

CLOSING THE GULF

Context

- Indian Prime Minister recently visited UAE fourth time, having earlier visits in August 2015, in February 2018 and again in August 2019.
- Juxtaposed against the fact that **no Indian PM had visited the UAE for 34 years** since the visit of Indira Gandhi in 1981, the transformation in India's engagement with this Gulf state has been extraordinary.

Reasons behind the visit

- **Demise and new rule:** The reason for the latest sojourn is to offer **condolences** on the demise of Sheikh Khalifa bin Zayed al Nahyan and to **congratulate** Sheikh Mohamed bin Zayed al Nahyan on his elevation to the position of the ruler of Abu Dhabi and President of the UAE.
- **Earlier visits by officials:** **Vice President** Venkaiah Naidu had gone to Abu Dhabi in May 2022 to offer the Government of India's condolences to the UAE leadership.
- In an unusual gesture, **External Affairs Minister** S Jaishankar had visited the UAE embassy in New Delhi to sign the condolence book.

Beyond protocols

- **No diplomatic purpose:** The relationship with UAE has moved well beyond the confines of diplomatic protocols.
- **Personal rapport:** The warmth and personal chemistry between the Prime Minister and Sheikh Mohamed is genuine and palpable.
- **UAE recognition:** It has been almost three years since their last meeting in Abu Dhabi when **PM Modi** was bestowed the **Order of Zayed**, the UAE's highest civilian award.

Recent agreements signed

- **Agreement:** India and UAE has signed a **Comprehensive Economic Partnership Agreement (CEPA)** on the bilateral front in a virtual summit with Sheikh Mohamed in February 2022.
- **Significance:** CEPA is a significant milestone that was negotiated and finalised in **just 88 days**.

- **Trade target:** It promises to increase bilateral trade from \$60 billion to \$ 100 billion in five years.
- **Market access:** It came **into force** on 1st May, 2022 and has already ushered in preferential market access for 97 per cent of tariff lines accounting for 99 per cent of Indian exports to the UAE.
- **Segments:** CEPA is expected to help **Indian exports** in areas ranging from **gems and jewellery** and **textiles** to **footwear** and **pharmaceuticals**, apart from enhanced access for Indian service providers to 11 specific sectors.
- **Skill development:** Dubai and India's National Skills Development Council signed an agreement to set up a **Skill India Centre in Varanasi** to train local youth in logistics, port operations and allied areas so that they can pursue overseas employment.

Multilateral cooperation

- On the **regional front**, the rapid normalisation of ties between the UAE and Israel following the **Abraham Accord** of August 2020 has also opened new avenues of trilateral and multilateral cooperation.
- The Israeli tech companies are also establishing a base in Dubai and seeking to **diversify niche technologies** with Emirati capital and Indian scale.
- **New groupings:** The US has announced that President Joe Biden's forthcoming visit to West Asia will see a virtual summit of
- **About I2U2:** It is a new grouping that brings together **India, Israel, the US and UAE**.
- The foreign ministers of the four countries had held their **first virtual meeting** in October 2021, articulating a focus on joint trade, technology, transport and infrastructure projects.

Significance of Gulf countries

- **Description:** The Gulf countries border the Persian Gulf namely Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates
- **Gulf Cooperation Council:** Also, these countries except Iraq are part of the Gulf Cooperation Council (GCC).

- **Economic interests:** The Gulf is India's third-largest trading partner, principal source of hydrocarbons, a major source of foreign investment and home to some 8 million Indians who send in over \$50 billion annually in remittances.
- **Concerns:** India's image has been dented in the hearts and minds of the average Emiratis in the backdrop of the turbulence caused by the comments on Prophet Mohammed by Nupur Sharma and Naveen Kumar Jindal.
- **Critical support:** These unwanted comments reveal an utter ignorance of the crucial support that countries like the UAE have given to India in the Islamic world, for instance first by inviting our late External Affairs Minister **Sushma Swaraj as a guest of honour** at an **OIC foreign ministers meeting** in Abu Dhabi and later by standing with us on Jammu and Kashmir following the abrogation of **Article 370**.

Conclusion

Visuals from the Prime Minister's visit and his very evident personal rapport with the leadership of UAE have sent out a positive message but it will take a sustained public diplomacy effort to undo the damage caused to public sentiment at large in Gulf and strengthen ties even more.

RUPEE HITS 79 FOR 1ST TIME IN POST-TRADE, ENDS AT 78.97

In News:

- Recently, the Indian rupee fell to a new low against the US dollar, as domestic stock markets fell and foreign investors continued to sell Indian equities.
- The Indian rupee breached for the first time the Rs 79/\$ level in post-market trade.

Exchange rate:

- The exchange rate of the rupee against the US dollar tells us how many rupees are needed to purchase one US dollar.
- To purchase (import) a product or service from the United States, Indians must first purchase dollars and then use those dollars to purchase the product.
 - The same is true when Americans purchase something from India.
- If the rupee's exchange rate falls (depreciation), purchasing American goods will become more expensive.

- Simultaneously, Indian exporters may benefit because their goods are now more appealing to American customers.

How is it determined?

- In a free-market economy, the exchange rate is decided by the supply and demand for rupees and dollars.
- In case, Indians demand more dollars in comparison to Americans demanding the rupee, the exchange rate will “fall” or “weaken” for rupee and “rise” or “strengthen” for dollar.
- However, in India, the market does not fully determine the exchange rate.
 - The Reserve Bank of India (RBI) occasionally intervenes in the foreign exchange (forex) market to ensure that the rupee's price does not fluctuate too much or rises or falls too dramatically all at once.
- **Fluctuation in rupee’s exchange rate:** For simplicity, consider two scenarios -
 - **Crude oil prices rise dramatically:** The ramifications for India, which imports 80% of its oil, would be that it would require more dollars to purchase crude oil in the international market.
 - This would weaken the rupee because India's demand for dollars would have increased while global demand for the rupee remained unchanged.
 - **The US central bank raises its interest rates:** Global investors who had been putting money in India (for which they demanded rupees) might consider withdrawing it and investing in the US (for which they would demand dollars instead). Again, the rupee would weaken.

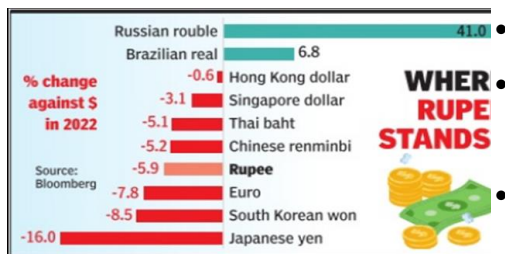
The RBI’s role in this:

- To slow down the rupee's fall, the RBI would sell some of the dollars from its forex reserves in the market.
- This will absorb a large number of rupees from the market, narrowing the demand-supply gap between the rupee and the dollar.
- This is why the RBI's forex reserves have plummeted since the start of the Ukrainian conflict.

Significance of exchange rate

- The exchange rate is frequently used to gauge an economy's relative strength.
- The majority of developing economies run trade and current account deficits.
- The ultimate impact of a fall is determined by a number of factors.
- A fall in the rupee, for example, can benefit India's exporters - unless they import raw materials, which would become more expensive.

News Summary:



- Among Asian currencies, the rupee has outperformed during the current year.
- However, the recent decline (domestic currency has lost almost 6% during the current year) has caused it to underperform in comparison to the currencies of Singapore, Indonesia, Thailand, China and Malaysia.
- India is the only major emerging market with a large current account deficit and unlike other emerging markets, does not benefit significantly from currency depreciation.
- Multinational banks purchased dollars on behalf of foreign institutional investors, while public sector banks purchased dollars for importers such as oil companies.
- By selling billions of dollars from its reserves, the RBI has ensured that there are no wild swings in the exchange rate.
- Oil prices and overall dollar strength will determine whether the rupee remains above 79 or recovers.
- There is no reason for the rupee to reverse its course unless oil prices fall significantly.

INTERNATIONAL RENEWABLE ENERGY AGENCY (IRENA)

The Union Cabinet was apprised of a Strategic Partnership Agreement signed between the Ministry of New and Renewable Energy (MNRE), Government of India and the International Renewable Energy Agency (IRENA). The Agreement was signed in January 2022.



About:

- The aim of the Agreement is to drive ambition, leadership and knowledge on green energy transitions based on renewable energy in India. The Agreement will help India's energy transition efforts and will also help the world in combating climate change.
- The areas of cooperation as envisaged in the Strategic Partnership Agreement will support India in achieving its ambitious target of 500 GW of installed non-fossil fuel electricity capacity by 2030.
- The salient features of the Agreement include enhanced cooperation in the following areas:
 - Facilitating knowledge sharing from India on scaling-up renewable energy and clean energy technologies
 - Supporting India's efforts on long term energy planning
 - Collaborating to strengthen the innovation climate in India
 - Moving towards cost-effective decarbonisation through catalysing development and deployment of green hydrogen.
- Thus, the Strategic Partnership Agreement will help India's energy transition efforts and will also help the world in combating climate change.

READY TO COMPLY WITH IT LAWS: TWITTER TO GOVT

In News:

- Twitter has indicated to the government that it is willing to comply with Indian IT laws.

New IT Rules

- India's new IT rules, also known as The Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021, came into force in May 2021.
- It seeks to regulate social media platforms, OTT players & digital media.

Key highlights of the rule:

- Removal of content from social media

- The new guidelines will make it mandatory for platforms such as WhatsApp to aid in identifying the “originator” of “unlawful” messages.
- It stipulates that upon receipt of information about the platform hosting prohibited content from a court or the appropriate government agency, it should remove the said content within 36 hours.
- **Categorisation of social media**
 - The rules also made a distinction between a significant social media intermediary and a regular social media intermediary.
- **Related to Safe Harbour Mechanism**
 - Section 79 of the Information Technology Act provides a “safe harbour” to intermediaries that host user-generated content.
 - Section 79 says that any intermediary shall not be held legally or otherwise liable for any third-party information, data, or communication link made available or hosted on its platform.
 - In other words, as long as a platform acts just as the messenger, it will be safe from any legal prosecution brought upon due to the message being transmitted.
 - As a result, these platforms are exempted from liability for the actions of users if they adhere to government-prescribed guidelines.
 - The new guidelines prescribe an element of due diligence to be followed by the intermediary, failing which the **safe harbour provisions would cease** to apply to these platforms.
- **A Grievance Redressal Mechanism**
 - The guidelines mandates that the social media platforms should establish a mechanism for receiving and resolving complaints from users.
 - These platforms will need to appoint a grievance officer to deal with such complaints.
- **Ensuring Compliance**
 - The social media platforms will be required to appoint a chief compliance officer resident in India, responsible for ensuring compliance with the rules.
 - These platforms will also be required to appoint a nodal contact person for 24×7 coordination with law enforcement agencies.
 - The platforms will need to publish a monthly compliance report mentioning the details of complaints received and action taken on the complaints etc.

- **Penalties**

- In case an intermediary fails to observe the rules, it would lose the safe harbour.
- It will be liable for punishment under any law for the time being in force including the provisions of the IT Act and the Indian Penal Code.

- **Rules for OTT (Over-the-Top) Services**

- The new IT Rules has called for a grievance redressal system for OTT platforms.
- OTT services refer to any type of video or streaming media that provides a viewer access to movies or TV shows by sending the media directly through the internet.
- Some of the most popular OTT providers include Netflix, Amazon Prime Video, and Hulu.
- The government is also asking OTT platforms to self-regulate.
- While films have a censor board, OTT platforms such as YouTube, Netflix, etc. will require to self-classify their movies and content based on age.
- For this, the government has prescribed self-classification of content into five categories based on age suitability.
- These categories include U, “U/A 7+”, “U/A 13+”, “U/A 16+” and “A”.

- **Rules for Digital News Portals**

- The rule promotes self-regulation for these portals.
- It also wants a three-level grievance redressal mechanism.
- This will include self-regulation by the publishers; self-regulation by the self-regulating bodies of the publishers and oversight mechanism.

News Summary

- American micro-blogging giant Twitter has indicated to the government that it is willing to comply with Indian IT laws.
- This was after Twitter was served with an ultimatum to comply by July 4 or be ready to face consequences, including losing the immunity shield over user content.

What is the issue?

- The Ministry of Electronics and IT (MeitY) had issued various directions for blocking certain pieces of content and accounts under Section 69(A) of the Information Technology (IT) Act.

- Section 69(A) of the IT Act empowers the government to issue blocking orders to social media companies.
- However, twitter failed to comply with the directions on multiple occasions.
- As a result, the MeitY has given Twitter until July 4 to comply with all its blocking orders.

Previous instance of run in with the government

- Twitter had run into trouble with the government last year as well after a new set of intermediary rules came into effect in May 2021.
 - The issue then was over Twitter appointing an external person as its India-based grievance officer.
 - The rules require that the grievance officer be an employee of the company.
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SHAMBHAJI NAGAR

The Uddhav Thackeray Cabinet on June 29, approved the renaming of Aurangabad city as Shambhaji Nagar, and Osmanabad city — which is named after the last ruler of Hyderabad, Mir Osman Ali Khan — as Dharashiv.



About:

- Aurangabad was founded in 1610 by Malik Ambar, the Siddi general of the Nizamshahi dynasty of Ahmadnagar. The city was named Khirki or Khadki at the time, and its name was changed to Fatehpur by Malik Ambar's son Fateh Khan following Malik Ambar's death in 1626.
 - In 1653, the Mughal Emperor Aurangzeb invaded the Deccan and set up his capital in the city, which he renamed Aurangabad. The city has borne the association of its name with Aurangzeb ever since.
 - Chhatrapati Sambhaji Maharaj, the son and successor of Chhatrapati Shivaji Maharaj, was tortured and killed in brutal fashion on Aurangzeb's orders in 1689.
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ROAD SAFETY

New global and country-level estimates suggest that routinely wearing helmets and seat belts, obeying speed limits, and avoiding driving drunk could save between 347,000 and 540,000 lives worldwide every year.



About:

- The benefits of more motorcyclists wearing helmets would be the biggest in China, where 13,703 lives could be saved every year, followed by Brazil (5,802 lives), and India (5,683 lives), says the study published in The Lancet.
- Analysis of data from 74 studies in 185 countries estimates that targeting four key risk factors for road injuries and deaths (speeding, drink driving, and non-use of crash helmets and seat belts) could prevent between 25% and 40% of all fatal road injuries worldwide every year.
- The Lancet Series on road safety, published ahead of the first ever UN High-Level Meeting on Road Safety, calls for increased political and financial commitments, and for road safety to be included in mainstream development policies.
- It argues that this is essential to achieving the UN Sustainable Development Goals (SDGs), including the target to halve road traffic crash fatalities and injuries by 2030.
- Deaths on roads are a major problem in India. Each year road accidents kill about 150,000 people and injure another 450,000 in the country.
- The World Bank noted in a report this month that with only 1 per cent of the world's vehicles, India accounts for almost 10 per cent of all crash related deaths.