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ANALYSIS**



ENGLISH ACADEMY®

**01 JANUARY 2025**

# 1 - Internationalisation of rupee:

## GS III

### Indian Economy

- **Regarding the internationalisation of the rupee:**

- As with the US dollar, the Euro, the Japanese yen, etc., it describes the process of making the Indian rupee a widely accepted currency.
- Internationalisation is the process of using the rupee more frequently in international trade.
- It comprises promoting the use of the rupee for import and export trade as well as other current account activities once the rupee is first used for capital account transactions.
- Both foreigners and Indian citizens participated in each of these deals.
- It's necessary to internationalise the rupee.
- Currency internationalisation requires a strong swap and FX market, as well as increased currency settlement opening.
- It will want full currency convertibility on the capital account as well as unlimited cross-border money transactions.
- India only allows full convertibility for the current account at this time.
- What are the reserve currencies of the world?
- The US dollar, the Euro, the Japanese yen, and the pound sterling are currently the top four reserve currencies in the world.
- China has made sporadic progress in making the yuan its official currency.

- **Advantages:**

- **Indications of market stability and maturity:**

- The introduction of a completely convertible currency amplifies an economy's capacity to manage the unrestricted flow of capital, which attracts investments and boosts the economy.

- **The Financial Markets Now Have More Liquidity:**

- Full capital account convertibility opens up the nation's markets to international participants, including investors, businesses, and trading partners.
- This helps numerous companies and commercial sectors quickly obtain financing, which is advantageous for a nation's economy.

- **Enhanced Opportunities for Business and Employment:**

- Additionally, it encourages the development of new businesses and job opportunities in a variety of business areas.

- **Increase in the domestic rupee market:**

- Increasing trade and the currency's use abroad would result from making the rupee fully convertible.
- By expanding liquidity, improving regulatory control, and lowering reliance on and risk from involvement in offshore markets, it will assist domestic markets.

- **Foreign capital is easily accessible:**

- Local businesses can benefit from easy access to foreign loans at comparatively lower costs and lower interest rates.

- **Improved access to goods and services:**

- All foreign companies will be able to enter the Indian market thanks to full convertibility, which will boost competition and benefit the country's economy and customers.

- **Progress in Several Industrial Sectors:**

- FDIs from abroad are prohibited in a number of sectors, including insurance, fertilisers, and retail.

- Full convertibility will open the door for big global corporations to invest in these regions.
- **Outside Investing:**
- There won't be any limitations on the exchanged quantities or prerequisites for approval after full convertibility.
- **Enhanced Financial System:**
- Indian businesses would be permitted to offer loans denominated in foreign currencies to domestic Indian investors.
- Indian businesses would be able to hold foreign currency deposits in local Indian banks to meet their capital needs.
- Indian banks would be able to lend to and borrow from foreign banks in different currencies.
- offering larger (or even unbounded) limitations on gold-based deposits and loans, as well as straightforward options for free gold purchasing and selling.
- **Disadvantages:**
- **Extreme turbulence:**
- Due to a lack of sufficient regulatory oversight and rates that are sensitive to open markets with a large number of international market participants, high levels of volatility, devaluation, or inflation in currency rates may occur, causing challenges for the country's economy.
- **Foreign Debt Burden:**
- Businesses can easily take out foreign loans, but they run the risk of having to make significant repayments if the exchange rate declines.

- **Effects on exports and the trade balance:**

- The rising, uncontrolled currency has made Indian exports less competitive in the world markets.
- In order to maintain their competitive advantage, export-oriented countries like China and India strive to maintain lower exchange rates.
- India stands the risk of losing its competitiveness in the global market if currency rate controls are abolished.

- **Without Foundations:**

- India's heavy reliance on exports, rising population, corruption, socioeconomic complexity, and administrative burdens could result in economic setbacks after full rupee convertibility.

- **Moving forward:**

- India is expected to become a truly global economy in the near future, demanding even more system integration.
- Making the rupee fully convertible is a sensible first step in that direction.

- **This depends on a variety of variables, such as:**

- Low levels of non-performing assets (NPAs),
- Budgetary restructuring
- The highest levels of foreign currency reserves,
- Controlling inflation
- A tolerable current account deficit (CAD)
- An effective regulatory environment for the financial markets, and
- Effective organisation and budgetary monitoring.

- **Immediately after:**

- A strategy that is consistently used to assess proposals for bilateral and global trade agreements for billing,

- settlement and payment in rupees and local currency,
- the opening of rupee accounts by non-residents both inside and outside of India, and
- To promote international trade, linking the Indian payment system with those of other countries.
- To boost the financial sector, a 24/5 global rupee market and revised FPI (foreign portfolio investor) laws are being implemented.
- Long-term remedies
- Long-term efforts should be made to convince the IMF (International Monetary Fund) to recognise the rupee as an SDR.
- In order to supplement the official reserves of its member countries, the IMF created the SDR as a global reserve asset.
- The SDR's value is based on a basket of five currencies: the US dollar, the euro, the Chinese yuan, the Japanese yen, and the British pound sterling.

*Source → The Hindu*



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## 2 - Exercise Salvex:

### GS II

## International Relations

- **Important details**
- It was the sixth iteration of the Indian Navy-US Navy (IN-USN) Salvage and Explosive Ordnance Disposal (EOD) exercise.
- SALVEX had finished at Kochi.
- IN and USN have participated in joint EOD and salvage drills since 2005.

*Source → The Hindu*

## 3 - Dark patterns:

### GS III

#### Science and Technology

- **In relation to Dark Patterns:**

- Harry Brignull created the term "dark pattern" in 2010 to characterise deceptive strategies used to trick clients.
- A "dark pattern" is a design or user interface strategy that is explicitly made to deceive or persuade people into making decisions or acting in ways that may not be in their best interests.
- Dark patterns are design elements used in digital user interfaces (UI) to prey on inherent psychological biases and sway users' choices.
- In user-centered UI design, the goal of the designer is to maximise usability and enhance a user's interaction with a digital good or service.
- It guides users towards choices that serve the online service provider's interests, often without the user's understanding.
- Such designs are unethical user interface patterns that intentionally impede your ability to use the Internet or even take advantage of you.
- They aid the company or platform that uses the designs as well.
- Users have less control over their browsing experience and are denied the full disclosure of the services they are using on digital sites that use "dark patterns."

- **Utilising dark patterns:**

- **Methods of deception:**

- Misdirection techniques use language or images to influence consumers' choices.
- For instance, an online service provider might use a huge, eye-catching button to draw attention to a choice that is more advantageous to them, and a small, off-center grey typeface to draw attention away from a choice that is less advantageous.

- **Methods of confirmation-shaming:**

- In order to persuade users to perform actions that will benefit the online service provider, confirmsharing strategies present users with options to decline that are presented in a negative perspective.

- **Legality of dark patterns:**

- The Consumer Protection Act of 2019 forbids unfair practises, which include those that limit consumers' access to information and distort their ability to make informed decisions.
- In most nations, dark patterns are no longer expressly forbidden by any regulations.
- People who have been harmed by dark patterns may be able to file a lawsuit for compensation.
- Google and Facebook faced repercussions in 2022 as a result of their cookie marketing.
- These businesses violated EU and French legislation by making it harder for users to reject cookies than to accept them.

- **Challenges:**

- **Problems with disclosure:**

- Important information can be hidden by dark patterns, which could lead to poor decisions and potential privacy or financial problems.

- **Autonomy issues:**

- It limits consumers' freedom of choice, which could make them regret or feel disappointed.

- **Privacy issues:**

- Malicious conduct may lure users into providing more personal information or agreeing to privacy settings that compromise their privacy.



- **Having a negative user experience:**

- Customers are regularly put in frustrating and confused circumstances by dark patterns.
- Users might feel deceived or manipulated, which could make them doubt the brand or platform and ruin their overall user experience.

- **Moving forward:**

- Major Indian online marketplaces were warned in a letter from the Department of Consumer Affairs not to engage in "unfair trade practises" or "consumer rights violations" by using "dark patterns" in their user interfaces to sway consumer decision-making and violate "consumer rights" as stated in the Consumer Protection Act, 2019.
- However, because e-platform usage is growing, a strong legal structure is necessary.
- The Indian government also needs to revise the law to specifically address discrepancies.
- To achieve this, it could be necessary to pass updated consumer protection and data protection legislation in addition to new prohibitions against deceptive design practises.

Source → *The Hindu*

## **4 - Smart Bandage:**

### **GS III**

#### **Science and Technology**

- **In relation to smart bandages:**

- Unlike a standard bandage, which may only be made of layers of absorbent material, smart bandages are made from a flexible and elastic polymer with embedded circuitry and medication.
- With the help of the electronics, the sensor can monitor substances like pH or temperature that could point to bacterial infection or inflammation in the wound, as well as substances like uric acid or lactate.
- The bandage may react in one of three ways:

- For the patient's or a doctor's review, it can wirelessly upload the data acquired from the wound to a nearby computer, tablet, or smartphone.
- It can deliver an antibiotic or another medication that is stored inside the bandage right to the site of the wound to treat the swelling and infection.
- To promote tissue growth and speed healing, a mild electrical field can be applied to the wound.

- **Advantages:**

- Patients who have chronically exposed wounds may benefit from it.
- The key advantage of this is that antibiotics don't have to be routinely administered or removed in order to monitor the situation.
- The bandage may reduce the number of trips to the emergency room.

- **Challenges:**

- Approximately 80% of people with chronic wounds have diabetes.
- Even if the bandage is a good product, the patient must still obey the doctor's orders and follow them, which might be difficult in a public setting.
- There will be an extra charge if the antimicrobial peptide in the bandage is ineffective against the bacteria in the patient's wounds.

- **Conclusion:**

- If the smart bandage is made commercially available, a government-sponsored pilot study ought to be carried out.
- This bandage might be provided to people who require it the most if it were made a part of the insurance scheme.

*Source → The Hindu*

## 5 - The High Seas Treaty:

### GS II

#### International Relations

- **Important details:**

- It became the third agreement to be authorised under UNCLOS after the 1994 and 1995 treaties that established the International Seabed Authority and the Fish Stocks agreement.

- **Aim:**

- to work together internationally to put international rules into effect in order to protect marine life where it is outside the purview of national jurisdiction.

- **The agreement aims to solve significant issues like:**

- increasing sea surface temperatures,
- marine biodiversity is being overused.
- overfishing,
- coastal decay
- practises that cannot be carried out beyond international borders.

- **How does High Seas function?**

- The high seas are all oceanic regions that are not a part of a country's territorial sea, exclusive economic zone, internal waters, or archipelagic waters, as defined by international law.
- The high seas and the riches found there are not directly owned or controlled by any one country.

- **Legal limitations:**

- Coastal governments often have jurisdiction over the 200 nautical mile expanse of ocean that begins at their borders.
- A country's "exclusive economic zone (EEZ)," which is characterised as a space of 200 nautical miles, is where maritime resource development and exploitation are permitted under sovereign rights.
- The ocean water column outside of any given country's borders is referred to as the "high seas" or ABNJ (areas beyond national jurisdiction).

- **The Area:**

- The seafloor that extends past the limits of the coastal continental shelf is referred to as "the Area" in the 1982 United Nations Convention on the Law of the Sea (UNCLOS).
- The International Seabed Authority (ISA) is responsible with governing the discovery and exploitation of seabed mineral resources in the Area for the benefit of humanity.

- **What the High Seas Mean:**

- Despite the fact that the high seas make up more than half of the Earth's surface and 61% of all oceans, only 1% of international waterways are protected.
- financial significance
- Around the world, the resources of the ocean support about 3 billion people.
- The marine industry as a whole is worth \$3 trillion (€2.8 trillion), or 5% of the world's GDP.

- **Clinical applicability:**

- Several leukemia-fighting drugs come from the shallow water sponge *Tectitethya crypta*, which is found in the waters of the Caribbean.
- The venom from the fish-eating sea snail *Conus magus* is being exploited to make a potent painkiller.

- **Regarding the contract:**

- It is also known as the "Paris Agreement for the Ocean."
- It carries legal weight.
- The lengthy-discussed agreement will address Biodiversity Beyond National Jurisdiction.
- The proposed treaty pertains to the ocean area outside of the Exclusive Economic Zones.
- The term "water" is only used to describe the surface of the water.
- The context for drafting the pact was the United Nations Convention on Laws of the Sea (UNCLOS), which codified nations' rights in relation to marine resources.

- **Basic provisions:**

- **Marine protected area:**

- Establishing marine protected zones through a "three-quarters majority vote," which forbids the decision from being opposed by one or two parties, is the first step towards protecting oceans from human activities.

- **A cleansing house technique:**

- According to the treaty, a clear house mechanism must be established to share scientific information and financial profits in order to ensure the equal distribution of benefits from marine genetic resources.
- All parties will have access to information on marine protected areas, marine genetic resources, and area-based management tools thanks to the mechanism.

- **Scientific and Technical Body:**

- The last pillar of the accord is marine technology and capacity building.
- The examination of the environmental impact will be greatly aided by the Scientific and Technical Body.
- The association will create guidelines and standards for evaluation procedures and support countries with weak evaluation capacities.

- The stakeholders will find it simpler to come together and talk about how future consequences will be felt, data gaps, and research objectives.
- **Those who are against the agreement:**
  - Because they assist businesses that are at the forefront of cutting-edge maritime technology research and development, many developed nations rejected the pact.
  - The patents relating to marine genetic resources are owned by a very small number of private firms.
  - Russia and China are also against the agreement.
  - Asserting that the agreement does not strike a balance between sustainability and conservation, Russia withdrew from the final round of the IGC-5 consensus building.
- **UNCLOS:**
  - All marine and maritime operations have a legal framework thanks to a global agreement called the United Nations Convention on the Law of the Sea (UNCLOS).
  - The Convention was created as a result of the third United Nations Conference on the Law of the Sea (UNCLOS III), which took place between 1973 through 1982.
  - UNCLOS took the place of the four treaties from the 1958 Convention on the High Seas.
  - The UNCLOS came into effect in 1994.
  - While not actively involved in the Convention's implementation, the UN Secretariat does promote gatherings of ratifying governments.
  - The International Maritime Organisation, a UN agency with specialised knowledge, as well as other groups like the International Whaling Commission and the International Seabed Authority (ISA), which was established by the Convention itself, are essential to the Convention's implementation.
- **In order to categorise maritime environments, it establishes five main zones:**
  - Interior waters
  - A local sea
  - Variable Zone
  - Exclusive Economic Zone, or EEZ
  - It is the only international treaty that establishes the basis for sovereign rule in marine domains.

Source → *The Hindu*



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