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1. The Yuan Challenge: How India-Russia trade gap may threaten rupee internationalization efforts

Why in News?

In a strategic move to curb its burgeoning oil import bill and reduce dependence on the expensive US dollar, New Delhi aims to bolster bilateral trade with Moscow to \$100 billion by 2030. However, the dynamics of India-Russia trade have been skewed since the onset of the Ukraine war in 2022. Russia has rapidly ascended to become India's top oil supplier, but Indian exports to Russia have struggled, resulting in a \$57 billion trade deficit in the bilateral trade worth \$66 billion in FY24.

While India has managed to save over \$10 billion by importing cheaper Russian oil in the last two years and has benefited from exporting petroleum products by processing crude, meager exports to Russia mean that a historic geopolitical opportunity to cut dependence on the expensive US dollar has remained elusive. The continued unbalanced trade with Russia could force India to use the Chinese yuan, which runs counter to its efforts toward internationalizing the rupee.



Why is the widening trade gap with Russia benefiting the yuan?

Unlike India, China has seized the export opportunities emerging in Russia amid crippling Western sanctions and a host of Western companies and banks exiting the war economy. Chinese exports to Russia have actually grown faster than imports of Russian oil. Chinese customs data shows that shipments to Russia jumped

by 47 per cent year-on-year to \$111 billion in 2023, while imports grew by 13 per cent to \$129 billion. The two-way trade crossed a record \$240 billion in 2023.

Since trade between the two countries is more balanced compared to India-Russia trade, it has fostered the use of domestic currency. The Russian government has stated that 95 per cent of trade between China and Russia occurs in domestic currency. As a result, the yuan is the most sought-after currency in the Russian stock market, even more popular than the powerful US dollar. Russian oil exports are therefore requesting payments from Indian refineries in Chinese currency, while the use of the rupee has remained restricted.

How can India internationalise the rupee?

Even as India aims to reduce its dependence on the US dollar, it does not support the yuan as a currency for settling international trade due to recurrent border tensions with neighboring China. In July 2022, the Reserve Bank of India (RBI) issued a circular permitting an additional arrangement for settling trade using the rupee.

However, the FY23 Economic Survey states that one prerequisite for the emergence of an international currency is that it "needs to be increasingly used for trade invoicing." According to the BIS Triennial Central Bank Survey 2022, the US dollar is the dominant vehicle currency, accounting for 88 percent of global forex turnover, while the rupee accounts for just 1.6 per cent.

The survey indicated that if rupee turnover rises to equal the share of non-US, non-Euro currencies in global forex turnover (4 per cent), it will be regarded as an international currency.

Why are exports to Russia challenging?

The biggest challenge has been the reluctance of private banks to facilitate trade with Russia due to fears of Western sanctions. Most private banks have significant business interests in Western countries and multiple branches that could face sanctions imposed by the European Union (EU) and the US.

How are Russia and India planning to boost trade?

During Modi's visit, both countries decided to eliminate non-tariff and tariff barriers in trade and to initiate negotiations for a trade deal with the Russia-led Eurasian Economic Union (EEU), which could ease the flow of Indian products into the EEU. The EEU consists of five member states: Russia, Belarus, Kazakhstan, Kyrgyzstan, and Armenia, representing a \$5 trillion economy.

According to the joint statement, India and Russia agreed to cooperate in manufacturing sectors such as transport engineering, metallurgy, and chemicals.

Russia and India have also planned the implementation of joint projects in priority areas and emphasised the importance of expanding reciprocal trade flows of industrial products to increase their share in bilateral trade. The statement further reflected discussions on the migration and mobility partnership agreement between the two countries.

Relevance: GS Prelims & Mains Paper II; Bilateral Relations

Source: Indian Express

2. The SC ruling on portrayal of disability in films

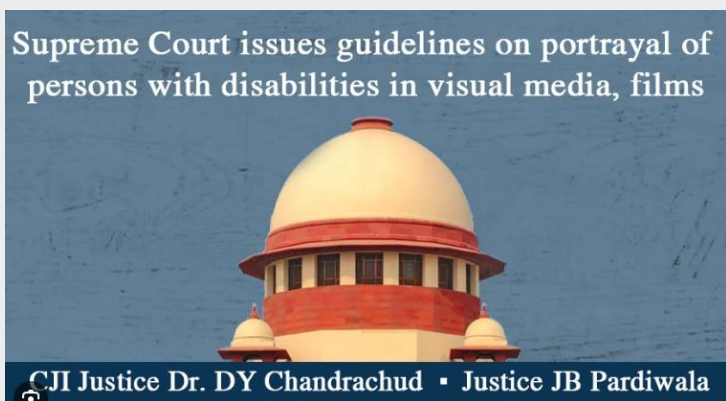
Why in News?

On July 8, while hearing a plea to ban the film Aankh Micholi for derogatory portrayal of people with disabilities, the Supreme Court in a landmark ruling laid down comprehensive guidelines to prevent stereotyping and discrimination of persons with disabilities (PwDs) in visual media, including films and documentaries.

What is the framework?

The Supreme Court's framework focuses on the prevention of stigmatisation and discrimination, recognising their profound impact on the dignity and identity of persons with disabilities. Among the guidelines is a call to avoid words that cultivate institutional discrimination, such as "cripple" and "spastic," as they contribute to negative self-image and perpetuate discriminatory attitudes.

A Bench headed by the Chief Justice of India D.Y. Chandrachud said stereotyping differently abled persons in visual media and films must end, asking creators to provide an accurate representation of disabilities rather than mocking them.



What are laws which grant disability rights?

The law which comprehensively deals with disability rights is the Rights of Persons with Disabilities (RPwD) Act which came into force from April 19, 2017. It replaced the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995. The National Trust Act (1999),

Rehabilitation Council of India Act (1992), Mental Health Care Act (2017) are the other laws that govern disability rights.

According to expert, there are broadly two models under which disability rights are looked at, namely medical and social models. The human rights model, which is a recent one, is an evolution of the social model which says that people with disability are a part of society and have the same rights as everyone else.

The Supreme Court's emphasis on the human rights model is significant as it makes the government and private parties obliged to facilitate full and effective participation of persons with disabilities in society.

What about creative freedom?

Cinematic expression doesn't have absolute power when it operates in the context of marginalised communities. It has to be looked at from the overall context of the expression and intent behind the expression. The Supreme Court said "the creative freedom of the filmmaker cannot include the freedom to lampoon, stereotype, misrepresent or disparage those already marginalised". In determining these aspects, the "intention" and "overall message" of the film have to be considered.

What is the way forward?

The court emphasised on collaboration with disability advocacy groups to gain invaluable insights and guidance on respectful and accurate portrayals, ensuring the content aligns with the lived experiences of persons with disabilities. It has also said that implementing training

programmes for writers, directors, producers, and actors to emphasise the impact of portrayals on public perceptions and the lived experiences of persons with disabilities is a necessity.

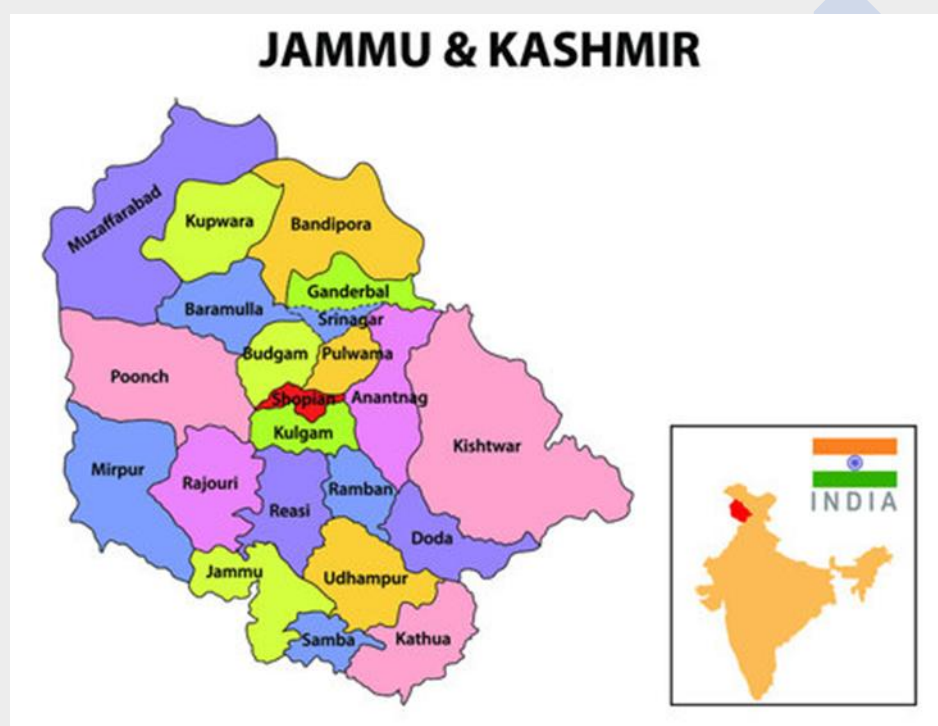
Relevance: GS Prelims & Mains Paper II; Governance

Source: The Hindu

3. Why is militancy on the rise in Jammu? Are acts of terrorism in Jammu & Kashmir shifting to the Rajouri-Poonch-Kathua sector after being quiet for two decades?

Why in News?

On July 8, five Army soldiers were killed and five injured as two Army vehicles were ambushed by militants on a hilly tract in the Kathua district of Jammu and Kashmir. This was not an isolated incident. From June 9, five terror strikes have occurred in the Jammu division of the Union Territory, in which eight security personnel and 10 civilians have been killed.



Is a new pattern emerging?

The attacks follow a pattern which suggest concerted attempts to revive militancy in the Jammu region since the past three years — in the Chenab Valley comprising Doda, Kishtwar, Ramban, Kathua, Udhampur and Reasi districts and south of the Pir Panjal comprising Rajouri and Poonch districts. While terror incidents have been common in the Kashmir Valley, the resurgence of militant activity in the Jammu belt, that has remained free of such incidents in the past two decades, has sent alarm bells ringing among the security establishment. This region was a hotbed of militancy in the late 1990s and the early 2000s.

What does the data show?

Since 2021, the Jammu region has witnessed 31 terror incidents in which 47 security forces and 19 civilians have been killed other than 48 terrorists who were killed in various encounters. The Kashmir Valley, meanwhile, reported 263 terror incidents in which 68 security forces and

75 civilians were killed. As many as 417 alleged terrorists have also been killed in the Valley since 2021. A plain reading of numbers shows that incidents in Jammu remain far fewer than the Valley, yet it is the frequency and the nature of attacks, targeting pilgrims and security forces that is worrying.

What could be the possible reasons?

After the 2020 Galwan clashes in eastern Ladakh, in which 20 soldiers were killed, a large contingent of the Army was pulled out of Jammu and deployed along the China border. This led to the thinning of the security grid, making the area vulnerable, pointed out security experts.

As there is a heightened state of alert in the Kashmir Valley and little room for state-sponsored terrorists, it is convenient to launch terror attacks in Jammu where the guard is relatively down.

Is infiltration the cause?

According to various estimates, there are around 20-25 hardened militants who are likely to have infiltrated from Pakistan. The 192-km international border (IB) along Jammu is secured by the Border Security Force (BSF) while the 740-km Line of Control (LoC), the effective border in the Kashmir Valley and parts of Jammu, is under the operational control of the Army. Officials said though measures are in place, tough terrain and forested areas along the LoC and vulnerable patches along the IB may have been used for fresh infiltration.

Relevance: GS Prelims & Mains Paper III; Internal Security

Source: The Hindu