

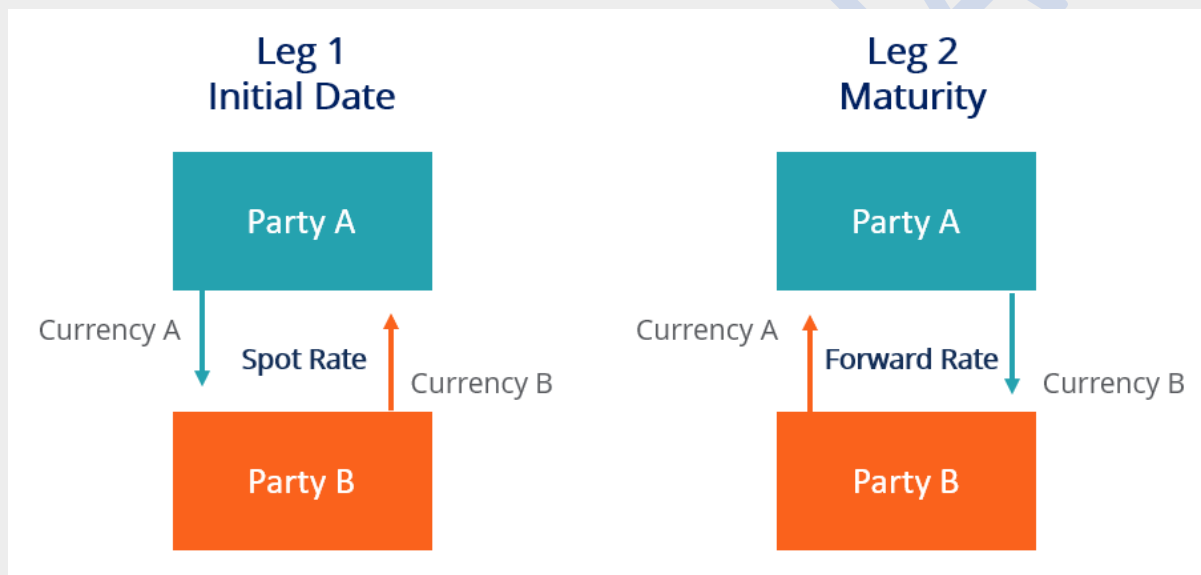
1. What is the RBI's Buy-Sell Swap?

Introduction

The Reserve Bank of India (RBI) is conducting a foreign exchange swap to manage liquidity (availability of cash in the economy) and stabilize the Indian rupee. This means that RBI will temporarily buy US dollars from banks and later sell them back at a fixed future date.

This move helps:

1. Boost liquidity – Ensuring banks have enough rupees to lend and invest.
2. Control volatility – Keeping the rupee's exchange rate stable.
3. Increase forex reserves – Strengthening India's financial position by holding more US dollars.



How Does the Swap Work?

1. First Leg (Buy Dollars, Release Rupees)

- Banks sell US dollars to RBI through an auction (competitive bidding process).
- RBI pays rupees to these banks by crediting their accounts.
- Banks transfer dollars to RBI's nostro account (foreign currency account held by RBI in overseas banks).
- Release of rupees in the market enhances liquidity and buying of dollars increase the forex reserves with RBI.

2. Second Leg (Return Rupees, Get Dollars Back)

- At the end of the swap period (a fixed time, like 3 or 6 months), banks buy back their US dollars.
- Banks return the rupees they got earlier, along with a swap premium (a small extra cost, like interest).
- RBI gives back the dollars to the banks.

Key Terms Explained

- Liquidity – The availability of money in the financial system. More liquidity means banks can lend easily.
- Volatility – Rapid price or currency movement. The swap helps stabilize the rupee's value.
- Forex Reserves – Foreign currencies held by RBI, mainly in US dollars.
- Nostro Account – An account that RBI holds in a foreign bank, used for international transactions.
- Swap Premium – The extra amount banks pay to RBI when they buy back dollars (similar to interest on a loan).

This mechanism helps RBI manage liquidity, stabilize the rupee, and strengthen forex reserves without directly buying or selling dollars in the open market.

Relevance: GS Prelims; Economics

Source: The Hindu and Indian Express

2. What is India's dilemma over fighter jets?

Introduction



The two foremost Fifth Generation Fighter Aircraft (FGFA) of Russia and the U.S., the SU-57 and F-35, got a lot of attention at Aero India, which was held from February 10-14 in Bengaluru. Just as that wound up, U.S. President Donald Trump, addressing a press meet with Prime Minister Narendra Modi, said the U.S. is also paving the way to “ultimately” provide India with F-35 stealth fighters.

What's the F-35?

The F-35 Joint Strike Fighter is a single seat, single-engine strike fighter jet with three variants, F-35A, which has a conventional take-off and landing for the Air Force, F-35B short take-off/vertical landing for the Marine Corps and an F-35C aircraft carrier variant for the Navy and the Marine Corps. These fighter jets are being made by Lockheed Martin (a US company) along with others.

Noting that it wasn't a firm offer yet and what Mr. Trump meant was that they will look at a roadmap for making the F-35 available.

What is the status of the Russian fighter jet?

It is pertinent to note that in 2010, India and Russia signed a preliminary design agreement to jointly produce the FGFA, now the SU-57, for use by both countries after which each had invested \$295 million for preliminary design which was completed in 2013. But protracted negotiations followed over the high cost and limited technology transfer. One of the limiting factors was that it was a single seater and the creation of a twin-seat variant, the IAF's preference, would mean a steep rise in costs. India eventually pulled out of the FGFA project and decided to go with its indigenous FGFA, the Advanced Medium Combat Aircraft (AMCA).

What is the IAF's squadron strength?

The IAF has a sanctioned strength of 42.5 fighter squadrons, but, is languishing today at 31 squadrons with a significant proportion of ageing platforms. China, Russia and the U.S. have already fielded fifth generation fighter jets, with China recently stealing a march over everyone else as it flew two advanced fifth generation fighters, dubbed by some as a sixth-generation jet, in addition to the two jets already developed and inducted. Reports suggest that Pakistan is looking to acquire 40 J-35 fifth generation jets from China.

What is in the pipeline?

India has an ambitious plan to acquire over 500 fighter jets, a bulk of them variants of the Light Combat Aircraft (LCA) and the AMCA, that is at least a decade away from induction.

There has been a delay in the deliveries of 83 LCA-Mk1A already contracted, with 97 more to be ordered. The delay in deliveries has been partly due to engine delays from General Electric (GE), and Hindustan Aeronautics Limited (HAL) has now assured that 12 jets will be delivered to the IAF this year; the order for 83 jets will be completed in three-and-a-half years.

Officials said that the more capable LCA-Mk2 is expected to make first flight in early 2026. The AMCA prototype is expected to roll out by end-2026 or early-2027, certified by 2032 and ready for induction by 2034.

Relevance: GS Prelims; Science & Technology

Source: The Hindu

3. Why is three-language policy controversial?

Introduction

The Union Government has withheld ₹2,152 crore in funds due to Tamil Nadu under the Samagra Shiksha scheme for refusing to join the Prime Minister Schools for Rising India (PMSHRI) initiative. While T.N. is eager to participate in the PM SHRI scheme, it staunchly opposes the accompanying mandate to implement the National Education Policy (NEP) 2020. One of the State's core objections to the NEP is its insistence on adopting a three-language formula in schools.



What does the NEP 2020 state?

The NEP 2020 has retained the three-language formula, a concept first introduced in the NEP of 1968. The key difference, however, is that back then the NEP advocated for Hindi to be a compulsory language across the nation. Hindi-speaking States were required to teach Hindi, English, and a modern Indian language — preferably

a south Indian language — while non-Hindi speaking States were expected to teach the local regional language, Hindi, and English. In contrast, NEP 2020 offers greater flexibility, technically not imposing any specific language on any State. It states that "the three languages learned

by children will be the choices of States, regions, and, of course, the students themselves, so long as at least two of the three languages are native to India.” This means, in addition to the State’s language, children would be required to learn at least one other Indian language — not necessarily Hindi. The policy also emphasises bilingual teaching, particularly in the home language/mother tongue and English. Conspicuously, it places significant emphasis on Sanskrit as an optional choice within the three-language formula.

Why is the three-language policy seen as an attempt to impose Hindi?

Tamil Nadu has long resisted the ‘imposition of Hindi’. Political parties and activists in T.N. view the three-language policy as a “smokescreen” and a “backdoor” attempt to impose Hindi. They argue that, in practice, the implementation of a three-language scheme would inevitably lead to the teaching of Hindi, given the limited resources for providing additional language teachers and learning materials.

Moreover, the Union Government and prominent BJP leaders have periodically advocated for the promotion of Hindi. In 2019, the Union Budget allocated ₹50 crore to support the appointment of Hindi teachers in non-Hindi speaking States. Critics contend the Centre’s actions do not match its rhetoric on promoting regional languages, as evidenced by the lack of efforts to hire adequate regional language teachers in Kendriya Vidyalayas or to ensure south Indian languages are taught in schools above the Vindhyas.

What is the way forward?

The only viable solution lies in constructive dialogue and a practical compromise between the Centre and the State on an issue like education, which was transferred from the State to the concurrent list during the Emergency. Notably, T.N., with its long-standing two-language policy, has consistently outperformed many other States in key metrics such as Gross Enrolment Ratio and reduced school dropout rates. Disagreements over teaching a third language should not be allowed to derail funding for Samagra Shiksha, a comprehensive programme for education.

Relevance: GS Prelims & Mains Paper II; Governance

Source: The Hindu

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