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S.NO. TOPIC

- 1. PM'S SPEECH AT G7 OUTREACH SESSION ON ARTIFICIAL INTELLIGENCE, ENERGY, AFRICA AND MEDITERRANEAN
- 2. WPI INFLATION-WPI VS CPI

PM'S SPEECH AT G7 OUTREACH SESSION ON ARTIFICIAL INTELLIGENCE, ENERGY, AFRICA AND MEDITERRANEAN

India's poll results victory for democratic world: PM

Modi interacts with leaders of U.K., France, Germany, Japan and Italy at the G-7 Outreach Summit, briefly meets U.S. President Biden, embraces the Pope and shakes hands with Canada PM Trudeau

The Hindu Bureau
NEW DELHI

India's election results were a "victory for the democratic world", Prime Minister Narendra Modi told G-7 countries and leaders of other nations invited to the Outreach Summit in Italy. He praised the electronic voting machines for their "impartiality and transparency".

Speaking at a session that focused on Artificial Intelligence (AI) and other issues, including African development and the Mediterranean, with Pope Francis, who addressed the G-7 session for the first time, Mr. Modi said technology must be used to reduce inequalities.

Mr. Modi embraced the Pope at the beginning of



At the forum: Prime Minister Narendra Modi with U.S. President Joe Biden at the G-7 Summit in Italy on Friday. REUTERS

the event, being held in Italy's Apulia region, and also met with the leaders of U.K., France, Germany, Japan and Italy during a brief 24-hour visit.

He posted pictures on social media of a brief exchange with the U.S. President Joseph Biden, saying they had committed to

keep working for the "global good", but there was no formal India-US bilateral meeting. Mr. Modi also posted a photograph of shaking hands with Canadian Prime Minister Justin Trudeau but gave no details of their conversation.

Referring to the European Parliament polls ear-

lier this week, as well as upcoming elections in France, the U.K. and the U.S., Mr. Modi said he was glad to be amongst G-7 leaders as many of them faced the "excitement of elections" as well.

"The blessings that the people of India have given in the form of this historic victory is the victory of democracy. It is a victory for the entire democratic world," said Mr. Modi, who flew to Italy just four days after being sworn in as the Prime Minister and even before his party, the BJP, which fell short of a majority, proved its strength along with allies of the NDA in Parliament.

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G7 Outreach Summit: Italy





- ❖ The G7 Summit is an informal grouping of seven industrialized democracies consisting of Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States.
- ❖ It was established to facilitate discussions and cooperation on issues of mutual interest, such as global economic governance, international security, and energy policy.
- ❖ The G7 operates without a formal charter or secretariat, and its presidency rotates among member countries each year. Some of the key principles of the G7 include,
 - ☛ **Democracy:** G7 countries promote democratic values and institutions, including free and fair elections, the rule of law, and the protection of individual rights and freedoms.
 - ☛ **Human Rights:** They support the protection and promotion of human rights around the world, including civil, political, economic, social, and cultural rights.
 - ☛ **Free and Fair Trade:** They are committed to promoting international trade and investment based on open, transparent, and non-discriminatory rules.
 - ☛ **Environmental Protection:** They are committed to reducing greenhouse gas emissions, protecting biodiversity, and addressing other environmental challenges.
 - ☛ **Peace and Security:** They are committed to promoting international peace and security, and to preventing and resolving conflicts through diplomatic means.

Significance of G7 for India:

- ❖ As one of the world's largest economies and a major player in international trade and investment, India has an interest in engaging with the G7 to promote its economic and strategic interests.
- ❖ Some of the ways in which the G7 is significant for India are,
 - ☛ **Economic Cooperation:** The G7 countries are major trading partners for India, and closer economic cooperation could help India to expand its markets and improve its economic growth.
 - ☛ **Technology Transfer:** India can benefit from the G7's technological advancements, particularly in the areas of renewable energy, artificial intelligence, and digital technology.
 - ☛ **Climate Change:** The G7 countries have significant influence over global climate policy, and closer cooperation with them could help India to reduce its emissions and adapt to the impacts of climate change.
 - **Example:** India attended the G7 summit in 2019 as a “Goodwill Partner”, and the Prime Minister participated in the Sessions on ‘Climate, Biodiversity and Oceans’ and ‘Digital Transformation’
 - ☛ **International Relations:** As India seeks to play a greater role in international affairs, closer engagement with the G7 could help it to promote its strategic interests and enhance its global standing.
 - ☛ **Development Assistance:** The G7 countries are major donors of development assistance, and their policies and funding decisions can impact India's development agenda.
 - **Example:** The G7's support for global education initiatives has benefited India.
- ❖ Talking about Artificial Intelligence, which was one of the themes of the G7 Outreach Session chaired by Italian Prime Minister Giorgia Meloni, Modi said “We have to make technology creative, not destructive. During the G20 Summit hosted by India last year, we emphasised the importance of international governance in the field of AI. In the time to come, we will continue to work together with all countries to make AI transparent, fair, secure, accessible and responsible.”



- ❖ In India too, a few months back, it was the time of elections. The uniqueness and magnitude of the elections in India can be understood from some figures: More than 2,600 political parties, more than 1 million polling booths, more than 5 million Electronic Voting Machines, 15 million polling staff, and about 970 million voters, out of which 640 million people exercised their franchise. The entire electoral process has been made fair and transparent by the ubiquitous use of technology. And the results of such a large election were also declared within a few hours. This was the biggest festival of democracy in the world and the biggest in the history of humanity. It is also a living example of our ancient values as the mother of democracy.”
- ❖ He also pitched India’s ambition to be part of the developed world. “It is our resolve to build a developed India by 2047. Our commitment is that no section of the society should be left behind in the country’s development journey. This is also important in the context of international cooperation. The countries of the Global South are bearing the brunt of global uncertainties and tensions. India has considered it its responsibility to place the priorities and concerns of the countries of the Global South on the world stage.”
- ❖ On technology, he said that the 21st century is the century of technology. “There is hardly any aspect of human life that is deprived of the influence of technology. While on one hand technology gives the courage to take man to the Moon, on the other hand it also creates challenges like cyber security. We have to collectively ensure that the benefits of technology reach all sections of society, to realise the potential of every person in the society, to help in removing social inequalities, and expand human powers instead of limiting them. This should not only be our desire, but our responsibility. We have to convert monopoly in technology into mass usage. We have to make technology creative, not destructive. Only then will we be able to lay the foundation of an inclusive society”.
- ❖ Underlining that India is striving for a better future through its human-centric approach and is among the first few countries to formulate a National Strategy on Artificial Intelligence, he said that on the basis of this strategy, this year India has launched the AI Mission.
- ❖ “It is derived from the mantra ‘AI for All’. As a founding member and lead chair of the Global Partnership for AI, we are promoting cooperation among all countries. During the G20 Summit hosted by India last year, we emphasised the importance of international governance in the field of AI. In the time to come, we will continue to work together with all countries to make AI transparent, fair, secure, accessible and responsible,
- ❖ On energy — another theme of the Outreach Session — Modi said India’s approach in the field of energy is also based on four principles: “availability, accessibility, affordability and acceptability”.
- ❖ Stating that India is the first country to fulfil all the commitments made under COP before time and that it is making every effort to fulfil the commitment to achieve the target of Net Zero by 2070, he said, “We should together try to make the time to come a Green Era. For this, India has started Mission LiFE i.e. Lifestyle For Environment. Taking this Mission forward, on 5 June, Environment Day, I have started a campaign ‘Ek Ped Maa Ke Naam’. Everyone loves their mother. With this feeling, we want to make tree plantation a mass movement with personal touch and global responsibility. I urge all of you to join it. My team will share its details with everyone.”



- ❖ As of 2022, G7 countries make up 10% of the world's population, 31% of global GDP, and 21% of global carbon dioxide emissions, according to the Summit website. China and India, the two most populous countries with among the largest GDP figures in the world, are not part of the grouping.

Questions:

Q.1 Which of the following countries are members of both G7 and G20?

1. Canada
2. Australia
3. France

Select the correct answer from the codes given below:

- (a) 1 only
- (b) 2 and 3 only
- (c) 2 only
- (d) 1 and 3 only

Answer: D

Notes:

- ❖ **G7 members:** Canada, France, Germany, Italy, Japan, the United Kingdom and the United States.
- ❖ **G20 members:** Argentina, Australia, Brazil, Canada, China, Germany, France, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the United Kingdom, the United States and the European Union.

Q.2 Consider the following countries:

1. China
2. Japan
3. Iceland
4. France
5. Italy
6. Norway

How many of the above-mentioned countries form the part of the G7?

- (a) Only two
- (b) Only three
- (c) Only four
- (d) Only five

May WPI inflation spikes to 15-month high on food prices

Food inflation surges to 10-month peak of 7.4% driven by steeper fruit, vegetable, cereal prices; manufactured products see return of price rise

Vikas Dhoot
NEW DELHI

Inflation in India's wholesale prices accelerated to a 15-month high of 2.61% in May, more than double April's pace, with food inflation surging to a 10-month peak of 7.4% driven by steeper prices for vegetables, fruits, pulses and cereals, and a resurgence of price rise in manufactured products after 14 months of deflation.

Economists said the acceleration in wholesale inflation in May signals there is room for a further surge in consumer prices despite retail inflation easing to a 12-month low of 4.75% last month, especially as food and industrial input prices are spiking globally. May was the seventh month in a row that the WPI rose on a YoY basis after seven straight months of deflation, and wholesale inflation is expected to quicken more than 3% this month.

Sequential easing

On a month-on-month basis, the Wholesale Price Index (WPI) was up 0.2% in May, easing from an upwardly revised 9-month high of 1.06% a month earlier, with food prices rising 1.14% over April levels and manufactured products' prices up 0.64%.

The heatwaves in May

Wholesale worries

WPI inflation accelerated to a 15-month high of 2.61% in May, more than double April's pace

- Manufactured products see a resurgence of inflation after 14 months of deflation
- May was the seventh month in a row that the WPI rose on a year-on-year basis
- Sequentially, the WPI rose 0.2%, easing from April's upwardly revised 9-month high of 1.06%



helped fire up the inflation rate for vegetables to the highest level in nine months at 32.4%, and a six-month high of 5.8% for fruits.

Price rise in cereals sped to 9%, while that for pulses reversed direction to hit a six-month high of 22%.

Within vegetables, tomato prices were up 64.5% in May from 40.6% in April, while inflation in onion and potato eased slightly to a tad over 58% and 64%, respectively.

'Supply shortfalls'

Bank of Baroda chief economist Madan Sabnavis said the spikes in vegetable prices were partly due to supply shortfalls and that the heatwave aggravated the challenge.

"This is a major concern as it will keep up the pressure on the inflation till the next crop comes," Mr. Sabnavis told *The Hindu*.

India Ratings flagged si-

milar concerns about pulses prices remaining elevated in double digits as the new crop would be harvested only in October-November.

'Worrisome for retail'

"Elevated food inflation at the wholesale level is worrisome as this would keep retail food prices firm even going forward," senior director and principal economist Sunil Kumar and senior analyst Paras Jasrai wrote in a note. "Retail food inflation has been above 8% for the past seven months," they added.

India Ratings expects retail food inflation to remain over 8%, with wholesale prices expected to rise further to 3.5%, in June. CareEdge Ratings' chief economist Rajani Sinha also pointed out that industrial metal prices had risen 9.3% since March-end and food prices were increasing globally.



What is the Wholesale Price Index?

- ❖ It measures the changes in the prices of goods sold and traded in bulk by wholesale businesses to other businesses.
- ❖ Published by the Office of Economic Adviser, Ministry of Commerce and Industry.
- ❖ It is the most widely used inflation indicator in India.
- ❖ Major criticism for this index is that the general public does not buy products at wholesale price.
- ❖ The base year of All-India WPI has been revised from 2004-05 to 2011-12 in 2017.

What is the Consumer Price Index?

- ❖ It measures price changes from the perspective of a retail buyer. It is released by the National Statistical Office (NSO).
- ❖ The CPI calculates the difference in the price of commodities and services such as food, medical care, education, electronics etc, which Indian consumers buy for use.
- ❖ The CPI has several sub-groups including food and beverages, fuel and light, housing and clothing, bedding and footwear.
- ❖ Four types of CPI are as follows:
 - ☛ CPI for Industrial Workers (IW).
 - ☛ CPI for Agricultural Labourer (AL).
 - ☛ CPI for Rural Labourer (RL).
 - ☛ CPI (Rural/Urban/Combined).
 - ☛ Of these, the first three are compiled by the Labour Bureau in the Ministry of Labour and Employment. Fourth is compiled by the NSO in the Ministry of Statistics and Programme Implementation.
- ❖ Base Year for CPI is 2012.
 - ☛ Recently, the Ministry of Labour and Employment released the new series of Consumer Price Index for Industrial Worker (CPI-IW) with base year 2016.
- ❖ The Monetary Policy Committee (MPC) uses CPI data to control inflation. In April 2014, the Reserve Bank of India (RBI) had adopted the CPI as its key measure of inflation.

What is the difference between CPI and WPI?

- ❖ WPI tracks inflation at the producer level and CPI captures changes in prices levels at the consumer level.
- ❖ WPI does not capture changes in the prices of services, which CPI does.
- ❖ In WPI, more weightage is given to manufactured goods, while in CPI, more weightage is given to food items.

What is Inflation?

- ❖ Inflation refers to the rise in the prices of most goods and services of daily or common use, such as food, clothing, housing, recreation, transport, consumer staples, etc.
- ❖ Inflation measures the average price change in a basket of commodities and services over time.
- ❖ Inflation is indicative of the decrease in the purchasing power of a unit of a country's currency.
 - ☛ This could ultimately lead to a deceleration in economic growth.



- ❖ However, a moderate level of inflation is required in the economy to ensure that production is promoted.
- ❖ In India, inflation is primarily measured by two main indices — WPI & CPI which measure wholesale and retail-level price changes, respectively.

Questions:

Q.3 Consider the following statements: (2020)

1. The weightage of food in Consumer Price Index (CPI) is higher than that in Wholesale Price Index (WPI).
2. The WPI does not capture changes in the prices of services, which CPI does.
3. The Reserve Bank of India has now adopted WPI as its key measure of inflation and to decide on changing the key policy rates.

Which of the statements given above is/are correct?

- (a) 1 and 2 only
- (b) 2 only
- (c) 3 only
- (d) 1, 2 and 3

Answer: (a)

Q.4 With reference to India, consider the following statements: (2010)

1. The Wholesale Price Index (WPI) in India is available on a monthly basis only.
2. As compared to Consumer Price Index for Industrial Workers (CPI (IW)), the WPI gives less weight to food articles.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Answer: (b)