



There is no fire like passion, there is no shark like hatred, there is no snare like folly, there is no torrent like greed.

~ Buddha



## A Diplomatic Breakthrough

The agreement reached between India and China on patrolling arrangements along the Line of Actual Control (LAC) in eastern Ladakh is a significant breakthrough in the prolonged standoff that began in 2020. This diplomatic achievement, announced by Foreign Secretary Vikram Misri, reflects the culmination of intense and sustained efforts by both sides over the past several weeks. The deal addresses some of the most contentious friction points, specifically in the Depsang and Demchok areas, and promises to usher in a new phase of stability along the sensitive border region. It is an outcome worth celebrating, especially given the broader geopolitical context and the potential ramifications of sustained conflict between two of the world's largest economies and military powers. The standoff that began in 2020 marked a dramatic downturn in India-China relations, with tensions escalating to an unprecedented level, particularly following the deadly Galwan Valley clash. The fierce encounter, which claimed lives on both sides, underscored the seriousness of the border dispute and brought the prospect of wider conflict to the forefront. In such a scenario, the new agreement stands out as a much-needed step toward peace, de-escalation, and the restoration of some degree of normalcy to the region. For India, the agreement represents a validation of its steadfast approach of negotiating from a position of strength and resolve. New Delhi has made it clear over the past several years that the normalization of ties with China hinges upon peace and tranquillity in the border areas. By securing disengagement in additional friction points like Depsang and Demchok, India has succeeded in ensuring that the dialogue process remains rooted in its core demands. These areas are not only strategically important but also hold symbolic significance for both countries. Their inclusion in the deal signals a serious commitment on China's part to pursue a diplomatic resolution to the long-standing border issues. On a broader scale, this development can also be seen as a win for regional stability. Prolonged tensions between India and China—both nuclear-armed, both economically pivotal, and both key players in Asian security dynamics—would be detrimental not only to their bilateral relations but to the broader Indo-Pacific region. Continued conflict, or even heightened tensions, could exacerbate global economic uncertainties, fuel arms races, and potentially create a cascading effect on other contentious global issues. That both sides chose dialogue and diplomacy over escalation speaks volumes about their understanding of the wider implications of their actions. Nevertheless, while this agreement is a major step forward, it is crucial to temper optimism with caution. As noted by External Affairs Minister S. Jaishankar, around 75% of the disengagement issues have been resolved, but some significant hurdles still remain. The increased militarization of the frontier continues to be a pressing concern, and until a full resolution is achieved, the potential for future flare-ups cannot be discounted entirely. Furthermore, the specifics of the agreement, especially regarding the restoration of patrolling rights to the status quo that existed before the 2020 standoff, are yet to be clarified. The agreement is a welcome and constructive step toward resolving one of the most critical security challenges facing India and China. It reflects a shared recognition of the importance of peace along the LAC and offers hope that both countries can continue to manage their differences through dialogue. For the region and the world, this breakthrough is an encouraging signal that diplomacy still holds the key to resolving even the most entrenched disputes.

## Poor Sustain On Rs 180: WB GLOBAL POLICY CHANGE SOON

■ SHIVAJI SARKAR

India has 129 million (13 crore) citizens living in extreme poverty in 2024, says the World Bank (WB). These people live on less than Rs 180 a day (\$2.5) or Rs 5400 a month. The estimates are based on Indian official statistics.

At today's feeble pace, it could take more than a century to eliminate poverty as it is defined for nearly half the world for lower middle-class people who live on less than \$6.85 per day, according to the Bank's new Poverty, Prosperity, and Planet Report. A global policy change is hinted at.

On July 17, 2023, Niti Aayog reported a significant reduction in the proportion of poor people in the country, declining from 24.8 per cent to 14.9 per cent during 2015-16 to 2019-21. But the covid period saw difficulties rising and many more slipping below. Even post-covid the lower middle class in India faces a number of challenges, including, rising living costs, job instability, income inequality, high multiple taxation, inflation pressures.

This has made it difficult for lower middle class and poorer families living on \$ 6.85 to make ends meet. The costs of essential food products have soared by 50 per cent between 2015 and 2022. This staggering inflation has an especially significant impact on India's lower middle class and lower class, especially in rural areas. Because, while the prices of many common items have nearly doubled, the "real wage rate" has increased by just 22 per cent since 2015.

The 2023 Global Hunger Index gives India a rank of 111 out of 125 countries. This indicates a hunger severity level of 'serious' for the country. This also marks a fall from the previous year's rank of 107 (2022).

According to research by the State Bank of India, released in February 2024, the poverty rate in the country fell to 4.5-5 per cent in 2022-23. Based on the household consumption expenditure survey data the SBI research attributes the decline to government programmes initiated for the bottom of the pyramid.

In April 2022, the World Bank highlighted that "for each one percentage point increase in food prices, 10 million people are thrown into extreme poverty. If food prices stay this high for a year, global poverty could go up by more than 100 million." Average decadal inflation in India is at 55 per cent.

According to the United Nations, India managed to lift 415 million citizens out of conditions of multidimensional poverty over a 15-year period "between 2005-06 and 2019-21." And according to the Pew Research Centre, "the number of people who are poor in India (with incomes of \$2 or less a day) is estimated to have increased by 75 million because of the COVID-19 recession." The World Bank estimated that, globally, the pandemic pushed 71 million additional people into extreme poverty in 2020 and at least one-third came from India.

However, Indian poverty estimations

are not definitive since official poverty estimates are not published since 2011-12, Pew says. While some researchers estimate that poverty levels in India have increased, others suggest extreme poverty rates did not rise during the pandemic. India has proposed but not yet adopted official poverty line, in 2014, it was Rs 972 (\$12) a month in rural areas or Rs 1,407 (\$17) a month in cities. The current poverty line is Rs 1,059.42 (\$62) per month in rural areas and Rs 1,286 (\$75) per month in urban areas.

Former Reserve Bank Governor, Duvvuri Subbarao, has said that India may

poverty.

This apart, there are understandable concerns about the effects on India's poor of higher food prices stemming from recent or proposed policy reforms. Over 24 rounds of the National Sample Survey, spanning 1959-94, one finds a strong positive correlation between the relative price of food and India's poverty rate.

There are wide variations in India's poverty estimates for 1990s, in part from differences in the methodology and in the small sample surveys they poll for the underlying data. A 2007 report for example,

with University of Huddersfield, finds fault with stress on growth rates that ignore the benefit to the poor. Despite high growth, India is home to the largest number of world's poor. The neo-liberal free-market IMF policies saw surge of "growth" but not on ameliorating people's conditions.

Growth has led to a lopsided rise of the corporate and marginalisation of the working class. Siddique finds that despite the high GDP growth rates for the last two decades in India, overall employment has not been growing. The exponentially growing service sector has much smaller share in employ-

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still be considered a poor country even after becoming the world's third largest \$3 trillion economy. He says in comparison to other countries, India is the poorest among BRICS and G-20 nations. India's per capita income is \$2,600, which ranks it 139th in the world.

Subbarao says that becoming wealthy doesn't necessarily mean a country is developed. Even after becoming the third largest economy, the number of poor may remain high. The World Bank's India Development Update (IDU) says that India's growth was boosted by public infrastructure investment and an increase in household investments in real estate. This does not alleviate

using data for late 1990s, stated that 77 per cent of Indians lived on less than Rs 20 a day (about \$0.50 per day).

In 2021-22, 44 per cent of India's population lived below the lower middle-income poverty line. The Gini index of consumption-based inequality in India has remained high and steady. India's growth in 2023-24 was driven by strong construction, manufacturing, and services. The World Bank has concern over the top one per cent of India, 92 lakh individuals, earning average Rs 53 lakh a year, with average wealth of Rs 5.4 crore. The high disparity indicates concentration of wealth.

Professor of Economics, Kalim Siddiqui,

ment relative to their contribution to GDP. The study finds that neo-liberal pro-corporate policy has not removed poverty and inequality. "There is a lack of discussion about the presence of a large proportion of people living in sub-human conditions and lack of overall and holistic development of human being".

The World Bank now almost agrees that higher growth is no panacea for removing poverty. The world has to reverse the process from mere growth to improve the working conditions, check on prices and overall inclusive progress. After 1991, The world may see a new policy change shortly. --INFA

## ARAB NATIONS ARE CLOSING ON IN SUPPORT OF IRAN

■ ASAD MIRZA

As the threat of a direct conflict between Israel and Iran grows, several Gulf countries are reportedly working actively to prevent potential Israeli attacks on Iran's oil facilities. According to reports, Saudi Arabia, the UAE, and Qatar, are lobbying Washington to stop Israel from attacking Iran's oil sites. They have also reportedly refused to allow Israel to fly over their airspace for any attack on Iran.

The war in Palestine has surpassed the one-year mark. At one end of the spectrum most global nations paying lip service have continued to counsel Israel to stop its attacks in Palestine, though clandestinely helping it with arms and ammunitions and monetary support. At the other end of the spectrum, the entry of Iran into the conflict has further involved the regional Arab states into a bigger picture. Most of these Arab states advocate a two-state formula to resolve the conflict, but to put a stop to the current ongoing conflict, the real politik has forced them to adopt a more tolerant attitude towards Iran, which was once considered their arch enemy both in defence and ideological terms.

Experts say that efforts to stop an escalation of hostilities are vital to prevent serious consequences for the global economy. After the Iranian missile attack, it is being speculated that Israel may target oil or nuclear facilities in Iran. And Tehran can choose to respond with either a direct attack on Israel or shutting the Strait of Hormuz - the world's most important oil transit point, a fifth of global oil flows through the Strait, thus further flaring oil prices.

However, in the current scenario, the most obvious question on everyone's mind is whether the Arab states will support Iran, if it gets directly involved in

the war. So far, it has acted through its proxy non-state actors like Hamas and Hezbollah. But in case of Iran getting more directly involved, the future alliances may be forged based on religious ideology and geographical locations of different Arab states.

Though the greater chances are that if an all-out war breaks out, Arab countries like Saudi Arabia, Jordan and the United Arab Emirates are unlikely to support Iran at any cost inimical to them or their regional interests.

Based on traditional religious ideological differences and conflicting ambitions, most Arab governments view Iran as an adversary. Since the Islamic Revolution of 1979, Saudi Arabia has pursued much closer ties with the United States than Iran. Riyadh and Tehran have only recently begun to mend ties.

On March 10, 2023, representatives of Iran and Saudi Arabia, who had been meeting secretly for five days in the Chinese capital Beijing, announced a Chinese-sponsored agreement to restore diplomatic relations between the two countries.

Riyadh formally severed ties with Tehran seven years ago. The countries' effort to mend fences was public knowledge - Iraq and Oman had hosted previous rounds of talks between Iranian and Saudi officials - but China's role in midwifing the accord was unforeseen, as was the speed with which the rapprochement proceeded. The degree to which the Joint Trilateral Statement issued by the three countries augurs a geopolitical shift that may see China assume a larger role in a region where the US has long been dominant remains important and yet to be seen.

The competing regional agendas of Riyadh and Tehran have compounded devastating wars in Yemen and Syria, and continue to fuel instability in Lebanon and Iraq. Several Gulf Arab states have long been concerned about direct threats from, or

even attacks by, Iranian proxies, as well as alleged Iranian support for dissident movements. From its side, Tehran accuses Saudi Arabia of backing ethnic opposition groups in Kordestan, Baluchistan and other troubled provinces, along with hostile Iranian diaspora media.

Here, what may motivate these states to change their attitude towards Iran is the public opinion, which in most Arab states remain sympathetic to the Palestinian cause. If Arab governments explicitly support Israel in its war against the Palestinians, this could reduce the legitimacy of their leaders in the eyes of the public, though most pay the least attention to it.

Second, in the event of a wider war, directly involving Iran, governments supporting Israel could be seen as aggressors. While the US has backed the security interests of Iran's neighbours, there is no guarantee it always will.

Another reason is geographical proximity to Iran. Arab nations would not want an immediate neighbour to turn aggressive. A full-scale regional war would be a burden on their treasuries. Moreover, given Iranian ties to Hamas, the Houthis and Hezbollah - groups that pose real or perceived challenges to Arab governments - it is best not to explicitly take sides.

By not fully siding with Iran, some Arab nations have not yet fallen out of the good books of Israel and the West. Similarly, by not fully siding with Israel, some of them have not invited too much trouble from Iran either. Such a posture is a very diplomatic and tactical move to safeguard their national interests within a region in crisis.

However, an enlarged conflict in the Middle East might push the region to the brink with the risk of a direct confrontation between Iran and the United States. Indeed, restraint in the Middle East

would align with US strategic interests. However, the clout of the pro-Israel lobby is undermining Washington's decision-making.

The manner in which the US forces have been sent to Israel, along with latest ammunition systems like Terminal High Altitude Area Defence System (THAAD) might push Iran to bolster its deterrence by strengthening its offensive capabilities. Iran has warned it will change its nuclear doctrine if its existence is threatened.

Up until now, Iran's broad security policy has included fostering close links with non-state actors in the region with shared interests. In 2003, Iran even told the US it would detach from Hamas and pressure Hezbollah to strictly operate as a political party in exchange for a removal of sanctions and an end to threats of regime change. But Tehran's demands were never properly addressed.

The Israeli actions against Iran's top military commanders and Hamas leadership has further angered Iran. Such unilateral Israeli actions might force Iran to rethink its strategic doctrine. However, if Iran changes its defensive posture, it might raise concerns for Saudi Arabia despite the recent rapprochement between both sides.

Moreover, the Palestinian cause cannot be separated from the national and strategic interests of Middle East countries. Effective cooperation between Saudi Arabia and Iran has never been more urgent and it seems to be the need of the hour, and it seems that gears are moving in that direction.

The lasting peace in the Middle East can only be established when the US government extricates itself from the influence of the pro-Israel lobby and rededicates itself to the preservation of global peace and the defence of human rights. This would not only be the right thing to do, but also the historical responsibility that the US must embrace.

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