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GS 2: POLITY, GOVERNANCE, SOCIAL JUSTICE, INTERNATIONAL RELATIONS/INSTITUTIONS

1. India, Kuwait boost ties: strategic partnership, key pact on defence

Context: As PM Narendra Modi and Kuwait's Amir Sheikh Meshal Al-Ahmad Al-Jabar Al-Sabah held their first bilateral meeting on Sunday, the two countries elevated their relationship to a "strategic partnership" and signalled that trade and defence cooperation would form the key pillars of their ties. Mr. Modi arrived in Kuwait Sunday for a two-day visit, first time by an Indian PM in 43 years. The last Indian PM to visit was Indira Gandhi in 1981. The two sides institutionalised defence cooperation through an overarching agreement that includes training, exchange of personnel and experts, joint exercises, supply for defence equipment, and collaboration in research and development, etc.

Key points

- **Overview:** Prime Minister Narendra Modi's recent visit to Kuwait marked a historic milestone in bilateral relations, as the two nations elevated their partnership to a "strategic" level. This significant development underscores enhanced cooperation in trade, defence, etc., and India's growing role in the Gulf region amidst evolving geopolitical dynamics.

- **Current dynamics:** Kuwait is India's sixth-largest crude oil supplier, meeting 3% of its energy needs. Indian exports to Kuwait surpassed \$2 billion for the first time. Kuwait Investment Authority's investments in India exceeded \$10 billion. The Indian community is Kuwait's largest expatriate group, significantly contributing to the Gulf nation's economy and development.
- **Significance of the PM's Recent Visit to Kuwait:** *First visit in 43 years* - Modi's two-day visit was the first by an Indian Prime Minister since Indira Gandhi's visit in 1981.
Recognition of leadership - Kuwait honoured Modi with its highest civilian award, 'The Order of Mubarak Al-Kabeer,' acknowledging his contribution to strengthening India-Kuwait ties.
Engagement with Kuwaiti leadership - Modi met with: Amir Sheikh Meshal Al-Ahmad Al-Jaber Al-Sabah (first bilateral meeting). Crown Prince Sheikh Sabah Al-Khaled Al-Hamad Al-Mubarak Al-Sabah. Prime Minister Sheikh Ahmad Abdullah Al-Ahmad Al-Sabah.
Expanding strategic cooperation - The elevation to a strategic partnership aims to deepen collaboration in sectors like: Pharmaceuticals, IT and FinTech, Infrastructure, Security.
Vision 2035 alignment - Modi congratulated Kuwait on its developmental initiatives under 'Vision 2035.' Both leaders expressed mutual commitment to achieving shared goals through increased cooperation.
- **Strengthening bilateral relations:** *Defence cooperation* - A comprehensive defence agreement was signed, covering areas like: Training and exchange of personnel, Joint military exercises, Supply and research in defence technology.
Trade and economic ties - Kuwait is one of India's top trading partners, with bilateral trade valued at \$10.47 billion (2023-24). Modi invited the Kuwaiti Investment Authority to explore opportunities in energy, pharma, food parks, and infrastructure in India.
Additional agreements - Three MoUs were signed in areas of: Sports, Culture, and Solar energy.
- **Implications of the Recent Visit on the India-Kuwait Ties:** *People-to-people connections* - Acknowledgment of the 1 million-strong Indian community in Kuwait, appreciated for their contributions to the Gulf nation's development.
Collaboration with GCC - India expressed interest in intensifying cooperation with the Gulf Cooperation Council (GCC), leveraging Kuwait's presidency. Focus on concluding the India-GCC Free Trade Agreement to boost trade volumes, which reached \$184.46 billion (2022-23).
Shared vision for West Asia - Discussion on ensuring peace, stability, and prosperity in the volatile West Asia region. Joint condemnation of terrorism and commitment to dismantling terror networks.
- **Conclusion:** Modi's visit has set the stage for a more dynamic and robust India-Kuwait partnership. With enhanced defence ties, expanded trade, and strategic alignment, this renewed relationship promises significant benefits for both nations and the broader Gulf region.

GS 3: ECONOMY, ECOLOGY, SCIENCE & TECHNOLOGY, DEFENCE, SECURITY AND DISASTER MANAGEMENT

2. Pointing the beacon at India's undersea warfare power

Context: The year 2024 started on a high note for the Indian Navy, with Operation Sankalp expanding from the Strait of Hormuz to the Red Sea to ensure the safety and the security of shipping from piracy and aiding with ships targeted by the Houthis. The Navy's continued response in addressing piracy, hijacking, and drone attacks on international merchant shipping has reinforced its status as a preferred security partner and first responder. In 2024, while several salient episodes marked the Navy's operational preparedness, an area that witnessed several critical developments was undersea warfare.

Key points

- **Overview:** In 2024, the Indian Navy's Operation 'Sankalp' expanded its maritime security efforts from the Strait of Hormuz to the Red Sea, enhancing its role as a key security partner by addressing piracy, hijacking, and drone threats while tackling the Houthi issue.
- **Operation Sankalp:** The Indian Navy launched Operation 'Sankalp' on June 19, 2019, to ensure the safety of Indian ships in the Persian Gulf and the Gulf of Oman. The operation was launched in response to rising tensions in the Gulf of Oman, where two oil tankers were attacked. The Indian Navy deploys ships and aircraft to the area to monitor and protect Indian-flagged vessels. The operation has provided safe passage for an average of 16 Indian-flagged ships daily. The operation is coordinated by the Indian Ministries of Defence, External Affairs, Shipping, Petroleum and Natural Gas, and the Directorate General of Shipping.
- **India's submarine capabilities:** *INS Arighaat* - India's second nuclear-powered ballistic missile submarine, commissioned in August 2024, enhances the country's nuclear triad by providing a credible deterrence against regional threats, particularly from China, with its capability to launch K-4 missiles over 3,500 kilometres.
Project-77 (P-77) - It is an Indian Navy acquisition program to procure nuclear-powered attack submarines.
- **Relevance of Conventional Submarines:** *Ongoing Importance* - Despite the advancements in nuclear submarines, conventional submarines remain essential for various undersea missions that do not require nuclear capabilities.
Project-75 - India is set to commission *INS Vaghsheer* (the 6th Scorpene submarine), as part of its collaboration with France, with plans to order three additional boats to replace older decommissioned ones.
- **Advancements in Technology:** *Air Independent Propulsion (AIP)* - The effectiveness of conventional submarines has improved due to AIP technology, prompting Project 75(I) to seek AIP-enabled boats from contenders like Spain and Germany.
Indigenous Content - Future Scorpene boats are expected to feature 60% indigenous content, while Project 75(I) aims for at least 45% in the first boat, increasing to 60% in subsequent units.
Development of Unmanned Underwater Vehicles (UUVs) - India has approved the construction of 100-tonne UUVs at a cost of ₹2,500 crore, enhancing undersea capabilities as a cost-effective strategic option. This initiative reflects India's focus on niche technologies to address complex maritime threats effectively.
- **Hurdles in Enhancing Undersea Capabilities:** *Strategic Importance* - The Indian government's focus on enhancing the Navy's undersea capabilities alongside surface and aviation elements aims to ensure maritime stability and security, contributing to a balanced blue water force.
Budgetary Challenges - Addressing long-standing budgetary issues is essential to align planned acquisitions and modernization efforts, as well as to mitigate excessive delays in project timelines.
- **Way Forward:** *Need for Sustained Funding* - Continuous financial support for long-term projects, along with streamlined processes for defining requirements and evaluating tenders, is crucial for meeting the Navy's strategic and operational needs.
Opportunities for Collaboration - Strengthening partnerships with strategic allies and friendly maritime nations can enhance India's maritime capabilities, support its vision of Security and Growth for All in the Region (SAGAR), and promote a free and inclusive Indo-Pacific.

3. From waste to energy to pollution

Context: Delhi's four waste-to-energy (WtE) plants located in Ghazipur, Narela, Okhla, and Tehkhand are major sources of pollution. These plants burn garbage to produce steam that runs turbines to generate electricity. This is seen as a solution to the mounting garbage crisis. While WtE plants in Delhi generate electricity, they also produce bottom ash and fly ash. The bottom ash that remains after combustion comprises about 20-30% of the original waste volume. Hailed as a green solution to the city's mounting garbage crisis, waste-to-energy incinerators are like open pit garbage fires that billow toxic particulate matter and gases.

Waste to energy plants

- **About:** Waste-to-energy (WtE), also known as energy-from-waste, is the process where energy (typically heat and electricity) is generated using waste as a fuel source. This is often done through direct combustion using waste incinerators – i.e. burning the waste – or the production of a combustible fuel from a gas such as methane. The latter method is less common and requires processes such as gasification or anaerobic digestion.

- **Benefits:** *Better than traditional incineration* - Waste-to-energy is often promoted as “clean energy” when compared to wasteful incineration practices of the previous decades. In this regard, it is utilizing energy that would otherwise be wasted, while not technically increasing the amount of waste burned.

Avoid landfilling - Landfills are the last resort when it comes to waste management, causing numerous issues such as the production of greenhouse gases, the usage of large pieces of land, the potential for pollutants to seep into the ground and groundwater etc.

- **Challenges:** *Sustainability* - There is no segregation of waste in WtE plants. The waste is burned in mixed form resulting in an increase in the amount of waste. This impacts the power generation by the plant and leads to pollutants. Moreover, the leftover burnt material is not suitable for brick making, which then must be disposed of in landfills.

Environmental and Health Impacts - This is because of highly variable and poor quality of wastes that these plants are not able to burn properly. They must reject about 30-40% of waste into landfills because they are either inert or too poor in quality to be combustible.

- **Way forward:** *Sustainable Approach* - Composting, biogas installation and bio-methanation, and recycling of dry and electronic waste can help reduce waste sent to landfills by 80% to 90%. Rather than having a WtE plant in every city, WtE Plants can be installed for a cluster of a few cities or a larger area, which is a more sustainable approach.

Rules and Regulations - WtE plants with a capacity of less than 15 MW do not require prior environmental clearance. Such cases, therefore, may not require public hearing. This must be reconsidered.

- **Conclusion:** According to environmental experts, Waste to Energy Plants can address the problem of landfills but they by themselves are not the ideal solution. In this context, the approach towards Waste to Energy plants must be reconsidered. Experts have called them a short term solution. In the longer term, more sustainable solutions like Circular Economy Approach is the best way forward.

4. Indian rupee continues to fall against US dollar

Context: The Indian rupee's exchange rate against the US dollar breached the 85-mark last week. In other, one would have to pay Rs. 85 to buy \$1. In April, this exchange rate was around Rs. 83, and Rs. 61 a decade ago. The rupee weakening in value relative to the dollar is a long-term trend. In a currency market, each currency is like a commodity itself, the values can stay the same over time but often they keep changing. The rupee recently slid to 85.11 against the US dollar, driven more by a strengthening dollar than a weakening rupee. While the rupee has depreciated against the dollar since September, it has appreciated against other major currencies like the euro, pound, and yen.

Key points

- **Exchange rate:** *Understanding Exchange Rates* - We use the Indian rupee to buy domestic goods and services, but for international purchases like an American car or Swiss vacation, we first exchange rupees for foreign currencies like the US dollar or euro. The exchange rate determines how many rupees are needed to buy one unit of a foreign currency. In the currency market, where currencies are traded like commodities, these rates often fluctuate over time.
Factors Influencing Exchange Rates - Exchange rates are driven by demand and supply dynamics. If Indians demand more US dollars than Americans demand Indian rupees, the dollar's value rises relative to the rupee, making it costlier. Persistent demand imbalance strengthens this trend, causing the rupee to weaken against the dollar.
- **Factors responsible for the comparison:** *Trade in Goods* - If India imports more goods from the US than it exports, the demand for US dollars exceeds that for Indian rupees. This strengthens the dollar and weakens the rupee, requiring more rupees to buy one dollar.
Trade in Services - Similarly, if Indians purchase more US services (e.g., tourism) than Americans buy Indian services, the dollar's demand rises, causing the rupee to weaken.
Investments - If Americans invest more in India than Indians invest in the US, the demand for the rupee increases, leading to its appreciation against the dollar.
- **Global Factors Driving Dollar Strength:** The dollar's rise stems from US policy concerns, including potential import tariffs, deportations, and tax cuts. These measures could boost inflation, prompting the US Federal Reserve to maintain tight monetary policy. This has led to higher US bond yields and a stronger dollar.
- **Negative impact:** *Impact on inflation management* - The most crucial impact would be on inflation as the country imports nearly 80% of its crude oil needs. This would mean that imports would become costlier and travel through the value chain to raise input costs.
Impact on current account deficit - Since a large proportion of India's imports are dollar-denominated, these imports will get costlier. Costlier imports, in turn, will widen the trade deficit as well as the current account deficit, which, in turn, will put pressure on the exchange rate.
- **Positive impact:** One positive impact could be that remittances from overseas could become attractive. A fall in the rupee can also benefit India's exporters - unless they import raw materials, which would become more expensive.
- **Policy Recommendations for India:** Avoid using interest rates to defend the rupee; adjust rates based on domestic inflation trends. Prioritize macroeconomic stability by addressing fiscal and current account deficits, adhering to inflation targets, and reinforcing confidence in India's growth potential.