS TENSIONS MOUNT

INTERNATIONAL RELATIONS

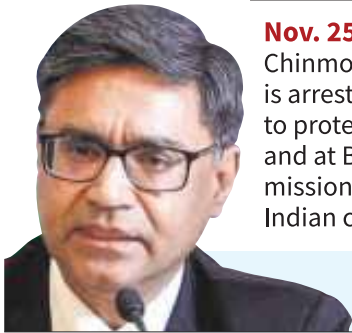
CONTEXT: The upcoming visit of Indian Foreign Secretary Vikram Misri to Dhaka marks a significant diplomatic engagement aimed at addressing escalating tensions between India and Bangladesh, following recent communal incidents, security concerns, and strained bilateral relations.

Ties nosedive

India's relations with Bangladesh have been fraught with tensions since the fall of the Sheikh Hasina-led regime

Aug. 5: Hasina resigns as Prime Minister and flees Dhaka to take refuge in India

Aug. 8: An interim government under the leadership of Muhammad Yunus is sworn in



Nov. 25: Hindu leader Chinmoy Krishna Das is arrested, leading to protests in Dhaka and at Bangladesh missions in several Indian cities

Dec. 2: Protesters breach security at Bangladesh mission in Agartala, pull down flag; India calls it "regrettable"

◀ Foreign Secretary Vikram Misri will visit Dhaka on December 9.

India's Diplomatic Outreach to Bangladesh

- **Foreign Secretary's Visit:**
- Indian Foreign Secretary Vikram Misri will visit Dhaka on December 9 for a day-long trip.
- This marks the first high-level diplomatic engagement since the fall of the Sheikh Hasina-led regime.
- The visit is part of "structured interactions," as stated by MEA spokesperson Randhir Jaiswal.

Tensions and Recent Incidents

- **Background of Tensions:**
- Relations between the two countries have been strained due to recent attacks against the Hindu minority in Bangladesh.
- Heated exchanges and protests have escalated in recent weeks.
- **Vandalism Incident:**

- A Hindu group vandalized the Assistant High Commission of Bangladesh in Agartala, Tripura.
- Bangladesh condemned the act, and India expressed "regret" over the incident.

Diplomatic Responses

- **Summoning and Consultations:**
- Bangladesh called back its Acting Deputy High Commissioner Shikdar Mohammad Ashrafur Rahman (Kolkata) and Assistant High Commissioner Arif Mohammad (Agartala) for "urgent consultations."
- Indian High Commissioner to Dhaka, Pranay Verma, was summoned by Bangladesh's Ministry of Foreign Affairs over the security breach.
- **Suspension of Consular Services:**
- Bangladesh suspended all "visa and consular" work at its Agartala mission in response to the incident.

Additional Context

- **Protests in Kolkata:**

- Protests outside the Bangladesh mission in Kolkata further complicated matters.
- Ashrafur Rahman will join the delegation for upcoming Foreign Secretary-level talks before returning to Kolkata by mid-December.

- **Vaishnav Monk Arrest:**

- Bilateral ties deteriorated following the arrest of Vaishnav monk Chinmoy Das in Chittagong.

India's Stand on Legal Processes

- **Call for Transparency:**

- MEA spokesperson Jaiswal emphasized India's expectation that legal proceedings in Bangladesh are conducted fairly, justly, and transparently.
- Ensuring respect for the legal rights of individuals involved remains a priority.

Analysis of the Foreign Secretary's Visit to Bangladesh

- The Indian Foreign Secretary's visit to Bangladesh holds strategic importance amidst recent regional developments. It aims to rebuild high-level diplomatic engagement following a leadership change in Dhaka and strained ties due to incidents involving attacks on Hindu minorities and a diplomatic row over vandalism in Tripura. This visit is critical to reinforcing bilateral relations and countering China's growing influence in South Asia.
- The visit seeks to restore trust, strengthen economic and security collaboration, and emphasize cultural ties. It highlights India's commitment to mutual respect, addressing grievances, and fostering goodwill. The agenda likely includes discussions on cross-border trade, infrastructure, and maritime security, aligning with regional initiatives like BIMSTEC.
- Probable outcomes include enhanced diplomatic coordination, agreements on connectivity and trade, confidence-building measures, and a renewed focus on multilateral engagements. This visit could reaffirm the India-Bangladesh partnership, addressing sensitive issues and bolstering regional stability.

CONCLUSION: India's diplomatic engagement with Bangladesh seeks to address strained ties stemming from communal tensions, security breaches, and protests. While fostering dialogue, India emphasizes transparent legal processes to safeguard rights, reflecting a cautious yet proactive approach to restoring bilateral stability.

TRUMP ADMINISTRATION DESERVES A LOT OF CREDIT FOR QUAD, SAYS JAISHANKAR

INTERNATIONAL RELATIONS

CONTEXT: External Affairs Minister S. Jaishankar's remarks at the India-Japan Forum highlight India's perspectives on the Quad's evolution, U.S. burden-sharing concerns, and India's strategic ties with China and Japan amidst ongoing regional and global geopolitical shifts.



Jaishankar Acknowledges Trump Administration's Role in Quad

- External Affairs Minister S. Jaishankar credits the Trump administration for the Quad's revival in 2017, enabling its evolution into an annual summit-level grouping.
- He emphasized that the U.S. President-elect's concerns about burden-sharing do not apply to the Quad, as all members contribute a "fair share."

No Weak Link in Quad

- Addressing concerns in Japan about India being a weak link in the Quad, Jaishankar stated that all partners play an equal role.

India-Japan Relations

- India and Japan share a stable relationship, although

Jaishankar acknowledged room for improvement in operational aspects.

India-China Relations and Border Issues

- India's stable trade relationship with China is marred by a significant trade imbalance and border tensions.

- Jaishankar reiterated that peace at the border is essential for a stable bilateral relationship.
- Following disengagement in Depsang and Demchok, talks are expected at the Special Representatives level soon.

Recent Developments

- The 32nd meeting of the Working Mechanism for Consultation and Coordination on Border Affairs was held on Thursday.

INDIRA GANDHI PEACE PRIZE TO BE CONFERRED ON MICHELLE BACHELET

POLITY & GOVERNANCE

Former Chilean President Michelle Bachelet has been awarded the 2024 Indira Gandhi Prize for Peace, Disarmament, and Development for her contributions to human rights, gender equality, and democracy. Chaired by Shivshankar Menon, the jury recognized her leadership roles at UN Women, as UN High Commissioner for Human Rights, and as Chile's President, alongside her efforts to strengthen India-Chile relations

EMPLOYEES' PROVIDENT FUND ORGANISATION WINS GLOBAL AWARD

POLITY & GOVERNANCE

CONTEXT: The Employees' Provident Fund Organisation (EPFO) has been recognized by the International Social Security Association with a Good Practice Award for its innovative and efficient services in areas such as communication, digital proceedings, and outreach programs.

The Employees' Provident Fund Organisation (EPFO) in India has been awarded by the International Social Security Association for its outstanding performance in five key areas:

- **Efficient Communication:** Utilizing diverse channels like webinars, SMS, social media, and outreach programs to effectively engage stakeholders.
- **E-Proceedings:** Streamlining judicial proceedings for recovering dues from defaulting employers.
- **Multilingual Call Centers:** Providing accessible customer support to a diverse population.
- **Nidhi Aapke Nikat:** A successful outreach program aimed at educating and informing stakeholders.
- **Prayaas:** An initiative for efficient and timely delivery of pension orders.

This recognition highlights EPFO's commitment to innovation and improving the social security experience for its members.

GYANVAPI MOSQUE COMMITTEE OPPOSES PETITIONS AGAINST PLACES OF WORSHIP ACT OF 1991

POLITY & GOVERNANCE

CONTEXT: The Gyanvapi mosque management has opposed petitions challenging the Places of Worship (Special Provisions) Act of 1991 in the Supreme Court, arguing that invalidating the law would lead to more religious disputes and violence. The mosque committee stresses that the Act, which preserves the status quo of religious sites as they were on Independence Day 1947, was a conscious legislative decision to prevent historical grievances from influencing modern legal proceedings.



Gyanvapi Mosque Committee's Opposition to Petitions Against Places of Worship Act, 1991

1. Committee's Argument Against Challenging the Law

- The Gyanvapi mosque management opposes petitions seeking to invalidate the Places of Worship (Special Provisions) Act of 1991, arguing that it would lead to increased disputes.
- The committee points out that the Ayodhya verdict prohibits claims based on actions of historical rulers, such as the Mughals, in altering religious sites today.

2. Basis of the Committee's Stand

- The Ramjanmabhoomi judgment concluded that claims based on ancient rulers' actions are not grounds for legal recourse.
- The mosque management stresses that rhetorical claims of retribution are not valid for challenging the constitutionality of the law.

3. Gyanvapi Mosque's Legal Representation

- The Anjuman Intezamia Masajid Varanasi, representing the Gyanvapi mosque, is involved in multiple lawsuits filed by Hindu plaintiffs, claiming the mosque as a former temple.
- The committee seeks to intervene in the case against the Places of Worship Act, asserting the law's role in preventing historical grievances from affecting current legal matters.

4. Petitioners' Argument

- Petitioners argue that the 1991 law prevents Hindus, Jains, Buddhists, and Sikhs from reclaiming places of worship allegedly "invaded" by historical invaders.
- Despite prior assurances, the Centre has not yet filed its counter-affidavit against the challenge to the law.

5. Impact of Invalidating the Law

- The Gyanvapi mosque committee warns that invalidating the law would encourage further disputes across the country, citing recent violence in Sambhal due to similar issues.
- The committee emphasizes that the 1991 Act was a conscious decision by Parliament to preserve religious harmony and prevent the past from influencing the future.

BUILDING ON THE REVIVAL OF THE MANUFACTURING SECTOR

ECONOMICS & DEVELOPMENT

CONTEXT: India's progress toward becoming a global manufacturing hub, highlighting the success of the Production Linked Incentive (PLI) scheme, the need for further reforms, and strategies to enhance manufacturing growth, regional balance, MSME participation, and women's workforce inclusion to fully capitalize on the sector's potential.

INDIA'S MANUFACTURING SECTOR GROWTH AND POTENTIAL

1. Government Initiatives and Impact

- The Production Linked Incentive (PLI) scheme has been instrumental in boosting manufacturing in sectors like electronics, pharmaceuticals, textiles, and automobiles.
- The PLI scheme's success has resulted in a 21.5% growth in manufacturing output and a 7.3% growth in Gross Value Added (GVA), with sectors like basic metals and motor vehicles contributing 58% of total output in 2022-23.

2. Recovery and Continued Growth

- Despite the high base of 2021-22, which saw a pandemic rebound, the manufacturing sector achieved impressive growth in 2022-23.
- The data indicates a steady recovery, positioning India as a potential global manufacturing hub.

3. Need for Expanding the Scope of the PLI Scheme

- To capitalize fully on India's manufacturing potential, the scope of the PLI scheme should expand to labor-intensive sectors (e.g., apparel, leather) and sunrise industries (e.g., aerospace, space technology).
- Targeting sectors like capital goods, which have high import dependency, can reduce vulnerability to supply chain disruptions.

4. Challenges of Rising Input Costs

- While manufacturing output increased by 21.5%, input costs surged by 24.4%, leading to a significant gap between output and value addition.

- Simplifying the import tariff system (e.g., 0-2.5% for raw materials, 5-7.5% for finished goods) can reduce input costs and enhance competitiveness.

5. Regional Imbalance in Manufacturing

- The concentration of manufacturing activity in a few states (Maharashtra, Gujarat, Tamil Nadu, Karnataka, Uttar Pradesh) limits nationwide growth.
- States need to implement reforms in land, labor, power, infrastructure, and investments to ensure equitable development and maximize manufacturing capacity.

6. Focus on MSMEs and Women's Participation

- MSMEs contribute 45% to India's manufacturing GDP and employ 60 million people; tailoring PLI incentives for them could boost innovation and scalability.
- Increasing women's workforce participation can drive a 9% increase in manufacturing output. Supportive infrastructure like childcare facilities near factories could encourage women's involvement.

7. Long-Term Vision for India's Manufacturing Sector

- By 2030-31, the manufacturing sector's share of GVA could rise from 17% to 25%, and by 2047-48, to 27%.
- Fostering domestic manufacturing capabilities, improving ease of doing business, and leveraging current policy measures will be key to transforming India into a developed economy by 2047.

CONCLUSION: To fully realize its potential as a global manufacturing hub, India must expand key initiatives like the PLI scheme, address input cost challenges, and focus on regional development, MSMEs, and women's participation. With sustained efforts, India can significantly boost its manufacturing sector, driving economic growth and development by 2047.

NO PLANS FOR DE-DOLLARISATION: DAS

ECONOMICS & DEVELOPMENT

CONTEXT: RBI Governor Shaktikanta Das clarified that India has no plans for de-dollarisation, emphasizing that the focus is on de-risking trade through local currency agreements with other countries. His comments come in the wake of discussions on a BRICS common currency, a proposal that remains undecided, and potential trade challenges posed by tariff wars.

No Plans for De-Dollarisation: RBI Governor Das

- **De-Dollarisation Not on India's Agenda**

RBI Governor Shaktikanta Das clarified that India has no plans to pursue de-dollarisation, emphasizing that it is not on the table. He stated that India's focus is on mitigating trade risks, not reducing reliance on the U.S. dollar.

- **BRICS Currency Discussion**

Das explained that the BRICS currency is an idea raised by one member of the bloc and has not progressed beyond initial discussions. He noted that the geographical spread of BRICS nations makes it challenging to implement a common currency similar to the Eurozone.

- **Local Currency Agreements to De-Risk Trade**

India has entered into local currency trade agreements with some countries as a step to reduce trade risks. While dependence on a single currency can be problematic due to fluctuations, the goal is to de-risk trade, not to eliminate the U.S. dollar.

- **Concerns Over Possible Tariff Wars and Impact on the Rupee**

In response to hypothetical scenarios involving tariff wars, Das highlighted that such events could lead to retaliatory tariffs or currency devaluation by other countries, like China. He emphasized that the overall economic balance would dictate India's response.

- **India's Robust Forex Reserves**

Das assured that India's foreign exchange reserves are currently robust and adequate to handle potential economic challenges. He added that India is prepared to take necessary actions if required, and there are no immediate concerns regarding the current economic situation.

- **Interest Rate Ceiling on FCNR (B) Deposits**

Addressing queries regarding the interest rate ceiling on FCNR (B) deposits, Das confirmed that the rate has been adjusted to strengthen buffers in case of economic uncertainties.

CONCLUSION: RBI Governor Shaktikanta Das emphasized that de-dollarisation is not India's goal, focusing instead on de-risking trade through local currency agreements. Despite potential challenges like tariff wars, India's robust forex

reserves provide a solid buffer, and the country is prepared to take necessary actions to safeguard its economic stability.

S. KOREA RULING PARTY HEAD WANTS TO CANCEL POWERS OF PRESIDENT

INTERNATIONAL RELATIONS

CONTEXT: South Korea's ruling party head has called for suspending President Yoon Suk Yeol's powers following his controversial martial law declaration, intensifying the political crisis and increasing the likelihood of impeachment amid growing concerns over his actions.



South Korea Ruling Party Head Calls for Suspension of President's Powers

Call for Suspension of Presidential Powers

- South Korea's governing party chief, Han Dong-hun, has expressed support for suspending President Yoon Suk Yeol's constitutional powers after his controversial martial law declaration. This move has significantly raised the possibility of impeachment.

Impeachment Push from Opposition

- Opposition parties are pressing for a parliamentary vote on President Yoon's impeachment, accusing his martial law declaration of being unconstitutional and likening it to an "illegal rebellion or coup."
- To succeed, the opposition needs to secure a

- two-thirds majority (200 out of 300 votes) in the National Assembly. Currently, opposition parties have 192 seats, while Yoon's People Power Party holds 108 seats.

Impact of Martial Law Declaration

- Yoon's brief declaration of martial law has frozen South Korean politics, causing concern among neighboring countries, including Japan, and the United States, over the potential instability in one of Asia's strongest democracies.

Concerns Over Potential Extreme Actions

- Han Dong-hun cited intelligence reports suggesting President Yoon ordered the detention of key politicians during the martial law period, based on accusations of "anti-state activities."
- He argued that suspending Yoon's duties was necessary to prevent any future extreme actions, such as another attempt to impose martial law, which could endanger the country.

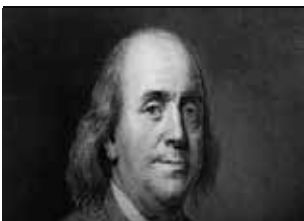
Impeachment Process and Potential Consequences

- If impeachment is successful, President Yoon would be suspended while the Constitutional Court decides whether to remove him or reinstate his powers. Prime Minister Han Duck-soo would assume presidential duties in the interim.

Defense Ministry Suspensions

- The Defence Ministry has suspended several key military officers involved in enforcing martial law, including the defense counterintelligence commander, Yeo In-hyung, and the commanders of the capital defense command and special warfare command.

ANALYSIS: South Korea's political crisis escalated after President Yoon Suk Yeol's controversial martial law declaration, sparking calls for impeachment. Ruling party head Han Dong-hun supports suspending Yoon's powers due to the risk of further instability. Opposition parties push for impeachment, requiring cross-party support. The martial law's impact has frozen South Korea's politics, raising concerns internationally. The impeachment outcome could reshape South Korea's leadership and its regional alliances.



"If you invest more in your education, then you are likely to get more interest in it."

—Benjamin Franklin



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