

ECONOMY

❖ **How China reduced poverty; lessons for India**

❖ **CONTEXT: Recently, World Bank released its latest report on global poverty.**

❖ **What is extreme poverty? How is it defined?**

- The World Bank (WB) defines extreme poverty by particular consumption level. This is called the poverty line and it is pegged at US\$2.15. In other words, anyone living on less than \$2.15 a day is considered to be living in extreme poverty. About 648 million people globally were in this situation in 2019.
- But if we did a mental calculation — multiplying 2.15 by the rupee's current market exchange rate with the US dollar (around 82) — and arrived at Rs 176 a day as the Indian equivalent of the international poverty line, it is wrong.
- That's because this \$2.15 level is based on purchasing power parity (PPP). Simply put, the PPP equivalent of \$2.15 is the number of Indian rupees an Indian would need to buy the same basket of goods in India that an American can buy with \$2.15 in the US. That equivalent in India is Rs 46, not Rs 176. This difference happens because the price of the same goods is different in different countries and it is quite likely that a dollar in India buys far more of the same commodity (say, an egg or banana) or service (say, a haircut) than it buys in the US.
- So, the international poverty line of \$2.15 implies that any Indian who spends less than Rs 46 a day — in total — is considered to be living in extreme poverty.
- This international poverty line is revised periodically to account for rising prices of goods and services over time. The very first international poverty line — a dollar a day — was constructed in 1990 using the 1985 prices. It was then raised to \$1.08 a day in 1993, \$1.25 a day in 2005 and \$1.90 a day in 2011. The \$2.15 one is based on 2017 prices.

❖ **What has the World Bank stated about India's poverty levels?**

- According to the WB, India is the country with the highest number of poor people
- What's worse, when the World Bank used the data from the Centre for Monitoring Indian Economy (CMIE), it found that the number of people living in abject poverty increased by 56 million (5.6 crore) in 2020. That's almost 80% of the total 70 million the world over that the World Bank estimates to have been pushed into poverty in 2020. In other words, according to this estimate, 8 out of every 10 people in the world who were pushed into poverty during Covid were in India.
- India's problem, however, isn't just that it has the largest number of people in the world living below the extreme poverty line. According to the Bank, close to 600 million Indians survive at less than \$3.65 (Rs 84) a day level of expenditure.
- World Bank was forced to use data from CMIE is that there are no official estimates of poverty available since 2011. The Indian government decided not to release the 2017/18 NSS round because of concerns about data quality.
- Moreover, estimates of absolute levels of poverty in India, albeit unofficial, had been going up even before Covid and the war in Ukraine further impoverished Indians.

❖ **Who can India learn from?**

- Over the past week, there has been some acknowledgement that India faces three rather acute and growing problems: Widespread unemployment, widening inequalities and deepening poverty.
- These will be resolved actual policy solutions. Without the right policies, India's demographic dividend is looking more like a demographic bomb.
- But there is one country — China — which is not only comparable to India in terms of the population size but is also globally recognised to have alleviated poverty at historically unprecedented speed and scale. Perhaps, understanding what China did may provide some clues to Indian policymakers.

❖ **What did China achieve?**

- Intending to provide lessons to other developing countries, the World Bank and China's Ministry of Finance undertook a study in 2019 to understand what China achieved and how it did it. This study was finally published earlier 2022.
- The World Bank found that between 1978 and 2019, China's poverty headcount dropped from 770 million to 5.5 million people. In other words, China lifted 765 million (76.5 crore) people from extreme poverty in the past four decades.
- It means, on average, every year China pulled 19 million (1.9 crore) poor people out of extreme poverty for the past 40 years. In doing so, China accounted for almost 75 per cent of the global reduction in the number of people living in extreme poverty during this period.
- In 2021, China declared that it has eradicated extreme poverty according to the national poverty threshold, lifting 765 million people out of poverty since 1978, and that it has built a "moderately prosperous society in all respects."
- Decades of progress in China are also reflected in substantial improvements in other measures of well-being.
- Life expectancy at birth went from 66 years in 1978 to 77 years by 2019, and the infant mortality rate dropped from 52 in 1978 to 6.8 per thousand infants in 2019.
- Education achievements in China were also relatively higher than in its peers before 1978 and progressed further since, as the country universalised basic and secondary education.
- Taken together, improvements in health, education, and income over the four decades are reflected in China's rising position in the Human Development Index from 106 (out of 144 countries) in 1990 to 85 (out of 189 countries) in 2019, and the narrowing of the gaps with other large developing countries.

❖ **How did China do it?**

- The main conclusion is that China's poverty reduction success relied mainly on two pillars.
- The **first pillar** was rapid economic growth, supported by broad-based economic transformation, which provided new economic opportunities for the poor and raised average incomes.
- The report states that China's poverty reduction story is primarily a growth story. But rapid and sustained economic growth was accompanied by a broad-based economic transformation. In other words, reforms began in the agricultural sector, where poor people could benefit directly from improvements in productivity associated with the introduction of market incentives.
- The development of low-skilled, labor-intensive industries provided a source of employment for workers released from agriculture.
- Urbanization helped migrants take advantage of the new opportunities in the cities, and migrant transfers boosted incomes of their relatives remaining in the villages. Public investment in infrastructure improved living conditions in rural areas but also connected them with urban and export markets.
- A crucial point to note here from India's perspective is that reforms were gradual.
 - ✓ Reforms in all these areas were incremental, which may have helped businesses and the population adjust to the rapid pace of change.
 - ✓ The gradualism adopted by China in reforming the economy (associated with Deng Xiaoping saying 'Crossing the river by feeling the stones') was reflected in the incremental approach toward the liberalization of agricultural and industrial product markets, the managed approach toward migration and urbanization, and a much larger role for the state in ownership of key assets and the allocation of resources than in other market economies.
- The **second pillar** was government policies to alleviate persistent poverty, which initially targeted areas disadvantaged by geography and a lack of economic opportunities, but subsequently focused on poor households, irrespective of their location.
- Broad economic reforms were complemented by strategies, policies, and programs directly targeted at poverty alleviation.
- China's poverty alleviation strategy can be characterized as 'development oriented,' implying a focus on creating economic opportunities as a means to escape poverty. It evolved from an area-based approach, targeting poor counties and villages as a whole, to a set of interventions targeted at poor households.
- A component of these policies were social protection policies for poor households and they included specific programs in social assistance, social insurance, social welfare, and other targeted social policies
- ❖ **Two other factors mattered heavily**
- **Third** "China's success benefited from effective governance, which was key to the successful implementation of the growth strategy as well as the evolving set of targeted poverty reduction policies. This meant that the institutional arrangements China developed to deliver outcomes were shaped by its specific context.
- For instance, China's size necessitated decentralised implementation arrangements, with significant scope for local experimentation, and a high degree of competition among local governments. To achieve coherence, local experimentation was subject to strong monitoring and accountability between levels of government.
- **Fourth** China also benefited from some favourable initial conditions at the time of opening up, such as a relatively high level of human capital, which is widely recognised as a critical input for the population to rapidly benefit from new economic opportunities once market reforms set in.
- The World Bank finds that for a country with a level of per capita income among the lowest in the world, China's population in 1978 had relatively high human capital endowments. In 1949, only 7 percent of those ages 15–64 had completed primary school in China.
- Massive investment in education and expansion of health care since the 1950s resulted in real achievements: in 1978, the infant mortality rate was 52 per 1,000 births, less than half of the average in China's income group; life expectancy at birth at 66 years far exceeded that of other developing countries; the primary school enrollment rate was 96 per cent; and the secondary school enrollment rate was 49.9 per cent.

PRELIMS

1. **India gets 4th set of Swiss bank account details**

- ❖ **CONTEXT:** India has received the fourth set of Swiss bank account details of its nationals and organisations as part of an annual information exchange, under which Switzerland has shared particulars of nearly 34 lakh financial accounts with 101 countries.
- ❖ **Significance of India receiving information from Switzerland**
- This is the fourth tranche of information that India has received from Switzerland since the two countries entered into an Automatic Exchange Of Information (AEOI) agreement in January 2018. The first such exchange with India took place in 2019.
- In an effort to bring in transparency and restrict money laundering, the Swiss Federal Office has given a detailed account of the massive AEOI 2022 exchange exercise: the country has just concluded its exchange of information with 101 countries; with details of around 3.4 million financial accounts.

- Some countries which have been added to the Swiss AEOI list for the first time are Turkey, Peru and Nigeria. The Swiss Federal Tax Administration office has also informed that with 74 of these 101 countries, the information exchange was reciprocal.
- ❖ **What is the volume, nature of data?**
- In 2019, prior to India receiving its first batch of banking information via the AEOI, India would be among 73 countries that would be receiving the data and in their (India's) case "several dispatches" would be required, giving an indication of the large volume of account holders.
- This time, the Federal Tax Administration has informed that the nature of the financial information includes the name, address, country of residence, tax identification number, information concerning the reporting financial institution, and account balance and capital information, giving an insight into the exact nature of the transmitted data.
- ❖ **Guidelines for exchange of such sensitive banking information**
- The guidelines and parameters for the AEOI are set by the Paris-based international body, the Organisation for Economic Co-operation and Development (OECD).
- The annual exercise of AEOI exchange, such as the current Swiss bonanza of banking details, is strictly meant for "tax only" purposes and in India, kept in the custody of and for action by the Central Board of Direct Taxes (CBDT).
- Under the OECD's guidelines, no details of the quantum of funds or the names of account holders are to be publicised.
- In 2014, the OECD developed the Common Reporting Standard (CRS) which allows every country to obtain data from Financial Institutions (FIs) and "automatically" exchange it with countries with which AEOI agreements are in order every year.
- ❖ **What is the scope of India's AEOI network?**
- Under the OECD umbrella of AEOI, India presently shares bulk financial and banking information with 78 countries and receives the same from 107 countries, with Switzerland known to be sharing some of the most voluminous data.
- Due primarily to the large volume of FI data coming in from now a 100 countries, the CBDT last year set up a network of Foreign Asset Investigation Units (FAIUs) in 14 of its investigation wings, to which the information of that region which has reached India via the AEOI route is transmitted in a secure manner.
- It is the FAIUs that do the follow-up probe of the FI data, and to begin with, investigate whether the taxpayer has declared the foreign bank account/s in tax returns or not.
- 2. **Tele-MANAS**
- ❖ **Context: Tele Mental Health Assistance and Networking Across States (Tele-MANAS) initiative launched on occasion of World Mental Health Day**
- Tele Mental Health Assistance and Networking Across States (Tele-MANAS) initiative of Union Ministry of Health & Family Welfare was launched recently.
- Acknowledging the mental health crisis in wake of the COVID-19 pandemic and an urgent need to establish a digital mental health network that will withstand the challenges amplified by the pandemic, Government of India announced National Tele Mental Health Programme (NTMHP) in the Union Budget 2022-23.
- ❖ **Objective:**
- Tele-MANAS aims to provide free tele-mental health services all over the country round the clock, particularly catering to people in remote or under-served areas.
- The programme includes a network of 23 tele-mental health centres of excellence, with NIMHANS being the nodal centre and International Institute of Information Technology-Bangalore (IIITB) providing technology support.
- Indian Institute of Technology (IIT) Bengaluru and National Health Systems Resource Centre (NHRSC) will provide the technical support.
- The Union Government aims to open at least one Tele-MANAS Cell in each State/UT.
- Tele-MANAS will be organised in two tier system:
 - Tier 1 comprises of state Tele-MANAS cells which include trained counsellors and mental health specialists.
 - Tier 2 will comprise of specialists at District Mental Health Programme (DMHP)/Medical College resources for physical consultation and/or e-Sanjeevani for audio visual consultation.
 - Presently there are 5 regional coordination centres along with 51 State/UT Tele MANAS cells.
- Specialised care is being envisioned through the programme by linking Tele-MANAS with other services like:
 - National tele-consultation service, e-Sanjeevani, Ayushman Bharat Digital Mission, mental health professionals, Ayushman Bharat health and wellness centres and emergency psychiatric facilities.
- 3. **Study finds 'sharp' decline in Vulture population**
- ❖ **CONTEXT: According to a New UK study, decline in Vulture population is one the key issues seen by all around the world. This issue has been addressed by many countries via conservation efforts, however still there is a need to improve the vulture tracking measures.**
- ❖ **Vultures in India**

- Vultures are scavenging birds of prey. They are nature's most efficient scavengers. India shelters about nine species of vultures, but most of them face the danger of extinction.
- Vultures feeding on dead animals help areas getting rid of carcasses that, otherwise, would provide foul smells and scenery for a much longer period hence also known as nature's cleanup crew.
- Vultures also play a valuable role in keeping wildlife diseases in check.
- ❖ **Global Vulture Status and Conservation**
- Vulture numbers saw a decline as much as 90% in some species in India since the 1990s in one of the most drastic declines in bird populations in the world.
- Between the 1990s and 2007, numbers of three presently critically-endangered species, the Oriental white-backed, long-billed and slender-billed vultures decreased massively with 99% of the species having been wiped out.
- The number of red-headed vultures, also critically-endangered now, declined by 91% while the Egyptian vultures by 80%.
- ❖ **Cause of decline**
- Diclofenac is a veterinary non-steroidal anti-inflammatory drug (NSAID), which is used to treat pain and inflammatory diseases such as gout in carcasses that vultures would feed off.
- Uncontrolled veterinary usage of non-steroidal anti-inflammatory drugs (NSAID), including Aceclofenac, Ketoprofen and Nimesulide.
- Illegal use of the banned drug Diclofenac, are toxic to vultures if they feed on carcasses within 72 hours of the drugs' administration to such livestock.
- The Conservation efforts are insufficient because of Lack of adequate tracking, habitat expansion, increase in use of illegal drugs to animals
- ❖ **Initiatives**
- Vulture Conservation 2020-2025: A Vulture Care Centre (VCC) was set up at Pinjore, Haryana in 2001 to study the cause of deaths of vultures in India.
- The Jatayu Conservation Breeding Centre in Pinjore is the world's largest facility within the state's Bir Shikargah Wildlife Sanctuary for the breeding and conservation of Indian vulture species.
- SAVE (Saving Asia's Vultures from Extinction): The consortium of like-minded, regional and international organizations, created to oversee and coordinate conservation, campaigning and fundraising activities to help the plight of south Asia's vultures. To save three critically important species from extinction through a single programme.
- SAVE partners: Bombay Natural History Society, Bird Conservation Nepal, RSPB (UK), National Trust for Nature Conservation (Nepal), International Centre for Birds of Prey (UK) and Zoological Society of London.
- Ramadevarabetta Vulture Sanctuary: The vulture sanctuary was officially set up in 2012, but the long-billed, Egyptian and white-backed vultures have been roosting in the hills of Ramanagara for several decades. These are the three species found in Ramanagara out of the nine found in India.
- 4. **United Nations World Geospatial International Congress**
- ❖ **CONTEXT: PM addresses United Nations World Geospatial International Congress**
- ❖ It is organised by United Nation Committee of Experts on Global Geospatial Information Management (UN-GGIM) To enhance international collaboration among the Member States and relevant stakeholders in Geospatial information management and capacities.
- Timeframe: It is conducted every four years. The first UNWGIC was organized by China in October 2018.
- Theme of Second UNWGIC: 'Geo-enabling the Global Village: No one should be left behind'.
- ❖ **About UN-GGIM:**
- The UN-GGIM aims at playing a leading role in setting the agenda for the development of global geospatial information and to promote its use to address key global challenges.
- It works towards implementing the 2030 Agenda for Sustainable Development and to keep the promise to leave no one behind.
- In 2009, the United Nations Statistics Division, convened in New York, an informal consultative meeting with geospatial information experts from different regions of the world.
- In 2010, the United Nations Secretariat was requested to initiate discussion and prepare a report for the approval of the Economic and Social Council (ECOSOC) on global coordination of geospatial information management, including the consideration of the possible creation of a United Nations Forum on GGIM.
- In 2011, the ECOSOC forum concluded with the acceptance of the Seoul Declaration on Global Geospatial Information Management (GGIM).
- ❖ **Geospatial Technologies:**
- Geospatial technologies is a term used to describe the range of modern tools contributing to the geographic mapping and analysis of the Earth and human societies.
- These technologies have been evolving in some form since the first maps were drawn in prehistoric times.
- The science and art of photographic interpretation and map making was accelerated during the Second World War (1939-45) and during the Cold War (1945-1989) it took on new dimensions with the advent of satellites and computers. It consists of the following technologies:

- Remote Sensing: It is imagery and data collected from space- or airborne camera and sensor platforms.
- GIS (Geographic Information System): A GIS is a computer system for capturing, storing, checking, and displaying data related to positions on Earth's surface.
- GNSS (Global Navigation Satellite System): It is a general term describing any satellite constellation that provides positioning, navigation, and timing (PNT) services on a global or regional basis.
- 3D Scanning: It is the process of analyzing a real-world object or environment to collect data on its shape and possibly its appearance.
- ❖ **Geospatial Policy of India:**
 - The Ministry of Science and Technology has been released new guidelines for the Geo-Spatial Sector in India.
 - **Objectives of new policy:**
 - ✓ Open Access: Open access to its geospatial data and services, including maps, for all Indian entities, with the exception of sensitive defence or security-related data.
 - ✓ It envisages the benefits of geospatial technologies to reach urban as well as rural areas, and make geospatial information accessible to all.
 - ✓ For example, SVAMITA scheme seeks to empower rural population through which a digital certificate of landholding is being given to rural landowners.
 - Restrictions Removed: Indian corporations and innovators are no longer subject to restrictions nor do they require prior approvals before they collect, generate, prepare, disseminate, store, publish, update digital geospatial data and maps within the territory of India.
- ❖ **Other Recent Initiatives: The Union government has also launched web portals to offer geospatial data.**
 - Sarthi: The Survey of India has developed a web Geographic Information System (GIS) called Sarthi. It will help users in creating applications for geospatial data visualisation, manipulation, and analysis without a lot of resources at their end.
 - Online Maps Portal: The online maps portal of Survey of India has over 4,000 maps with national, state, district, and tehsil level data that have been indexed for end users.
 - Manchitran: National Atlas and Thematic Mapping Organization (NATMO) has released thematic maps such as the cultural map of India, the climatic map, or the economic map, on this portal.
 - NATMO, functioning as a subordinate department under the Department of Science & Technology, Ministry of Science & Technology, with its headquarters at Kolkata.
 - Bhuvan, is the national Geo-portal developed and hosted by ISRO comprising Geo Spatial Data, Services and Tools for Analysis.
 - The Association of Geospatial Industries has released a report titled "Potential of Geospatial Technologies for the Water Sector in India".

ANSWER WRITING

Q. QUAD is the new reality of the modern world, and it comes with both Pros and cons for India.

Introduction

QUAD is the grouping of four democracies –India, Australia, the US, and Japan. All four nations find a common ground of being democratic nations and support the common interest of unhindered maritime trade and security. It aims to ensure and support a "free, open and prosperous" Indo-Pacific region.

- The idea of QUAD was first mooted by Japanese Prime Minister Shinzo Abe in 2007 but it could not materialize. Finally in 2017, India, Australia, the US and Japan, came together and formed this "quadrilateral" coalition and QUAD emerged as a new reality.

Opportunities for India Under QUAD Arrangement

- Multilateral Opportunities: The QUAD arrangement gives India an opportunity to work multilaterally on all kinds of initiatives that can help create, a free and open Indo-Pacific region.
- Defense Cooperation: India will get benefitted from defense technology transfers from the QUAD members which will help India to emerge as Self-reliant in defense manufacturing and India can emerge as a major defense supplier.
- Countering China: A huge chunk of Chinese trade happens via the Indian oceanic routes that pass through maritime chokepoints. In the event of any Chinese aggression on borders, India by cooperating with QUAD countries can potentially disrupt Chinese trade.
- Emerging as a Net Security Provider: India, located right at the centre of the Indo-Pacific geopolitical imagination, can realise the vision of a 'broader Asia' that can extend its influence away from geographical boundaries. Further, India with QUAD countries can check imperialist policies of China in Indian ocean region and ensure Security and growth for all in the region.

Issues Related to QUAD

- Undefined Vision: Although there is potential for cooperation, the QUAD remains a mechanism without a defined strategic mission.
- Maritime Dominated: The entire focus on the Indo-Pacific makes the QUAD a maritime, rather than a land-based grouping, raising questions whether the cooperation extends to the Asia-Pacific and Eurasian regions.

- **India's Aversion of Alliance System:** The fact that India is the only member that is averse to a treaty alliance system, has slowed down the progress of building a stronger Quadrilateral engagement.

Way Forward

- The QUAD nations need to better explain the Indo-Pacific Vision in an overarching framework with the objective of advancing everyone's economic and security interests.
- India has many other partners in the Indo-Pacific; therefore, India should pitch for countries like Indonesia, Singapore to be invited to join in the future.
- India should develop a comprehensive vision on the Indo-Pacific which would ideate on the current and future maritime challenges, consolidate its military and non-military tools, engage its strategic partners.

MCQs

1. "Manesar Anti-Terror 2022" is a joint anti terror exercise is hosted by India's National Security Guard (NSG) under the framework of which of the following organisation?
a) UNSC b) Songhai Cooperation Organisation
c) G4 countries d) ASEAN
2. World mental health day observed on which of the following date?
a) 10th October b) 11th October c) 13th October d) 14th October
3. With regards to Indian vultures consider the followings
1. Out of nine species of vulture found in India maximum are migratory.
2. Out of nine species of vulture found in India most of them found in Maharashtra.
3. International Vulture Awareness Day, celebrated on the first Saturday of September annually.
Which of the above statement/s is/are correct?
a) 1 and 2 only b) 2 and 3 only c) 1 and 3 Only d) All of the above
4. Consider the following statements:
1. Absolute poverty can be eradicated.
2. Relative poverty is based on comparison of lower income group with higher income group.
3. Poverty is not responsible for degradation of environment
Which of the statement/s given above is/are correct?
a) 1 and 2 only b) 2 and 3 only c) 1 and 3 only d) All of the above
5. Which of the following committee/s is/are not related to the Poverty and its estimation in India?
1. Alagh Committee
2. Lakdawala Committee
3. Rangarajan Committee
4. Kelkar Committee
Choose the correct answer using the codes given below
a) 1 and 2 only b) 3 only c) 2 and 3 only d) 4 only
6. With reference to India's geographical information system 'Bhuvan', consider the following statements:
1. Bhuvan offers detailed imagery of Indian locations with resolution of up to one meter.
2. It allows users to view 2D and 3D images along with information on terrain and water resources.
3. It acts as a platform for hosting government data and could be used a tool for urban design, contour mapping and mapping.
Which of the above statement/s is/are correct?
a) 1 and 3 Only b) 2 only c) 1 and 2 only d) All of the above
7. With reference to United Nations World Geospatial International Congress consider the following statements
1. It is conducted every four years
2. Recently for the first time India hosted this congress
Choose the correct statement/s using the codes given below
a) 1 only b) 2 only c) Both 1 and 2 d) Neither 1 nor 2
8. With reference to the Indian economy, consider the following statements:
1. If the inflation is too high, Reserve Bank of India (RBI) is likely to buy government securities.
2. If the rupee is rapidly depreciating, RBI is likely to sell dollars in the market.
3. If interest rates in the USA or European Union were to fall, that is likely to induce RBI to buy dollars.
Which of the statements given above are correct?
a) 1 and 2 only b) 2 and 3 only c) 1 and 3 only d) 1, 2 and 3
9. Consider the following statements with regards to the tagline Betiyan Bane Kushal often mention mentioned in news
1. It is related to the Women, Child Development Ministry.
2. It aimed at Skilling in Traditional Livelihood for Girls.
Choose the correct statement/s using the codes given below
a) 1 only b) 2 only c) Both 1 and 2 d) Nether 1 nor 2
10. Kuafu-1, Advanced Space-based Solar Observatory (ASO-S), is recently launched by which of the following country?
a) Japan b) North Korea c) South Korea d) China