

# 11 JULY 2023 - MAINS DAILY QUESTIONS & MODEL ANSWERS:

**Q1. What exactly do you mean by "soft power"? Discuss the benefits and limitations of India's soft power diplomacy.**

**Paper & Topic: GS II → International Relations**

- According to the Ministry of External Affairs (MEA), soft power is the potential to persuade others by attraction and attractiveness while using non-coercive techniques. Instead of relying on rewards and force like economic and military power do, soft power acts through seduction and co-optation. The procedure in use involves nations projecting their values, ideals, and cultures across boundaries in order to foster goodwill and create alliances. India has been utilising a variety of globally appealing soft power tools. Sports, historical locations, yoga, and conventional holistic care are a few of these. Indian literature, dance, and cuisine are all included.
- **The importance of India's diplomatic soft power:**
- Consistently working to raise India's brand value abroad is expected to have a significant impact on how the nation conducts diplomacy and its general engagement in world politics, making it a key component of the success of foreign policy.
- Increasing positive perceptions of India: Both hard power and soft power diplomacy work to attain ultimate objectives. The primary attribute of soft power is that it has its roots outside of the typical framework of government-to-government contacts. These essential components of India's soft power capabilities are of utmost importance and promise for enhancing positive perceptions of the nation and furthering national goals.
- India attracts tourists from all over the world because to its spirituality, yoga, movies, television, dance, music, values of nonviolence, democratic systems, pluralistic culture, and cuisine. For instance, International Yoga Day is now considered as a great diplomatic and cultural accomplishment for India. It has expanded throughout the world.
- One of the most active and important diaspora communities in the world, the Indian diaspora has the potential to be a tremendous force behind India's international soft power diplomacy and foreign policy goals. The government engages with the diaspora by hosting events like Pravasi Bharatiya Diwas.
- In line with the government's pursuit of Sabka Saath, Sabka Vikaas, India has given the highest emphasis to relations with both its near neighbours and those in the larger Indo-Pacific region.

This has been helpful in achieving the goals of the Neighbourhood First policy. India could achieve this goal by using cultural diplomacy and soft power. For instance, growing linkages to East Asia as a result of India's Buddhist past.

- **India's soft power in foreign affairs has some restrictions:**
- Insufficient finance is one of the factors hindering India from successfully facilitating the projection of its soft power. Soft power skills require capital—both human and financial—to function effectively. A simple glance at the money given to organisations like the British Council, Confucius Institutes of China, Indian Council for Cultural Relations (ICCR), or UKS reveals the challenges facing our organisation.
- Lack of coordination between different institutions: According to the MEA, India's attempts to employ soft power and cultural diplomacy are hampered by the existence of overlapping authority between various ministries. A formal coordinating structure must be created by the MEA/ICCR and other line ministries (such as the Ministry of Culture and Ministry of Education).
- The ICCR creates and executes policies and activities pertinent to India's international cultural relations, but its mission is unclear. Since it was founded, the world's circumstances have seen a great deal of dramatic change. Therefore, it needs to be examined in light of how well and efficiently the organisational set is performing.
- Lack of a policy on intercultural relations: India's efforts to achieve the goal of establishing intercultural connections with other countries are likely to remain erratic and less goal-oriented without such a policy.
- India still struggles with utilising soft power to influence its neighbours' behaviour because it hasn't yielded noticeable results. For instance, against India, Nepal and the Maldives commonly use the China card. Soft power hasn't helped India in its fight against radicalization and terrorism, either.
- India's cultural assets have an inherent attraction for soft power. But a clear strategy must be articulated, taking into account the importance of soft power assets in enhancing positive perceptions of a country. By implementing actions like boosting collaboration and funding, connecting with the diaspora more, and leveraging yoga's widespread appeal, India may thrive as a global soft power.

**Q2. When you mention inflation, what do you mean? Analyse into the relationships between inflation and a country's economic growth.**

**Paper & Topic: GS III → Indian Economy**

- Inflation, usually referred to as the progressive decline in buying power, is the term used to describe price increases. The pace of reduction in purchasing power can be approximated by the

average price increase of a sample of goods and services over time. Because of the price increase, which is commonly expressed as a percentage, one unit of money actually buys less.

- **Inflation and economic growth are correlated:**

- High inflation feeds on itself and may indicate a healthy economy. It is therefore unlikely to result in a rise in inflation expectations. However, expectations of future inflation will begin to rise in tandem with the inflation rate when it rapidly accelerates and remains high. As expectations rise and workers want bigger pay rises, businesses pass along costs by raising output prices, which causes a wage-price spiral.
- The loss of buying power is inflation's primary and most pervasive effect. Customers' purchasing power is reduced by general price increases over time since a constant amount of money will eventually allow for less consumption.
- Governments and central banks have a strong motive to control inflation since it leads to higher interest rates. Inflation has been managed through the use of monetary policy. When inflation threatens to exceed a target, policymakers raise the minimum interest rate, which boosts borrowing costs throughout the economy by reducing the money supply. Higher borrowing costs ultimately cause borrowing to slow down, which in turn reduces economic activity and growth.
- Increases in inflation over the short run can hasten economic expansion. This result, though, is just momentary. While a result, while inflation rises, unemployment typically initially declines. In response to historical discoveries of the inverse relationship between unemployment and inflation, the Phillips curve, which expresses the relationship, was created.
- Inflationary conditions increase income distribution inequality because business owners' and entrepreneurs' profits increase. On the other hand, those in fixed-income groups experience a decline in real income. As a result, there is still inequality in a country's economic progress.
- Pricing increases for commodities, inputs, and essential services have an effect on economic planning. As a result, any investment project launched during the planning phase will cost the government more money to complete. If the government is unable to increase its financial resources through taxation or savings, the planning process as a whole is disrupted.
- If a company makes higher earnings, which is possible during inflation, which is good for particular industries, it can pay dividends to its shareholders. As a result, dividend income for stockholders may grow during periods of inflation. When inflation is high or rising, stocks in the energy sector and real estate investment trusts (REITs) typically do well.
- Both positive and negative effects of inflation are possible. Experts contend that low, consistent, and most importantly, predictable inflation is advantageous for a nation's economy. Additionally, when consumers believe that prices may rise significantly in the future, they are motivated to purchase sooner, which boosts economic activity. However, overly high inflation has an impact on the cost of living for the typical person, which ultimately slows down economic expansion.