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1) India and UAE have signed a pact to establish a framework to promote the use of the Rupee and UAE Dirham for cross-border transactions. Explain its implications (150 words) :-

Introduction :-

To boost the bilateral relationship, India and UAE have signed a pact to promote the use of the Indian Rupee and UAE Dirham for cross-border transactions.

India - UAE economic relationship :-

India depends on UAE mainly on crude oil. UAE is the third largest supplier of crude oil to India in the world.

India exports the large

amount of beef and rice to UAE. And it also exports medicines and other products.

UAE is the second largest importer of Indian products in the world.

So, ^{Since} ~~for~~ many decades, India and UAE maintain good economic relationship bilaterally.

Implications on Rupee - Dirham Transactions :

The main implication is that both the countries need not depend US-Dollar and other third party currencies ~~for~~ cross border transactions.

In India side, this can help India to internationalize the Indian Rupee.

This create credibility of both Rupee and Dirham among other ~~countries~~ and it would lead to use both the currencies world wide.

India is ~~exporting~~ importing 85% of crude oil for its use and now it is able to pay with its own currency to UAE.

It would lead to increase the trade between two countries and it paves the way for other gulf countries to establish the framework to promote the use of its own currency with India.

Seeing the negative side, both the countries need to stabilize its own currency without leading to inflation and deflation in their countries.