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Deccan History: Cosmopolitan World

Deccan history is full of cosmopolitan world where mobility, fluid identities, cross-cultural interactions and political strategies defy the modern imagination of fixed boundaries, watertight religious categories and definite notions of truth and falsity.

- The Deccan attracted people from Iran, Iraq, Europe, China, Africa and Southeast Asia. It was the hub of the trading world with some of the finest port cities.
- The immigrants from Persia and Africa and mercenaries from within the region rose to the ranks of nobles, becoming contenders to the throne and successfully establishing great kingdoms.
- Deccan became a melting pot, a land of opportunities, with channels of social mobility that questioned and re-casted established pedigrees.

Patrons of art, culture

- Deccan had the grandeur of cities like Vijayanagara, Golconda, Bijapur and Hyderabad with impressive architecture and treasures, especially the fabled diamonds.
- These cities were so popular that as late as 1813, an American city in Illinois changed its name from Sarahsville to Golconda and **Vijayanagar was compared to Rome**.
- The courts of the Vijayanagar ruler, **Krishnadevaraya** and Adil Shahi Sultan of Bijapur, **Ibrahim Adil Shah II** were legendary for their art and culture with **Persian, Telugu and Marathi** languages scaling new heights.
- Thus, Deccan had a pluralistic society that accommodated everybody. The Deccani elites moved from one patron to the other for lucrative careers irrespective of their religious affiliations.
- The 'Hindu' rulers of Vijayanagara patronised Sanskritic culture but also adopted the fashions from West Asia.

- They constructed temples, whose pillars had engravings of Turkish and Arabic figures and adopted titles like **Hinduraya Suratrana meaning 'Sultan amongst the Hindu kings'** and Yavana Rajya Sthapana Acharya, 'the monarch who established the kingdom of the Turks'.
- Influenced by the Telugu world of the Vijayanagara kingdom, the 'Muslim' Qutb Shahi sultan changed his name from Ibrahim to Abhirama.
- The Adil Shahis of Bijapur were perhaps one of the most innovative rulers whose attitudes defied all religious stereotypes. Ali Adil Shah invited Catholic priests to his court and his Persian text, **Nujum al-Ulum** (Stars of Sciences), included paintings of Hindu deities and a translation of a Sanskrit text on Varshik astrology.
- His successor, the famous **Ibrahim Adil Shah, styled himself as the son of lord Ganapati and goddess Saraswati** and Hindu gods like Shiva and Parvati and Hindu epics influenced his writings.
- Commissioning a painting of Saraswati in which the goddess was depicted as a Deccani princess, art under Ibrahim also indicated the influence of European styles.

Conclusion

- A new era beginning from the end of the 13th century with grand kingdoms of Vijayanagar, Bahamanis, Adil Shahis, Qutb Shahis and Nizam Shahis holding sway and creating an impressive scenario in Deccan ironically became the reason for their rivalry with the mighty Mughals who ruthlessly crushed them by the beginning of the 18th century.
 - So the Deccan, long neglected in medieval and early modern history writing and viewed mainly through the prism of the Marathas and their rivalry with the Mughals, has lot more to offer in terms of its great achievement in art, architecture and culture.
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Government Steps in to Curb Rupee Fall

With Rupee racing past 72 against dollar government has decided to intervene with a number of steps to curb the currency slide and current account deficit.

- The rupee is currently the worst-performing currency in Asia.
- It has lost about 12% of its value since the beginning of the year. It is now around the 72 level; it was just under 64 at the beginning of the year.
- Major reasons for rupee fall includes rising crude oil prices, US-China trade war, domestic inflation and widening current account deficit. Due to the boom in U.S. economy, investors are flocking back to America due to the massive decrease in corporate taxes and an increase in interest rates by the US Federal Reserve.

Steps taken by Government

- Manufacturing companies borrowing up to \$50 million through External Commercial Borrowings (ECBs) will be able to do so only for a one-year term as against the three-year term allowed earlier.
- The government will review mandatory hedging condition for infrastructure loans. Doing away with mandatory hedging will reduce demands for dollars.
- Removal of exposure limit of 20% of foreign portfolio investments (FPI's) corporate bond portfolio to a single corporate group, company and related entities and 50% of any issue of corporate will be reviewed.
- Encouraging Indian borrowers to issue rupee-denominated 'masala bonds' to facilitate the inflow of dollars and de-risk the economy from fluctuations in the exchange rate. In order to push Indian corporates to take the masala bond route, the government has exempted all such bond issues until March 31, 2019, from withholding tax.
 - Removal of restrictions on Indian banks' market making in masala bond, including the restriction on underwriting such bonds.
- Steps to cut non-essential imports and increase exports. These include steps to curb the import of non-essential goods and encourage the export of domestic goods, which will help in addressing the current account deficit.

Likely Impact

- These measures are better suited when the sentiment in the global market is positive towards the emerging markets.
- Most of the measures aimed at increasing short-term external debt or in effect worsen the risk-profile of companies could actually be considered negative.
- If several countries devalue at the same time, then no country will benefit from their exports being cheaper abroad. It is a possibility that there is no surge in Indian exports following the current round of devaluation. Neither will there be a huge fall in imports.
 - Crude oil, which is the biggest item in the list of Indian imports, is price-inelastic.
 - Imports from China now constitute a tenth of overall imports. Since the yuan has also depreciated against the dollar, there is not much reason to believe that Chinese imports will be costlier than earlier.
- The devaluation will also increase the prices of imported inputs, particularly those for which there are no alternative domestic sources of supply. This can have some effect on industrial production and may lead to inflation.
- Improvement in external factors (like crude oil prices and trade war) are the pre-requisite for stabilization of rupee, as these are the primary reason for rupee fall.

Way Forward

- India still has plenty of measures left to curb like issuing NRI bonds and raising interest rates, if things don't improve then the government can resort to other strict measures to curb rupee slide. NRI bonds have been tried last time in 2013 when too the rupee was under stress.
- Major reasons behind the decline of the rupee are that India has been unable to **boost exports** over the years for various reasons. At the same time, it has been unsuccessful in finding sustainable domestic sources of energy to address the over-reliance on oil imports. This has meant that the rise in the price of oil can cause stress on the current account deficit and the currency.

The government needs to think of a long-term plan to boost exports, through steps that remove policy barriers that are impeding the growth of export-oriented sectors (like Textiles, petrochemicals, auto-ancillaries etc).

Foreign Portfolio Investments (FPI's)

- FPI stands for those investors who invest for the shorter term in a company as compared to Foreign Direct Investors (FDI).
- FPIs generally participate through the stock markets and gets in and out of a particular stock at much faster frequencies.

Price-Inelasticity

Price-Inelastic means that the demand for a product remains unchanged with the change in price.

Masala Bonds

- It is a rupee-denominated bond issued mainly in foreign markets.
- The first masala bond worth Rs. 1,000 crore was issued by the investment arm of the World Bank, International Finance Corporation (IFC) in November 2014 to fund infrastructure projects in India.
- It puts the risk of rupee volatility on the investor/lender contrary to an earlier time when the issuer of the bond had to bear the risk of falling exchange rates.
- This has made money raising easier for Indian companies who aim to raise capital from international markets in order to diversify and deepen their funding.
- The first rupee-denominated masala bonds were issued outside India by an Indian company(HDFC) in August 2016 which was listed on the London Stock Exchange.

Trade War: India, US and China

Background

- President Donald Trump came to power with the promise of putting 'America First'. He promised that he will create more jobs and that other countries will not benefit at the expense of the U.S.
- In his dealings with the rest of the world, he has made it amply clear that if the U.S. buys more from another country than what that country buys from the U.S., America loses; something he does not want. That spirit has spurred his move to impose higher duties on imports to spur local manufacture and increase jobs in the U.S.
- The same spirit is also behind the move to pressure India to import at least \$10 billion a year more from the U.S. over the next three years.

India-US Trade Relations

- According to the U.S. Census Bureau, India imported around \$25.7 billion from the U.S. in 2017 while it exported around \$48.6 billion to the US.
- India's trade deficit with the U.S. has hovered over \$23-24 billion annually.
- The U.S., during '2+2' dialog, wanted India to cut its trade deficit with the US through increased purchases of civilian aircraft and natural gas.

US-China trade

- China's trade deficit with the U.S. is \$375.6 billion for 2017.
- Mr. Trump is targeting imports from China (which, in his opinion, are taking jobs away from Americans) and has imposed duties on \$50 billion worth of Chinese exports to the U.S.
- China has reacted with similar duties on imports from the U.S. US is also planning to target \$267 billion worth of Chinese imports into the U.S. in the third round of tariff imposition.

Is 'Trade-War' helping the U.S.?

- Till now, the trade war has impacted the US economy positively.
- The US GDP is growing at a 3%-plus rate.
- The unemployment rate is near a 50-year low. The stock market has jumped 27% amid a surge in corporate profits.
- But many experts argue that this is not sustainable and predict that the US could even see a recession in 2020.

Trade-war and India

- If the U.S. continued to grow, an increase in imports by India, merely to address the trade gap, would impact the exchange rate. The Indian government has estimated an extra \$26 billion expenditure due to rising oil prices. Oil importers buy dollars to pay for their imports. That has contributed significantly to the falling rupee, which has lost as much as 12% this year, making it the worst performing currency in Asia. Spending an extra \$10 billion a year on imports from the U.S. would mean further pressure on the rupee.
 - A falling rupee makes life difficult for other Indian importers. This would have a domino effect on the rest of the economy. Rising prices could dampen consumer demand, resulting in poorer profit margins for the industry.
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Important Facts for Prelims (17th September 2018)

M.S. Subbulakshmi

- Recently 102nd birth anniversary of M.S. Subbulakshmi was celebrated. She was one of India's greatest carnatic musicians.
- She became the **first musician to win the Bharat Ratna**.
- She was the first Indian to receive the prestigious Ramon Magsaysay award.
- She received the Madras Music Academy's Sangeetha Kalanidhi award, considered to be Carnatic music's most prestigious honour.
- She is the **first Indian to perform at the UN** in 1966, on the occasion of the UN Day.
- In 2005, the United Nations issued postage stamps commemorating her birth centenary.

ISRO Launches UK Satellites

- Indian Space Research Organisation (ISRO) has launched two British satellites (**NovaSAR and S1-4**) on **PSLV-C42**.
- It is the 44th launch of the Indian rocket the Polar Satellite Launch Vehicle (PSLV) at Sriharikota, India's rocket port on the coast of the Bay of Bengal in Andhra Pradesh.
- No Indian satellite is being launched as this is a **fully commercial** launch contracted through Antrix Corporation Limited ISRO's commercial arm.
- This is fifth fully commercial launch of PSLV and first of the year where the whole rocket has been hired by a foreign company.
- NovaSAR satellite has day and night viewing capability for resource mapping, disaster management and ship detection and S1-4 satellite is meant for environment monitoring and urban management.
- For this launch, the lightest version of PSLV has been deployed, called 'core alone' version.

- Out of previous 43 launches only twice has the PSLV failed, this is a good success rate.

Man Portable Anti-Tank Guided Missile (MPATGM)

- An indigenously developed Man Portable Anti-Tank Guided Missile (MPATGM) was successfully flight tested.
- It is a guided missile primarily designed to hit and destroy heavily armored military vehicles.
- It has been developed by the Defence Research and Development Organisation (DRDO).
- This low-weight MPATGM will complement the Spike Anti-Tank Guided Missile to be procured from Israel.

Uzbek Maqom Forum

- The international forum is organized on the initiative of the President of Uzbekistan Shavkat Mirziyoyev to broadly promote the Oriental Maqom art, affirm respect among the younger generation and increase interest in national classical music.
- Maqom, the oriental system of music played by string and percussion instruments across Asia.
- **Ustad Iqbal Ahmed Khan** of India was awarded the second prize for his performance in the solo category.
- Serving the Indian Classical Music for more than 50 years, vocalist Ustad Iqbal Ahmed Khan from Delhi Gharana is well known for his versatility and solid vocal expression.
- His expertise in a number of forms of music like Khayal, Thumris, Dadras, Bhajans, Ghazals makes his range very wide. His style of classical singing has won him great acclaim.
- He is a recipient of the Sangeet Natak Akademi Award for his contribution to classical music, known as the khalifa or head of the Dilli gharana of Hindustani music.
- The International Forum of Maqom Art is held for the first time in Uzbekistan. This event will be held every two years. The coordination is in the hands of the Ministry of Culture of Uzbekistan and other stakeholders.
- The Forum is held under the patronage of UNESCO.

Financial Action Task Force

- The Financial Action Task Force (FATF) has found Pakistan's recent action against terror financing, particularly on the "legal" front (like freezing of assets, attachment of funds, militant groups infrastructures etc), to be unsatisfactory.
- The Financial Action Task Force (FATF) is an inter-governmental body established in 1989 by the Ministers of its Member jurisdictions.

- The objectives of the Financial Action Task Force are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system.
 - The Financial Action Task Force has developed a series of recommendations that are recognized as the international standard for combating of money laundering and the financing of terrorism and proliferation of weapons of mass destruction.
 - The Financial Action Task Force monitors the progress of its members in implementing necessary measures, reviews money laundering and terrorist financing techniques and counter-measures, and promotes the adoption and implementation of appropriate measures globally.
 - The Financial Action Task Force's decision making body, the Financial Action Task Force Plenary, meets three times per year. India is a member along with 34 other countries and 2 regional organizations (European Commission and Gulf Cooperation Council).
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