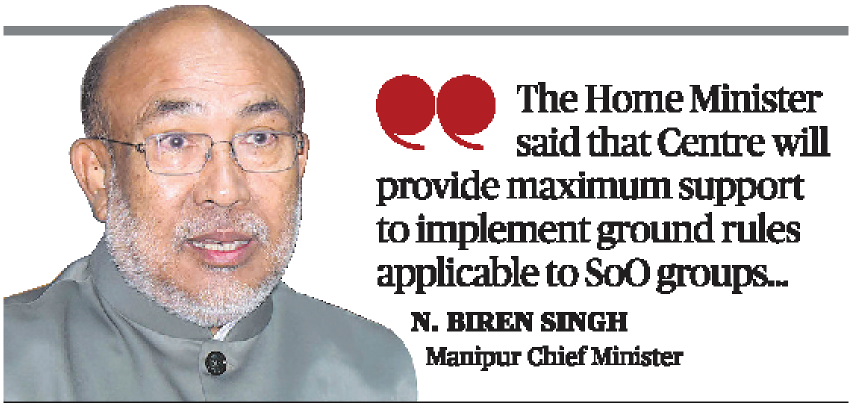
VEDHIK CURRENT AFFAIRS
27/06/2023 MONDAY www.vedhikiasacademy.org DAILY NEWS ANALYSIS

● POLITY ● ECONOMICS ● TECHNOLOGY ● ECOLOGY

CENTRE WILL ENSURE EXECUTION OF PACT WITH KUKIS: BIREN



Kuki insurgent groups violated ground rules of SoO agreement, alleges Manipur CM; officials say withdrawal of AFSPA hindering operations

Manipur Chief Minister N. Biren Singh on Monday said Union Home Minister Amit Shah had promised that the Centre would ensure the implementation of the Suspension of Operations (SoO) agreement with Kuki insurgent groups in the hill areas.

The pact requires the insurgent groups to remain in designated camps with weapons under lock and key. The Chief Minister alleged that the Kuki insurgent groups violated ground rules of the SoO pact and instigated violence. "The Home Minister said the Centre will provide maximum support to implement ground rules applicable to SoO groups and also asked me to explain to the valley people to maintain peace," Mr. Singh told The Hindu on Monday, a day after he met Mr. Shah in Delhi.

The Chief Minister said that out of the State's 10 hill districts, violence was reported only in three — Kangpokpi, Tengnoupal and Churachandpur — and in three districts of the valley.

A defence source, however, said the SoO camps were regularly checked, and all weapons, except two were found to be intact during inspection in the past two months.

'Centre will ensure execution of SoO pact'

While the Army has been deployed in the hills, the Central Armed Police Force is deployed in the buffer zones bordering the hills and the valley and Manipur Police commandos are posted in the valley.

The source said the removal of the Armed Forces (Special Powers) Act (AFSPA) from valley districts was emerging as a challenge as Meitei insurgent groups launched attacks from denotified areas, making it difficult for the security forces to launch operations without taking the help of civil administration. Out of 92 police stations, the AFSPA has been removed from 19 police stations in seven districts, all in the valley.

While the SoO groups were under watch, the valley-based insurgent groups which entered from Myanmar were difficult to track, the source said, adding that there have been multiple incidents in the past when the Army had to withdraw from an area or release suspects in the wake of protests.

'People's movement'

A top government official, however, said there were no immediate plans to rethink on the jurisdiction of the AFSPA. "This is a people's movement; it is not an insurgency related issue. Security forces have enough room to operate," said the official.

The defence source said, "How do you expect us to bring sustainable peace in Manipur without the flexibility to undertake operations on short notice at a place and time of own choosing?"

DEADLINE TO APPLY FOR HIGHER PF PENSION EXTENDED TO JULY 11

The Employees' Provident Fund Organisation (EPFO) has extended the deadline for employees and pensioners to apply for higher PF pension till July 11. The deadline was to expire on Monday.

With this, employees and pensioners will get 15 more days to submit the joint option forms. Employers will have to validate the applications by September 30.

The EPFO said this was the "last opportunity" for employees to submit the joint option to get pension on higher wages. It has, however, not clarified on issues such as the demand by employers to share the past wage details of employees and pensioners.

Employers' associations have been complaining that they were not liable to keep records of pensioners beyond eight years. Several companies had also closed down during the pandemic and they do not have records of their employees and pensioners.

The EPFO said it had received 16.06 lakh applications for validation of option/joint options till Monday. It is learnt that the EPFO has sent about 1,000 demand letters to pensioners and employees based on these joint options to collect arrears from their PF accounts.

The representatives of both employers and employees had requested the Union government to extend the deadline again, given the plight of pensioners and the amount of work involved in validating the forms.

This is the second such extension for applying for higher pension. The online facility to submit joint options was launched on February 26 and was to remain available till May 3. Considering the representations of the employees, the time limit was extended to June 26.

"Any eligible pensioner/member who on account of any issue in updation of KYC, faces difficulty in submitting online Application for Validation of Option/Joint Option, may immediately lodge such grievance on EPFiGMS for

resolution. The grievance may please be submitted by selecting the grievance category of 'Higher Pensionary benefits on higher wages'. This will ensure proper record of such a grievance for further action," the EPFO said in a release.

It also added that the request by employers to extend the date has been considered sympathetically and the employers were being given a further period of three months to submit wage details and so on.

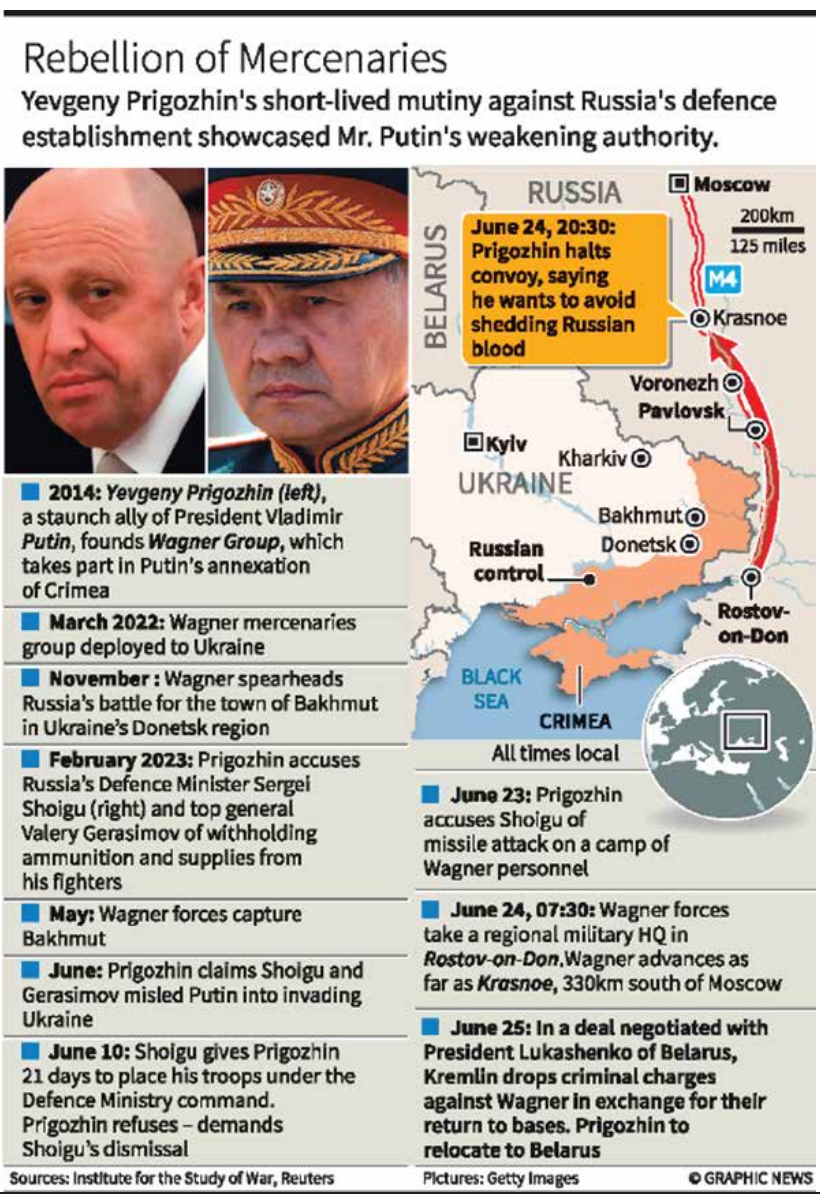
Raghunathan K.E., Member representing Employers, Central Board of Trustees, EPFO, said a lot of verification was needed on the joint options as these involved financial transactions. "We are very happy and compliment EPFO for three months time for employers and also 15 days for employees. EPFO once again proves to be considerate and compassionate to field issues," he said, adding that the EPFO should also consider putting in place an alternative mechanism for those enterprises that have wound up their businesses.

REBELLION IN RUSSIA

Vladimir Putin should bring the war to an end for stability at home

The short-lived mutiny of Yevgeny Prigozhin, head of the Wagner private military company, not only exposed the growing, uncontrollable feud between the warlord and Russia's top defence leadership but also the weakening position of Russian President Vladimir Putin in the country's complex power dynamics. For over two decades, Mr. Putin has ruled Russia with an iron fist, allowing little dissent at home and expanding foreign policy interests through force. But in Mr. Prigozhin, whose forces took over a critical military headquarters in the southern city of Rostov-on-Don and launched a "march of justice" towards Moscow, Mr. Putin faced his most significant political and internal security challenge. He called the mutiny a "betrayal", and ordered his security services to crush the rebellion. But Mr. Putin's hands were understandably tied as Wagner has grown over the years as a parallel security structure with deep influence in Africa and has made battlefield gains in Ukraine. So, instead of crushing the rebellion, Mr. Putin allowed the Belarus President, Alexander Lukashenko, to strike a deal with Mr. Prigozhin. As part of the deal, Mr. Prigozhin, who earlier on Saturday had demanded the dismissal of Russia's top military leadership and called the Defence Minister, Sergei Shoigu, and the Chief of General Staff "geriatric clowns", decided to pull back his troops and exile himself in Belarus. Mr. Putin has averted an all-out civil war, but he cannot escape the question why he failed to prevent this feud in his security circle from escalating into such a humiliating public crisis. The rivalry between the Defence Ministry and Wagner was hardly a secret. Since February, Mr. Prigozhin has attacked the Ministry, accusing it of corruption and incompetence, and Mr. Putin did nothing. Mr. Prigozhin has also blamed the defence establishment for the excessive losses Wagner suffered in Bakhmut. But Wagner's victory in Bakhmut, the first major Russian battlefield victory in months, seemed to have intensified the Shoigu-Prigozhin feud. A few days after Wagner captured Bakhmut, Mr. Shoigu asked all paramilitary forces to sign contracts with the Defence Ministry, which Mr. Prigozhin saw as an attempt to dismantle Wagner. This was the trigger for his revolt. Before the Ukraine war began on February 2022, Mr. Putin seemed all powerful, presiding over a huge but cohesive administration and expanding Russia's influence abroad. Sixteen months later, with limited Russian territorial gains in Ukraine, Mr. Putin's challenges at home are mounting. He may have brought temporary peace between his generals and warlords, but the reasons behind the mutiny remain unaddressed. If he wants stability, Mr. Putin should first bring the war to an end and put his house in order.

UNDERSTANDING THE WAGNER MUTINY



What led Russia into an unprecedented internal security crisis? Why was the chief of Wagner Private Military Company involved in this? How did Russian President Vladimir Putin deal with the situation? Has the whole incident exposed Putin's loosening authority?

The story so far:

Yevgeny Prigozhin, the chief of Russia's Wagner Private Military Company, staged a short-lived mutiny against the country's defence establishment on June 24, pushing Vladimir Putin's Russia into an unprecedented internal security crisis. Mr. Prigozhin said he was not staging a coup and stayed away from directly attacking the Kremlin. But he demanded the ouster of Russia's top defence brass and launched a "march of justice", with a convoy of armed men and armoured vehicles, towards Moscow. Mr. Putin opted to resolve the situation through talks but the fact that a feud between his Ministry of Defence (MoD) and a favourite, powerful warlord came to the brink of an open civil war speaks more of chaos rather than order in Moscow. Mr. Prigozhin has called off his rebellion, but has left open several unaddressed issues which could continue to haunt the Kremlin.

What happened on June 24?

The crisis erupted on Friday (June 23) night when Mr. Prigozhin released a video on Telegram, accusing the defence leadership of ordering strikes on Wagner and killing many of his forces. Hours later, he released another video claiming that his forces have taken over Russia's Southern Military District headquarters in Rostov-on-Don, the largest city in southern Russia that sits just 100 km from the Ukrainian border. "Our men die because you treat them like meat," he said in the video, attacking Defence Minister Sergei Shoigu and Chief of General Staff Valery Gerasimov, who is also in charge of Mr. Putin's Ukraine campaign. Short videos of Wagner troops and tanks on the streets of Rostov flooded the Internet. Mr. Prigozhin said Wagner would start a "march of justice" towards Moscow.

Immediately, a convoy of his forces started moving along the main highway connecting Rostov to Moscow. During the "march", Wagner forces shot down six Russian helicopters and a command centre plane, killing 13 servicemen, according to local reports. Roads and bridges were damaged when the Russian troops tried to stop Wagner. A jet fuel depot in the city of Voronezh, north of Rostov, caught fire when it was hit. As the whole world was warily watching the situation in Russia, by Saturday night, the Belarus government announced that Mr. Prigozhin would turn back. By that time, the convoy had crossed Yelets in Lipetsk Oblast, some 200 km south of Moscow. Mr. Prigozhin released another video confirming what the Belarus government said. "It's over," he stated.

Why did Prigozhin launch the mutiny?

The crisis between the Wagner chief and Russia's MoD has been brewing for quite some time. Mr. Prigozhin, a former Kremlin contractor and a close ally of Mr. Putin, accused the MoD leadership of corruption and incompetence. The earliest signs of the feud were visible in February, weeks after Wagner captured Soledar, a small salt-mining town in Donetsk, when Mr. Prigozhin said the Ministry had limited the supply of arms and ammunitions for Wagner whose forces were on the frontlines in Bakhmut. Wagner took Bakhmut in late May, after one of the bloodiest battles of the 21st century. According to Prigozhin, Wagner lost some 20,000 men in the battle, "five times more guys than had been supposed to have died".

He appeared in a video from the captured city and said the MoD leadership "should be held responsible for their actions". The capture of Bakhmut seemed to have strengthened Mr. Prigozhin's standing. It also intensified the feud between the MoD and Wagner.

Mr. Prigozhin said his forces came under fire while retreating from Bakhmut. And Wagner arrested one Russian regular serviceman and filmed him. The crisis came into the open on June 10 when Defence Minister Sergei Shoigu issued an order asking all armed volunteers to sign contracts with the MoD before July 1. It was an attempt to bring Wagner's remaining 25,000 forces under the Defence Ministry's command. Mr. Prigozhin protested. Mr. Putin continued to remain silent, at least publicly, allowing Mr. Shoigu to go ahead with his plan which threatened to take Mr. Prigozhin's base away from him, and then on June 23- 24, he launched his rebellion.

What was Putin's response?

While the crisis was unfolding, Mr. Putin appeared on the state TV, addressing the nation, in which he called the mutiny a "betrayal" and a "stab in the back". He said he had ordered the security services to crush the rebellion. But it was easier said than done for the Russian leader. He was already in a dilemma. Mr. Prigozhin was a former close ally. He built Wagner with Mr. Putin's blessings. And Wagner has turned out to be an important security tool for the Kremlin in recent years. The company has established a deep presence in Africa's lawless regions providing security to governments, mines, corporations, etc. It allowed the Kremlin to expand its influence in the region without sending in regular Russian troops.

Wagner also proved to be ruthlessly effective in the Ukraine war. Russia suffered humiliating retreats last year from Kharkiv and Kherson after its initial thrust into Ukraine made limited territorial gains. Since last summer, Russia has taken only two major battlefield victories — Soledar in January and Bakhmut in May and both were led by Wagner. Wagner's battlefield victories as well as Mr. Prigozhin's repeated attack on corruption in the establishment has turned the mercenaries popular at least among the nationalist sections of Russia. So the dilemma Mr. Putin faced was whether he should crush them risking an all-out civil war or find a face saving exit. The realist in Mr. Putin chose the latter. He turned to Alexander Lukashenko, a long-time ally and the President of Belarus, who negotiated with Mr. Prigozhin. By late evening on Saturday, they had a deal. Mr. Prigozhin agreed to turn back and an immediate security crisis was averted.

What was the deal?

When he launched his mutiny, Mr. Prigozhin had demanded the ouster of the MoD top brass, mainly Mr. Shoigu and Gen. Gerasimov. Russia's Federal Security Service (FSB) had slapped a criminal case against Mr. Prigozhin. The future of Wagner was also hanging in balance. According to the Kremlin, as part of the deal, Mr. Prigozhin would relocate to Belarus and those Wagner members who did not join the mutiny would be allowed to sign contracts with the MoD. The case against Mr. Prigozhin would be dropped. But Kremlin spokesperson Dmitry Peskov said, "changes of personnel in the MoD", a reference to Mr. Prigozhin's key demand, were not discussed. After the deal was announced, Wagner left the southern headquarters in Rostov and Mr. Prigozhin was seen leaving the city in a black SUV amid cheers from the locals. But it's not clear when he would move to Belarus, how many of his men would follow him or what would be their role in the country.

Mr. Putin has made no remark about the situation after Wagner withdrew. On the face of it, Mr. Prigozhin achieved little out of his mutiny. The MoD still plans to bring Wagner forces under military command. Mr. Shoigu and Gen. Gerasimov are still in their respective positions, at least for now. And Mr. Prigozhin is being exiled into Belarus.

What's next?

For Mr. Putin, however, the whole crisis poses several challenges. The mutiny itself was an implosion of the feud between the strongmen of his security circle. For a long time, he tolerated the feud but Saturday's developments showed his inability to stop it from escalating into public fighting. Mr. Prigozhin also set an example of challenging Russia's state institutions and walking away freely, something that's unheard of in Mr. Putin's Russia and could have echoes in the future. The whole incident exposed Mr. Putin's weakening authority. After promising to quell the rebellion on TV, what he did was to talk to the mercenaries indirectly and pardon them in return for their retreat. He may have averted an immediate crisis, but the reasons for the mutiny — Russia's poor battlefield performance, internal feud, corruption allegations, etc.— remain unaddressed. If the war drags on further without any concrete result, Mr. Putin could face more challenges from within.

A GRAND REVIVAL

India and Egypt have re-established close ties in recent years

The decision by India and Egypt to upgrade their ties to a Strategic Partnership during Prime Minister Narendra Modi's meeting with Egypt President Abdel Fattah El-Sisi is a significant move for India's ties with the West Asia-North Africa (WANA) region that is long overdue, given their historical ties. The two countries signed a Friendship Treaty in 1955, and India's support to Egypt, including during the Suez Canal crisis in 1956, eventually led to the Non-Aligned Movement in 1961, with both as founder members. They were also instrumental in the G-77 grouping and "South-South Cooperation" initiatives. During the Cold War, India and Egypt were united over their desire not to become "camp followers" of either the U.S. or the Soviet Union. More recently, their positions on the Ukraine war have been extremely similar — refusing to criticise Russia's actions but not condoning them either and calling for a diplomatic resolution. Last year, India's decision to supply wheat to Egypt, one of the world's biggest importers that was hit by the blockade on exports from Russia and Ukraine last year, before the Black Sea Grain Initiative stepped in, won New Delhi much goodwill in Cairo. The two sides are also pursuing closer cooperation in green energy, pharmaceuticals and defence, with MoUs in agriculture, archaeology and antiquities, and competition law. Mr. Modi's visit to the Al-Hakim Mosque and meeting with Egypt's Grand Mufti appeared to be an attempt to dispel misgivings about his government's policies towards the Muslim world.

President El-Sisi who was India's Republic Day chief guest this year, conferred Egypt's highest State Honour, "The Order of The Nile", on Mr. Modi; it is given to world leaders and those "who offer Egypt or humanity invaluable services". The two leaders will meet again as Egypt is a "special invitee" to the G-20 Summit in Delhi in September. The leaders appear to have spent much time focusing on multilateral issues, India's close ties in Egypt's neighbourhood (especially Israel and Saudi Arabia), food and energy security constraints, and building more cooperation with the Global South including the African Union. In March, Egypt joined the "New Development Bank" set up by BRICS (Brazil-Russia-India-China-South Africa), and is keen to join this grouping that will deliberate new memberships at its Summit in Cape Town this August, where Egypt will seek India's support. Bolstered by historical ties, and buffeted by present-day geopolitical turmoil, it is clear that India and Egypt are now essaying a closer relationship, one that looks both at future economies and autonomous foreign policies.

LAYING THE FOUNDATION FOR A FUTURE-READY DIGITAL INDIA

The Ministry of Electronics and IT has been actively organising consultations on the proposed "Digital India Bill" to build conceptual alignment on a new law that will replace India's 23-year-old Information Technology (IT) Act. The goal is to upgrade the current legal regime to tackle emerging challenges such as user harm, competition and misinformation in the digital space. The Union Minister of State for Electronics and Technology, Rajeev Chandrasekhar, said that the first draft of the Bill should be out by the end of June. This is a much-anticipated piece of legislation that is likely to redefine the contours of how technology is regulated, not just in India but also globally. Changes being proposed include a categorisation of digital intermediaries into distinct classes such as e-commerce players, social media companies, and search engines to place different responsibilities and liabilities on each kind.

Why the present regime is untenable

The current IT Act defines an "intermediary" to include any entity between a user and the Internet, and the IT Rules sub-classify intermediaries into three main categories: "Social Media Intermediaries" (SMIs), "Significant

Social Media Intermediaries" (SSMIs) and the recently notified, "Online Gaming Intermediaries". SMIs are platforms that facilitate communication and sharing of information between users, and SMIs that have a very large user base (above a specified threshold) are designated as SSMIs. However, the definition of SMIs is so broad that it can encompass a variety of services such as video communications, matrimonial websites, email and even online comment sections on websites. The rules also lay down stringent obligations for most intermediaries, such as a 72-hour timeline for responding to law enforcement asks and resolving 'content take down' requests. Unfortunately, ISPs, websites, e-commerce platforms, and cloud services are all treated similarly.

Consider platforms such as Microsoft Teams or customer management solutions such as Zoho. By virtue of being licensed, these intermediaries have a closed user base and present a lower risk of harm from information going viral. Treating these intermediaries like conventional social media platforms not only adds to their cost of doing business but also exposes them to greater liability without meaningfully reducing risks presented by the Internet.

So far, only a handful of countries have taken a clear position on the issue of proportionate regulation of intermediaries, so there is not too much to lean on. The European Union's Digital Services Act is probably one of the most developed frameworks for us to consider. It introduces some exemptions and creates three tiers of intermediaries — hosting services, online platforms and "very large online platforms", with increasing legal obligations. Australia has created an eight-fold classification system, with separate industry-drafted codes governing categories such as social media platforms and search engines. Intermediaries are required to conduct risk assessments, based on the potential for exposure to harmful content such as child sexual abuse material (CSAM) or terrorism.

Focus areas for India

While a granular, product-specific classification could improve accountability and safety online, such an approach may not be future-proof. As technology evolves, the specific categories we define today may not work in the future. What we need, therefore, is a classification framework that creates a few defined categories, requires intermediaries to undertake risk assessments and uses that information to bucket them into relevant categories. As far as possible, the goal should also be to minimise obligations on intermediaries and ensure that regulatory asks are proportionate to ability and size.

One way to do this would be to exempt micro and small enterprises, and caching and conduit services (the 'pipes' of the Internet) from any major obligations, and clearly distinguish communication services (where end-users interact with each other) from other forms of intermediaries (such as search engines and online-marketplaces). Given the lower risks, the obligations placed on intermediaries that are not communication services should be lesser, but they could still be required to appoint a grievance officer, cooperate with law enforcement, identify advertising, and take down problematic content within reasonable timelines.

Intermediaries that offer communication services could be asked to undertake risk assessments based on the number of their active users, risk of harm and potential for virality of harmful content. The largest communication services (platforms such as Twitter) could then be required to adhere to special obligations such as appointing India-based officers and setting up in-house grievance appellate mechanisms with independent external stakeholders to increase confidence in the grievance process. Alternative approaches to curbing virality, such as circuit breakers to slow down content, could also be considered. For the proposed approach to be effective, metrics for risk assessment and appropriate thresholds would have to be defined and reviewed on a periodic basis in consultation with industry. Overall, such a framework could help establish accountability and online safety, while reducing legal obligations for a large number of intermediaries. In doing so, it could help create a regulatory environment that helps achieve the government's policy goal of creating a safer Internet ecosystem, while also allowing businesses to thrive.

SRI LANKA TO RESTRUCTURE ITS DOMESTIC DEBT AMID CHALLENGES

Side effects: Many fear that the government's plan to restructure domestic debt could impact people's savings and retirement benefits.REUTERS

Sri Lanka will shut down its banks and financial sector for five days beginning Thursday, ahead of an extraordinary weekend debate in Parliament on the government's plan to restructure its domestic debt.

The move comes a year after Sri Lanka decided to suspend servicing its foreign debt, to combat a devastating economic meltdown — the country's worst since Independence. The government subsequently entered an agreement with the International Monetary Fund and secured a nearly $3 billion package from it, while agreeing to restructure both its foreign and domestic debt that the Fund estimated at about $41 billion and $42 billion, respectively, as of March 2023.

In May, the IMF pointed to "tentative signs of improvement" in Sri Lanka, while underscoring the need for timely restructuring agreements with the island's creditors ahead of the Fund's first review scheduled in September.

Longer timeframe

Spelling out the government's plan to state-owned French media during his recent visit to Paris, President Ranil Wickremesinghe said Sri Lanka's debt restructuring programme will be presented to the Cabinet on Wednesday. "It will go to Parliament on Friday, before the public finance committee, and Saturday and Sunday, it will be debated in Parliament and will be approved by Parliament. Thereafter, we can start the rest of the negotiations with our creditors," he said in the interview broadcast on Monday.

Sri Lanka was looking at obtaining a longer timeframe to repay its loans, as well as "some form of reduction", Mr. Wickremesinghe said, hinting at a haircut. Sri Lanka's negotiations with bilateral creditors are ongoing. On May 9, a total of 17 countries joined an "official creditor committee", co-chaired by India, Japan, and France, to discuss Sri Lanka's request for debt treatment. The committee includes Paris Club creditors as well as other official bilateral creditors. China attended the meeting as an observer and is yet to formally join the committee.

India has repeatedly emphasised creditor parity among bilateral lenders — Japan and the Paris Club have echoed the sentiment — while China has demanded that multilateral creditors be brought into the same process. Meanwhile, it remains to be seen how private creditors, who hold the largest chunk of Sri Lanka's foreign debt by way of International Sovereign Bonds, will participate.

With bilateral creditors waiting for China to come on board, and China's insistence that multilateral creditors be subject to the same treatment, Sri Lanka's foreign debt restructure process appears effectively deadlocked for the moment.

However, Mr. Wickremesinghe in his interview said, "We are confident of China coming along with the others", referring to Chinese Premier Li Qiang's "positive message" at the Paris financial summit.

"China is ready to be engaged in debt relief efforts in an effective, realistic and comprehensive manner in keeping with the principle of fair burden sharing," Mr. Li was quoted as saying at the forum.

China's role in Sri Lanka is closely watched, especially after China's recent nod to participate in Zambia's debt restructure plan. Sri Lanka's Foreign Minister Ali Sabry is currently in China on a week-long visit.

Impact on savings

Meanwhile, the government's move on restructuring its domestic debt has set off concern among many, who raise its potential impact on people's savings and retirement benefits. "We don't know the specifics of the government's plan yet, but, in principle, we have been opposed to restructuring domestic debt," said Eran Wickramaratne, a legislator from the Opposition Samagi Jana Balawegaya (SJB) and former State Minister of Finance.

"Restructuring domestic debt could mean there is an extension of tenure or maturity, an interest rate or coupon adjustment or a haircut. Although the [rate of] inflation has reduced now, prices are still largely the same. The value of people's savings has gone down tremendously," explained Mr. Wickramaratne, who is also a former banker. Domestic lenders taking a haircut could adversely affect the elderly, by impacting benefits such as Employees' Provident Fund, Trust Fund and pensions, government critics contend.

S&P RETAINS FY24 INDIA GROWTH PROJECTION AT 6%

Ratings firm says India will be the fastest-growing economy in Asia-Pacific; retail inflation is likely to soften to 5% this fiscal, from 6.7%, and the RBI is expected to cut interest rates early next year

S&P Global Ratings on Monday retained India's GDP growth forecast at 6% saying India will be the fastest-growing economy among Asia-Pacific nations.

The GDP growth forecast for the current and the next fiscal has been kept unchanged from the forecast made in March partly on account of domestic resilience.

"We see the fastest growth at about 6% in India, Vietnam, and the Philippines," S&P Global Ratings said in its quarterly economic update for Asia-Pacific.

"The medium-term growth outlook remains relatively solid. The Asian emerging market economies remain among the fastest growing ones in our global growth outlook through 2026," said Louis Kuijs, Asia-Pacific chief economist at S&P Global Ratings.

S&P said retail inflation is likely to soften to 5% this fiscal from 6.7%, and the RBI is expected to cut interest rates only early next year. "The inflation and rate hike cycles have peaked. But we expect the RBI to cut rates only in early 2024, as it wants to see consumer inflation moving to 4%," Mr. Kuijs said.

S&P has lowered the growth forecast for China to 5.2% from 5.5% for 2023.

Leading the pack

India's economy is expected to grow at about 6% along with Vietnam and the Philippines on account of domestic resilience

- Strong growth momentum in Asian countries is expected to last through 2026
- RBI is expected to cut rates only in early 2024, as it wants to see inflation moving to 4%
- Growth forecast for China has been reduced to 5.2% from 5.5% for 2023