

## GS – 1 SOCIAL ISSUES

**CONTEXT :** NITI AAYOG REPORT SAYS THAT 13.5 CRORE PEOPLE LIFTED OUT OF MULTIDIMENSIONAL POVERTY.

Multidimensional poverty is a measure of poverty that goes beyond income to consider other factors that affect people's well-being, such as health, education, and living standards. It is often used to provide a more comprehensive picture of poverty than traditional measures, which focus solely on income.

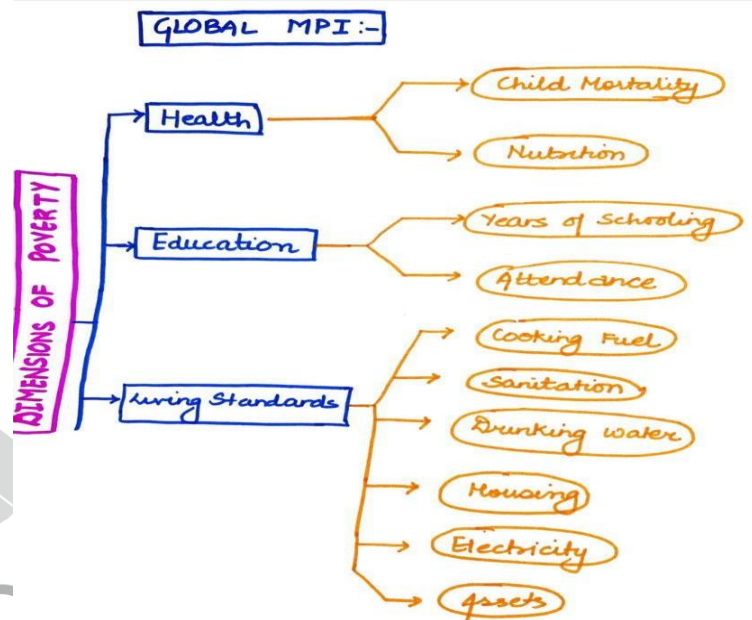
The Multidimensional Poverty Index (MPI) was developed by the Oxford Poverty & Human Development Initiative (OPHI) and the United Nations Development Programme (UNDP)

## GLOBAL MPI

- Developed by the **Oxford Poverty & Human Development Initiative (OPHI)** and the **United Nations Development Programme**.
- It tracks deprivation across three dimensions and 10 indicators as indicated below:

## MAIN CAUSES OF POVERTY IN INDIA

- High population growth:** India has one of the highest population growth rates in the world, which puts a strain on resources.
- Inequality in income distribution:** The richest 10% of Indians control more than 50% of the country's wealth, while the poorest 20% of Indians control less than 5% of the wealth.
- Low levels of education:** India has a high illiteracy rate, especially among women. This lack of education makes it difficult for people to get good jobs and improve their living standards.
- Lack of access to basic necessities:** Many Indians lack access to basic necessities such as clean water, sanitation, and healthcare. This makes it difficult for them to live healthy and productive lives.



- **Unemployment and underemployment:** India's economy has not been able to create enough jobs to keep up with the growing population. This has led to high levels of unemployment and underemployment, which trap people in poverty

## WAY FORWARD

- **Launch a national employment guarantee scheme:** This would guarantee a job to anyone who is willing to work. This would help to reduce unemployment and underemployment, which are major contributors to poverty.
- **Expand the public distribution system:** This would provide subsidized food to the poor. This would help to improve the nutrition of the poor and reduce their vulnerability to poverty.
- **Invest in rural development:** This would include improving infrastructure, providing rural employment, and promoting agricultural growth. This would help to reduce poverty in rural areas, where most of the poor in India live.
- **Reform the education system:** This would make education more accessible and affordable for the poor. This would help to improve the skills of the poor and make them more employable

## PRELIMS SPECIFIC

### Various reports on Poverty

1. **Poverty and Shared Prosperity 2022: Correcting Course - This report is published by the World Bank.**
2. **The State of the Poor 2022: Overcoming Inequality and Enabling Prosperity Brookings Institution.**
3. **India's Multidimensional Poverty Index 2021 - This report is published by Niti Aayog.**
4. **The World's Poorest: A New Portrait of Global Poverty - World Bank**

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## BAY OF BENGAL INITIATIVE FOR MULTI-SECTORAL TECHNICAL AND ECONOMIC COOPERATION (BIMSTEC)

### GS 2 – IR

**Context:** S. Jaishankar, the foreign minister, recently travelled to Bangkok for the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) retreat.

#### OBJECTIVES OF BIMSTEC:

- To accelerate the economic growth and social progress in the Bay of Bengal region through joint endeavours in a spirit of equality and partnership.
- To promote active collaboration and mutual assistance on matters of common interest in the economic, social, technical and scientific fields.
- To create an enabling environment for rapid economic development through identification and implementation of specific cooperation projects in the already agreed areas of cooperation and such other areas that may be agreed upon by the Member States.
- To maintain close and beneficial cooperation with existing international and regional organizations with similar aims and purposes.

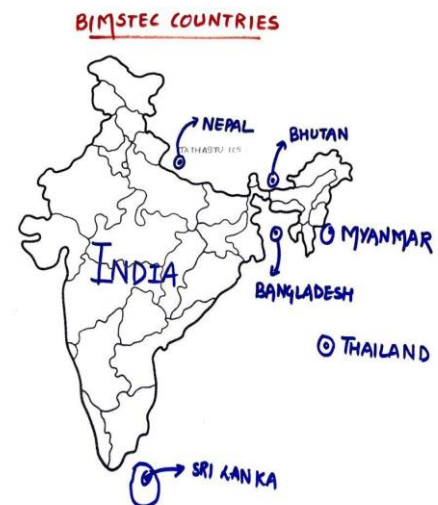
#### SIGNIFICANCE OF BIMSTEC:

- **Economic significance:** BIMSTEC has the potential to boost trade and investment between the member states. The region has a combined GDP of over \$3 trillion and a population of over 2.5 billion people.
- **Geopolitical significance:** The Bay of Bengal is a major shipping route and the region is home to some of the world's most important energy resources
- **Social significance:** The organization has a number of programs that aim to improve the lives of people in the region, such as the BIMSTEC Skills Development Program and the BIMSTEC Women's Empowerment Program.
- **Environmental significance:** The Bay of Bengal is facing a number of environmental challenges, such as pollution and climate change.

#### PRELIMS SPECIFIC

- Name: Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)
- Established: 6 June 1997
- Headquarters: Dhaka, Bangladesh

**Member States:** Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, and Thailand.




#### CONCLUSION

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### Future Prospects:

- BIMSTEC has the potential to become a major force in the Bay of Bengal region and beyond.
- The organisation has made some progress in achieving its objectives, but there is still much work to be done.
- If BIMSTEC can continue to build on its successes, it has the potential to play a significant role in promoting economic growth, social progress, and regional cooperation in the region



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### GS 2 IR

**Context:** India and the UAE have agreed to create a framework to encourage the use of the rupee and the UAE Dirham (AED) in international commerce.

#### LOCAL CURRENCY PAYMENT SETTLEMENT SYSTEM:

- Local currency settlement is a payment mechanism that allows trading entities from two countries to make payments in their own national currencies. This is in contrast to the traditional system of using a third-party currency, such as the US dollar, to settle payments.

#### WHY RUPEE DIRHAM SETTLEMENT IS SIGNIFICANT FOR INDIA:

- 1. Reduced transaction costs:** This is because it eliminates the need to convert currencies, which can be expensive.
- 2. Reduced risk of currency fluctuations:** Businesses that trade in Rupees and Dirhams are not exposed to the risk of changes in the exchange rate between the two currencies.
- 3. Promotes trade:** As it makes it easier for businesses to make payments in the local currency, which can reduce the transaction costs and make it more attractive to trade with these countries.
- 4. Increased financial stability:** Because it reduces the need for foreign exchange reserves, which can help to protect countries from financial shocks.

#### ADVANTAGES:

- Reduces dependence on dollar.
- Promotes internalisation of rupees.
- Easy for UAE to invest in India.
- A vast foreign exchange market will be created.
- Transaction cost will be optimised.

#### CONCERNS IN TRADE SETTLEMENT SYSTEM:

- 1. Currency volatility:** The value of the rupee and the dirham can fluctuate, which could make it difficult for businesses to predict the cost of their imports and exports.

#### PRELIMS SPECIFIC

##### INDIA UAE MILITARY EXERCISES:

- Desert Eagle
- Indra
- Varuna (Navy)
- Hand in Hand

##### TRADE AGREEMENTS BETWEEN INDIA AND UAE:

- Comprehensive Economic Partnership Agreement (CEPA):** The CEPA was signed in February 2022 and came into force in March 2022.
- Bilateral Investment Treaty (BIT):** The BIT was signed in 2005 and entered into force in 2007. It provides protection for investments made by investors from one country in the other country.

2. **Lack of liquidity:** There may not be enough liquidity in the rupee-dirham market, which could make it difficult for businesses to find buyers or sellers for their currency.
3. **Compliance risks:** There may be compliance risks associated with trading in the rupee-dirham market, such as the risk of money laundering or terrorist financing

**CONCLUSION:**

The bilateral relationship between India and the UAE can be further strengthened by continued cooperation in sectors including technology, renewable energy, infrastructure development, tourism, and healthcare.



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