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**GS Mains Q&A**

**India's Relations with Major Powers &  
International Organisations**



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## GS MAINS Q&A 2018

# INDIA'S RELATIONS WITH MAJOR POWERS & INTERNATIONAL ORGANISATIONS

Time Allowed: 3 Hr.

Max. Marks: 250

### Instructions to Candidate

- ▶ There are 20 Questions.
- ▶ The paper contain two sections:
  - Section A: Questions 1-10 are of 10 Marks Each
  - Section B: Questions 11-20 are of 15 Mark Each
- ▶ All questions are compulsory.
- ▶ The number of marks carried by a question is indicated against it.
- ▶ Answer the questions in **SECTION A WITHIN 150** words each and **SECTION B WITHIN 250** words each. Contents of the answer is more important than its length.
- ▶ Answers must be written within the space provided.
- ▶ Any page or portion of the page left blank in the Question-cum-Answer Booklet must be clearly struck off.

Q	Answer	Q	Answer
1		11	
2		12	
3		13	
4		14	
5		15	
6		16	
7		17	
8		18	
9		19	
10		20	

Date:

Candidate's Signature

*Srushti*

Examiner's Signature

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REMARKS

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*Remarks*

## Section A

Q1. Analyze the south-south cooperation strategy? Elaborate on major developments in achieving south-south cooperation globally in last 10 years? (10 Marks)

The strategy of South-South cooperation seeks to forge partnerships among nations of "other" or "southern" <sup>"half"</sup> hemisphere. Incidentally, most of these are developing countries like India, Brazil etc or African nations reeling under malnutrition and inadequate infrastructure.

1) This involves cross border connectivity, sharing best practices, developing role model of cities and technology that is low cost (affordably) and suited to the indigenous culture.

2) South-South cooperation breaks the 'Dependency Development' that required European & American approaches.

But it has its own limitations like paucity of capital, poor infrastructure, low investment capacity, geopolitical conflicts etc.

Remarks

Major developments for South-South Cooperation  
(S-S)

- 1) IBSA - India-Brazil-South African cooperation on infrastructure & trade.
- 2) Small Island developing States like Fiji, Tuvalu, East Timor are also coming under the aegis.
- 3) Recent contribution made by India to UN Partnership Fund that's exclusively for S-S-Cooperation
- 4) African Nations, together tried to set Agenda 2063 for Africa with a shared future.
- 5) Support of generic medicines, Agricultural subsidies that India supports under WTO negotiations.
- 6) Alternate 'World Social Forum', established to find new narrative than 'World Economic Forum'

These approaches reflect the South-South Cooperation which can yield large benefits due to similar dept growth & levels.

Remarks

Q2. India-Brazil relations haven't prospered despite sharing stage at large number of global bodies and issues. Analyze major reasons behind this and highlight potential areas of improving trade? (10 Marks)

Despite India & Brazil being flagbearers in South Asia and South America resp, they have not been able to mutually develop relations.

Forums in which both countries engage

- ) BRICS: This multilateral forum brings an alternate economic order to the existing one
- ) IBSA: developing block
- ) G4: supporting each other's bid as permanent members at UNSC.
- ) G20

Major reasons behind lower prosperity in relations.

- ) Similar resource base (natural) - Eg. cotton, fruits, coffee, grains which limits the trade relations.
- ) Military & security interests do not exactly converge  
Eg. India rattles with terrorism while Latin America is tackling drug-human trafficking.

Remarks

- ) Poor diaspora linkages.
- ) Less interaction even at people to people level - due to different culture & poor political initiative.
- ) Similar demographic levels. & development levels.

Potential areas of improving trade.

- ) Trade in Services - India can provide expertise of medical & engineering field.
- ) Pharmaceuticals - generic medicines etc
- ) Refinery products (Petroleum) can be exported.
- ) Traditional handicrafts, food.
- ) High End electronic products & software.

**Remarks**

Q3. Recently India has made a move to push Hindi as one of official language at UN. What are major advantages of having an official language at UN and identify the major roadblocks in achieving this? (10 Marks)

India is making a push to make Hindi an official language at UN. This comes as a matter for majority Hindi speaking Indians as well as other nations who honour this language as a recognition of Hindi's popular use.

Major advantages:

- ) Official works at UN would be <sup>also</sup> carried out in Hindi using agreements, documents etc
- ) Indian leaders and spokespersons can effectively use Hindi to communicate.
- ) The declarations & policies at UN would gain wider reach to larger audience when people would be directly able to understand their work, facilitating participation.

Remarks

Major Roadblocks:

- ) Excess or Additional funding be contributed by India can drain our resources.
- ) This will have to be accepted by other members at UNGA too who will have to pay for the same.
- ) There could be lack of cooperation from nations unwilling nations. Even critics in India questioned (MPs) need of making Hindi official owing to greater acceptability that English has gained & inability of southern states population to speak.

With rising Indian stature, recognition of Hindi not only legitimises the importance but <sup>would</sup> also facilitate members from Fiji, Mauritius in conducting & understanding UN business.

Remarks

Q4. Is India's vote in the UN regarding Jerusalem contradictory to Modi's strategic doctrine transforming India from being a 'balancing power' to a 'leading power' on the international stage? Critically examine. (10 Marks)

When President of US refused to extend the holding back of shift of <sup>US</sup> embassy to Jerusalem, and the consequent political movements by Israel, a UN resolution was introduced condemning it. It tried to support a two-state solution for the Israel-Palestine issue & a bilaterally negotiated stance.

India's vote 'for' the resolution has come as a reminder of the 'balancing' we try to do between Muslim majority Palestine and our rising partner Israel.

- ) This balancing had long held back our full fledged engagement with either countries. (Israel - Palestine)
- ) Despite strategic partnership with USA, India sought to balance it with the "Palestinian cause," that has humanitarian & West Asian angle.

Remarks

Nevertheless, one must note, that for a sustained leadership position at the global level, fine diplomatic balancing is also indispensable.

o) This vote shows an assertive Indian stance, guarding its ideologies of rules based order.

o) As a responsible leading power, India carved out her own position based on enlightened self interest, instead of diplomatic fence sitting

In one stroke, Indian vote has helped maintain leverage in West Asian politics (despite deepening Israeli ties) and <sup>reiterated</sup> Indian support for a consultative solution to this issue.

**Remarks**

Q5. The United States and North Korea have been stuck in a mutually reinforcing cycle of escalation and possibility of the confrontation spiraling into full scale war has become increasingly likely. What are the issues in the relations of North Korea and US. What is India's stand with respect to North Korea? (10 Marks)

In the backdrop of critical exchanges among the leaders of both Nations, USA and North Korea ~~are~~ seem to be moving towards an escalation and confrontation involving 'Nuclear button'.

Issues related to both countries:

- ) USA is considered to be a hegemon and unilateral power by North Korea after its intervention for Libya, Syria, Afghanistan etc.
- ) Being an autocratic state, North Korea is viewed with suspicion in democratic USA.
- ) Strategic US-South Korea-Japan relations escalate the threat levels for North Korea.
- ) North Korea seeks to assert itself as a nuclear power, to gain concessions from world over, while 'nuclearising' / developing nuclear weapons is discouraged by West. due to its threat Eg. Iran.

Remarks

India's stance regarding North Korea :

- 1) India maintained supplies of food, medicines and others on humanitarian grounds but has suspended other trade due to sanctions.
- 2) In recent BRICS Summit, India reiterated a peaceful settlement between US-North Korea and supported responsible nuclear behaviour.
- 3) With increasing South Korean engagement, India has also suspended training of North Korean students and soldiers in Uttarakhand & MP.
- 4) India sees a Pakistan-China-North Korean angle in the issue which is <sup>a</sup> security issue for us.

Remarks

Q6. Do you think that non-trade-related issues have moved to center stage in bilateral and plurilateral trade negotiations? Give your opinion providing arguments.

(10 Marks)

The issues and engagements in both bilateral and multilateral negotiations have moved beyond trade, which reflects widening engagement at strategic, political & cultural levels.

- o) India-China - despite huge economic exchange, central issues revolve around territorial disputes and strategic implications (eg in BRI, South China Sea).
- o) India-US - besides trade, even at military level, 'Pivot to Asia' policy, increasing Indian maritime role of India in Indo-Pacific, diaspora linkages are central ones.
- o) Indo-China Japan - despite low trade, investments from Japan are high, both countries cooperate in Quad, Asia-Africa Growth Corridor etc.
- o) WTO - In Recent Ministerial (2017) issues such as Women Entrepreneurs, Labour regulations & such non-trade issues were raised by developed nations.

Remarks

- 1) Paris-UNFCCC- Climate Change negotiations
- 2) Arrangements like Quad, seeks to maintain the security architecture of Indo-Pacific.
- 3) Cultural cooperation by Civilizational dialogue amongst nations is also continuing.

These instances show a gradual change in nature of engagements at International level, beyond globalised trade, not only due to winds of protectionism (US, UK) but also show a concern about rules based order & cooperation ~~is~~ at multidisciplinary levels including security, environment, culture, strategy etc.

Remarks

Q7. India should be realistic about getting a permanent seat at UNSC given the current dynamics of geopolitics. In this context, discuss how India can gain entry into the coveted club? (10 Marks)

Indian entry to the coveted club is underlined by the consideration of making UNSC more representative & vibrant representing current global scenario & stakeholders.

Challenges due to Geopolitics:

- 1) Chinese Opposition to Indian accession or ~~refuse~~ refusal to share the leadership position in Asia is reflected in its stance on NSG, UNSC, etc.
- 2) Even other members at UNSC feel uneasy to part with the 'Veto' power they are endowed with reflects 'Hunger for Power'
- 3) Coffee Club constituting Pakistan, Argentina, <sup>Italy</sup> South Korea, etc refuse to accept their arch-rivals gain entry in the coveted club.

Despite these roadblocks, India can work at multiple levels to gain entry -

Remarks

- o) Respecting World based on shared rules & negotiation can reflect our maturity. Eg Continuing Indus Water Commission participation despite strain in bilateral ties.
- o) Showcasing responsible nuclear power status, as well as military might by continuous technology upgradation and security activities.
- o) Eliciting support from developing nations & extending them help with IT, Pharma, services, etc & advocating their cause Eg. at WTO, G20, etc.
- o) Building consensus at WGA for reforms overdue & acting responsibly.

Remarks

Q8. WTO has limited success over last two decades and now its legitimacy is under question as new protectionist regimes are gaining power. Examine. (10 Marks)

The WTO sought to create a level playing field in Trade negotiation by deciding the rules of the game & acted as a platform for negotiation on tough issues like Subsidies.

But lately, its legitimacy & efficacy is being questioned.

- ) Repeated US attempts to sabotage the dispute resolution mechanism by not allowing selection of judges.
- ) Protectionist attitudes in UK, USA etc that calls for a 'Nation First' policy ignoring the cause of developing nations eg. refusing to take forward Doha Dupt Agenda, not allowing AMS entitlement or permanent solution etc.
- ) Real issues that are undermining trade prospects of new nations eg fisheries, agriculture etc being trumped by newer issues like 'ecommerce, labour laws etc

Remarks

Nevertheless, its importance holds as a 'referee' in Economic arena even today

- 1) Recent efforts by India - 'Mini Ministerial' 2018 to embolden WTO negotiations is a right step.
- 2) Countries continue to use WTO status Eg Importance of Market Economy Status for China & its opposition by others -
  - 1) Even many disputes, <sup>anti-</sup>dumping duty negotiations continue to be carried out under aegis of WTO.
  - Eg. Indo-US solar case, Indo-US-China 'duty' case

Despite limited success, WTO has proved to be a common platform for trade transparency & fair regulations.

Remarks

Q9. Recently India joined the Wassenaar Arrangement as its 42nd member at a meeting of the group in Vienna. What is Wassenaar Arrangement? What are the benefits of Wassenaar Arrangement's membership for India? (10 Marks)

Wassenaar Arrangement is a multilateral export control regime that seeks to control the export, transfer and exchange of dual-use technology goods, to maintain a safer & secure world order.

It's a covered group of arrangements along with NSG, Australia Group & MTCR that seek to control technology exchanges so as to prevent it from falling into wrong hands; while agreeing on common terms of usage and sharing details about the same.

Benefits for India.

1) Access to technology that is restricted to members only, to boost our advances in research & production for security & strategic purpose.

Remarks

2. Information Sharing among members can help keep our forces, govt updated about recent devt.
  3. India's legitimacy of being a <sup>responsible</sup> nuclear state gets enhanced.
  4. India's bid for NSG seat & UNSC also gets a boost.
  5. Indian trade prospects, in military goods, Make in India & other trade relations can get a much needed support.
- Indian entry in Australia Group, MTCR & Wassenaar reflect her growing stature in world politics & recognition of our prowess as a leading mature power.

Remarks

Q10. At a time when Western Internationalism is in retreat, the success of ASEAN as the world's most important regional organization after the European Union (EU) needs to be appreciated. What makes ASEAN so special and how has it contributed to the peace and stability of the region? (10 Marks)

The success of ASEAN as a regional organisation becomes crucial specially in the backdrop of growing retreat & protectionist trends of Brexit, America's trade policy etc

ASEAN is at a special stature because:

- o) 50 yrs of its engagement have been able to tide over economic crisis (1990s) that devastated economies.
- o) Despite large powers like China in the neighbourhood, ASEAN leaders have held hands without succumbing to external pressure
- o) The cultural diversity in ASEAN Nations has rather strengthened their cooperative engagement  
eg elements of Buddhist, Hindu tradition, Largest muslim population in Indonesia, Filipino culture etc

Remarks

→ All states have limited geographical area & economic prowess individually, but together they have been able to put a strong front for negotiations increasing bargaining power

It has immensely contributed to safety & security of the region.

→ Joint efforts on security have prevented radicalisation, only recently Marawi siege by ISIS.

→ Focus on dept, labour intensive manufacturing and technology expansion has also pushed human dept in the region.

→ These countries voice their opinion in maintaining freedom of navigation in South China Sea & Indian Ocean as well by negotiations with world powers.

Remarks

## Section B

Q11. Elaborate, how China has taken leap-forward in the African region compared to other countries like India. Suggest measures to neutralize the Chinese presence and make deep inroads in Africa? (15 Marks)

In its bid to assert itself as a global power and developing favourable trade relations all around world, China has taken many steps to establish itself in Africa.

- 1) Chinese Investments in Nigeria, Ghana, Zimbabwe are unparalleled and <sup>to</sup> provide infrastructure & capital to poor nations.
- 2) Recent military base at Djibouti (Horn of Africa Region) brings China closer to South Asian politics and Indian Ocean.
- 3) Fast project implementation and ground results in Africa are bringing tangible details about its engagement.
- 4) Even Chinese angle was supposed in recent resignation of Zimbabwe's President Mugabe, reflecting political inroads.

Remarks

But African countries have often expressed concerns.

~~Complained~~ about the unilateral decision making, non transparent procedures as well as non sustainability of projects; as observed in case of Hambantota port being eventually leased out.

India emerges as a viable partner, also as a balancing power in the region.

- ) Africa Summit where all African leaders participate is an unprecedented forum to engage with all nations for negotiations.
- ) India's approach must be demand driven & consultative to allay any fears of neo-colonialism in African stakeholders.
- ) Asia-Africa Growth Corridor with Japan can boost investments in Infrastructure & develop market linkages.
- ) India must provide support to Africa even for food security & humanitarian level. Ex. effort made jointly with USA.

Remarks

- ) India must become an attractive destination for African youth to study, tour & serve to harbour people to people linkages.; overcoming racial violence or attack on Black students
- ) 'Solar Mamas' initiative by a University in Rajasthan can promote women empowerment
- ) International Solar Alliance is an apt forum to engage with tropical-equatorial African countries.
- ) Indian investments in trade, oil field, financing services etc can also boost commerce.

Hence a multilateral approach must be adopted to develop deep relationship with African culture and countries.

**Remarks**

Q12. Recently USA has decreased its UN budget and derecognized the UNESCO. Discuss the impact of such a move and examine the emergence competitive-self-interest vs globalism debate? (15 Marks)

The Inscrutability of USA, stemming from withdrawal from UNESCO, budget reduction to UN, leaving Paris Climate negotiations & even the Trans-Pacific Partnership have created turbulence at world stage.

~~Since~~ USA has been dominating the global order, specially post 1990s in economic, political, environment & military engagements. Hence, this withdrawal reflects the 'America first' policy of the govt & has manifold implications -

- 1) Creation of a power vacuum on the global level due to withdrawal.
- 2) This, complemented by ascending China, is seen as a shifting power matrix.

Remarks

- ) The inward looking approach can harm the global trade prospects & commerce linkages of developing nations - Eq. TPPA.
- ) Refusal to commit to multilateral institutions like UNESCO can hamper the rules based order, erode American legitimacy and deprive the poor nations of American technology expertise.

The emerging competitive self interest vs. globalism debate reflects this concern with USA, UK, etc (protectionist) wing on one side while Emerging Market Economies like China, India on the other.

- ) Even EU has expressed solidarity with globalism
- ) It was the West, led by USA which spread the message of globalisation in the first place.

But many scholars have different views -

- ) This self interest stance largely caters to the domestic audience which faces employment issues

**Remarks**

and falling incomes.

o) US President has backtracked on <sup>his</sup> climate change stance, reflecting US's desire to continue playing a major role.

o) Even in its South Asian policy, more boots on ground in Afghanistan & tangible engagement is called for.

o) This retreat by major nations has helped powers like India to assert their leadership and improve global stature.

**Remarks**

Q13. International Terrorism is on rise with increase in frequency of lone-wolf attacks. Elaborate and identify the major reasons behind such a rise and examine if it can be controlled through any strategy? (15 Marks)

Contrary to Terrorism being earlier confined to cross border levels and in radical West Asian or African countries; today International terrorism is gaining ground.

- o) Incident in Nice, France, (Paris) etc of lone wolf attack using large vehicles.
- o) London cultural events being disrupted by terrorists.
- o) Club in USA attacked specially with LGBT harm intention.

These attacks are carried out by often local residents, who get radicalised and are without any military training - unilaterally conduct the attack (Lone Wolf).

Major Reasons can be identified as -

- o) Greater Communication Channels - open for radicalisation, social media etc

Remarks

- For
- 1) Radicalisation, the new age groups like ISIS are specially appointing 'recruiters' through social media messaging; spreading false propaganda for ideology.
  - 2) Growing Individualism in the society - lowering societal, filial bonds specially in the Western culture, makes youth easy targets.
  - 3) Continued Internal strife in the Middle East, civil war & political instability as well as external intervention by US, Russia etc sends a grim picture & alarming signals to the diaspora.
  - 4) Lack of meaningful employment, education and proper socialisation.
  - 5) Western Rhetoric against West Asian nations even in politics

Strategies to overcome:

- 1) Concerted effort by Intelligence agencies, Cyber Secure police to nab any efforts at ~~an~~ nascent stage.

Remarks

- ) Greater police surveillance, making such attempts difficult to realize, by stepping up investigation of repeat criminals.
- ) Encouraging societal cohesion by respecting each other's culture
- ) Presenting true picture about radicalisation, Muslim leaders expressing true nature of Islam
- ) Continued efforts to rebuild West Asian nations on their own terms can help restoration.

Agreeing on Convention against Terrorism (proposed by India) & comprehensive - collaborative effort alone can help tackle terrorism

Remarks

Q14. Russia-India-China (RIC) trilateral partnership, which was envisaged as 'strategic triangle' to represent a force for greater regional and international stability has been ineffective due to growing divergences and different expectations of member countries. Examine. (15 Marks)

Strategic partnerships of the Asian giants in the form of 'R-I-C' was envisaged as an alternative power centre to Western domination on World Stage.

But the changing geopolitical-economic scenario have created divergences.

- ) Assertive Chinese rise and its dream of single handed domination subordinates both Russia & India.
- ) India's growing proximity with USA both for military engagement, NSG Waiver, terror, Quad cooperation, trade linkage has discomfoted our all weather friend Russia.
- ) While India seeks to further own interests by carefully balancing its ties with all leading powers, this has caused alienation

Remarks

1) India's tough stance against China on Indian ocean incursions, non-cooperation for BRI etc have facilitated tighter <sup>Sino</sup> Russian embrace.

Nevertheless, these countries have tried to rejuvenate this 'triangle'.

1) Russia supports India to balance Chinese rise by our bid into SCO was welcomed.

1) Even at NSG, Wassenaar etc, Russian support is UNSC laudable.

1) China & India rally together against growing protectionism also supported also by Russia.

1) Trade linkages are growing stronger also by geostrategic engagements allowed by Russia.

by INSTC - North South corridor (Iran-India Russia)

1) SCO is a forum where all 3 powers share platform to tackle security issues in the region

Remarks

## Foreign Ministers

1) Recent RIC engagement right after Quad shows India's tightrope diplomatic balancing to maintain negotiations.

2) BRICS forum has iterated cooperative spirit of these powers, through, ADB and also by AIIB,

Hence RIC engagements, though rattling due to divergences, have enough reasons to take forward the strategic partnership for a stable order specially in the light of changing power dynamics in the West

Remarks

Q15. As per Reports, India falls squarely in the "opportunity" category, rather than in that of "threats" or even "competition" for the US. Analyze the statement in context of New National Security Strategy (NSS) of US and its meaning for India. (15 Marks)

The American engagement with India specially in 20<sup>th</sup> century, was marked by suspicious support and hindered linkages. <sup>with</sup> The liberalisation, growth of American Investments, rising terror threat and increasing economic-political prowess of India in South Asia has helped boost our ties.

India being seen as an 'opportunity' by the US stems from its own aspirations & regional goals.

.) US's 'Pivot to Asia' narrative, as a counter to Chinese assertiveness presents engagement with ~~USA~~ <sup>India</sup> as a fruitful endeavour

.) This is largely to maintain its own domination, which is why India does not fall in the category of 'competition'.

Remarks

↳ American engagements eg. NSG Waiver, support against Pakistan, sup for laser, military technology etc must be seen in this light.

o) Due to diasporic linkages, continued service & trade dependence & balanced approach adopted by India, US does not perceive us as threat.

The National Security Strategy seeks to give India a greater role in Asian politics.

o) It urges India to enhance support for Afghanistan and against terror.

o) It seeks to equip India & support its rise as a maritime power.

o) To maintain trade-energy security, India is supported by USA eg in Quad to maintain rule based architecture in Indo-Pacific.

o) The term 'Indo-Pacific' rather 'Asia-Pacific' also reiterates the greater role which US expects us to play

Remarks

This gives a clear indication to India & affirms American strategic support. It partly legitimises & boost India's stature in the eyes of American allies & the world. But despite the resins expected by ~~India~~, USA, India must carve out its own strategic policy to cooperate with the developing world eg ASEAN, Africa, South Asia etc. This can help India work in enlightened self interest & pursue own goals of energy-trade security for years to come.

**Remarks**

Q16. In the past few years, Indian Ocean region (IOR) has become a geopolitical hotspot. China's string of pearls and maritime silk road significantly altered the politics in IOR. In this context discuss the motives behind china's such move of expansion in Indian Ocean. Also discuss the steps India has taken and regional cooperation to counter move of China. (15 Marks)

Indian ocean region facilitates  $>50\%$  of the World trade & harbours huge population of diverse backgrounds, both economically, politically and culturally.

Chinese ~~to~~ engagement in IOR reflects in its string of pearls - ports at maritime states (Sri Lanka, Bangladesh, Pakistan) as well as BRI & silk route.

Motives behind this - rivalling USA

- 1) Aspirations as a global leader in economic and political fronts has pushed this policy
- 2) China's excess capacity in capital, infrastructure is sought to be utilised by BRI etc
- 3) Developing deep engagements with littoral states can assure their support in future.

Remarks

o) Internationalisation of 'Renminbi' commensurate with Chinese economic prowess.

o) China's continuing need of energy, minerals and resources available in South China Sea, has also driven this.

India senses the threat perception which Chinese presence closer home, poses to our sovereignty & regional aspirations

o) Engagement with Maldives, Mauritius, Seychelles etc for Maritime surveillance, meteorological cooperation etc

o) Development of Chabahar port in Iran close to Djibouti's base & Gwadar port of China

o) Continued efforts to ~~take~~ participate Trincomalee port project in Sri Lanka

o) Growing military exercise with South East Asian nations in SIMBEX with Singapore, Indonesia, Changi naval base, etc.

Remarks

- ) Regular antipiracy operation for oil security.
- ) Indian Ocean Naval Symposium as a forum to bring together Indian ocean states for cooperation
- ) IMMSAREX - disaster relief & anti terror exercises in Bay of Bengal
- ) Act East policy, Neighbourhood first, BIMSTEC, India-ASEAN partnerships.
- ) Quad cooperation with Australia, Japan, USA reflect our strategic initiative.
- ) Sagarmala project & SAGAR - Security & Growth for All in Region, MAUSAM etc are projects to develop maritime prowess of India and secure the close region as net security provider

Remarks

Q17. What is the significance of Yuan's inclusion in the SDR basket of the IMF for China as well as global economy? Will it erode the importance of dollar and euro as international currencies? (15 Marks)

For long, the International Economic arena has been dominated by dollar & euro; due to which they have determined the Exchange price for rest of currencies.

But with the Rise in Yuan's acceptance as well as its inclusion in SDR basket can bring crucial changes.

- ) For China, 'Internationalisation of Yuan' is a good sign of its growing economic hold on trade transactions worldwide
- ) Greater acceptance of Yuan will increase commercial exchange of chinese commodities & services leading to further dept.

Remarks

1) These nations, who export to China, can now make <sup>other</sup> international transactions in yuan which is beneficial for them.

But

1) The fluctuations in Chinese currency's value can impact the global SDR value.

2) Due to protectionism and heavy Chinese dependence on manufacturing industry, the country's yuan may face a fall, equally impacting <sup>other connected</sup> ~~under~~ countries negatively.

3) Chinese also indulge in 'Devaluation of Yuan' to make exports competitive, which can affect trade prospects of other competitors.

So The Euro and Dollar may face little competition, specially due to new Mega projects like Belt & Road Initiative & SDR inclusion of manufacturing giant's currency yuan in the short term.

Remarks

But still major transactions, both by quantity and value, eg energy-fuel purchases happen in Dollar-Euros.

o) The credibility of Yuan is low comparatively also due to the state intervention, non-market economy status etc.

Hence, the Euro & Dollar would continue to dominate as International currencies riding on the technology leadership, International brands and production quality in both goods & services.

**Remarks**

Q18. What are the major functions of UN Security Council (UNSC)? Also discuss the need of reforms and reason of delay in such reforms in UNSC? (15 Marks)

The UNSC is the chief organ of UN that is concerned with the negotiations about maintenance of peace and security at International level.

It comprises of 5 permanent members (US, France, UK, China, Russia) and other non-permanent members based on regional representation.

Its functions are:

- ) To decide <sup>upon</sup> important security related UN actions and activities.
- ) It decides upon deployment of UN Peacekeeping forces.
- ) UNSC is the apex forum where security violations, attacks etc can be discussed.
- ) It can also designate terrorists eg 1267 UN list and refer matters for investigation to ICTJ.

Remarks

- ) It decides on UN outlook and agenda as well as perspective on major issues in the world.
- ) It finalises sanctions on countries that violate laws Eg. North Korean case.

### Need of Reforms in UNSC.

- ) The body is based on post World War global scenario which has been drastically altered.
- ) Developing countries like India, and even Japan, Germany are economically robust.
- ) Military powers have distributed; so the body is less representative.
- ) It gives undue veto power causing concentration of power that roadblocks certain dept.  
Eg. Continuous veto by china on inclusion of Azhar. in list
- ) Non-permanent powers have very little say & UNGA as the largest representative body is unable to express its concerns.

### Reasons of delay :

- ) Unwillingness of the permanent members to give up their veto & other powers as UNSC seat

Remarks

gives huge power & leverage at world stage.

- ) Lack of consensus about nature of reforms.
- ) Power differentials among nations and competitive approach (Pak, Argentina, Italy)
- ) Coffee Club that opposes the inclusion of G4 as significant members in UNSC.
- ) Fear of turbulence on change in order, as a threat to status quo & stability.

Nevertheless, the reforms must be moved further so that the significance & credibility of the UNSC can be maintained in future

**Remarks**

Q19. From Syria to a strategic partnership with Iran earlier this year, Russia has positioned itself as a key player in the West Asia's affairs. Elaborate the statement. Analyze the impact on India. (15 Marks)

In a post-cold-war era, in the late 20<sup>th</sup> century, Russian power was said to have receded and diminished. But with continuous engagement in West Asia, military expertise etc, Russia has again been able to assert itself under President Putin.

1) Russia has come as a force to reckon with in Syrian soil supporting Assad's regime which the Americans seek to tackle/topple.

2) Despite continuous pressure from NATO, it has tried to maintain this position using boots on ground as well as cutting edge military equipment.

3) Even when tough sanctions were put on it, Russia played a crucial role in realizing the Nuclear deal with Iran, without buckling

#1

Remarks

under the pressure of Arab World.

- ) The huge energy - fuel - gas resources have helped Russia maintain a robust yet independent position ~~are~~ in its foreign policy
- ) The INSTC - North South Corridor along with Iram seeks to ~~unbox~~ tap the resources of the Central Asian economies & their nuclear resources.
- ) Russia has ~~no~~ also not hesitated in collaborating with China on various fields, including trade, as well as military exercises.
- ) Russia has sought to play crucial role in Taliban negotiation in Afghanistan along with Pakistan, China, US.

#### Impact on India.

- ) Russia has been India's all weather friend due to historic military and economic ties.
- ) But our growing closeness to US in strategic relations has caused this relation to lose sheen.

Remarks

•) Hence growing role by Russia, <sup>and</sup> ~~in~~ conflict with USA in West Asia can even aggravate the peace & security situation.

•) This would require fine diplomatic balancing by India's side.

•) Increasing Russian role can also positively assure that Beijing does not get to unilaterally influence West Asian politics due to power vacuum anytime soon.

Hence, India must work on deepening & maintaining its <sup>ties</sup> ~~its~~ with Moscow ~~so~~ to build on the previous foundation & leverage its consolidated position.

**Remarks**

Q20. Less than 25 years after the World Trade Organization (WTO) was created, its future as a body overseeing multilateral trade rules is in doubt. Analyze the issues faced by WTO. Do you think WTO needs to be revamped? Illustrate. (15 Marks)

The GATTs was formalised into WTO, in order to establish an international forum for negotiations on global trade, commerce & exchange.

It sought to decide the rules of the game & ensure that fair play by all participating countries is ensured. The gap between developing & developed nations was sought to be bridged by giving each nation equal say

But its multilateral credentials are suspected to be in jeopardy due to foll. issues.

- ) Lack of / Inability to forge a consensus on major agenda of Ministerial. eg Receding interest in Doha Dept Agenda by developed nations;
- ) While they want to pursue e-commerce, labour, women entrepreneurs issues.

Remarks

- ) America first and Brexit reflect inward looking trend and Protectionism that affects global trade
- ) Attempts by powerful players like USA to roadblock the smooth functioning. eg by not appointing the judge to the dispute resolution mechanism of WTO.
- ) The function of the body - to give equal voice to all members, including small, poor & developing nations has not helped to realize their goals.
- ) AMS entitlements to ~~poor~~ developed countries are hardly enjoyed by China, India.
- ) Even the negotiation on food security and its permanent solution is not being agreed to as observed in Buenos Aires (2017)
- ) WTO 'procedure' needs to be revamped.
- ) Mini Ministerial organised between 2yr gaps of Ministerial conference can help break lockjam
- ) evidence based judgements on subsidies, so that the weakest countries get maximum benefits. eg in India 2018.
- ) Internal mechanism to safeguard their interests

Remarks

→) Deciding on rules based order that can guide the world nations and set fair standards.

→) A neutral and representative body of economists, Development experts that can devise true ground opinion as a guide for national negotiations.

Hence, despite roadblocks, China is vying for MES by WTO & India-US are fighting case of Solar panels, also in WTO, which reflects the utility & acceptability; it must be revamped to continue playing its part for world trade.

**Remarks**