No fireworks

GS III: Environmental Pollution and Degradation

Context: In the year of the COVID-19 pandemic, the National Green Tribunal has prohibited the sale and use of firecrackers during Diwali in the National Capital Region of Delhi and in urban centres that recorded poor or worse air quality in November last year.

Highlights:

1. The tribunal's reasoning giving primacy to the precautionary principle in sustainable development over employment and revenue losses is understandable.
2. As the impact of COVID-19 became clear in March, and there were fears of a case surge during the winter, it was incumbent on the Centre to work with States and resolutely prevent the burning of farm stubble ahead of Deepavali.
3. This annual phenomenon unfailingly fouls the air across northern and eastern India and imposes heavy health and productivity costs.
4. Even without the risk of a COVID-19 surge, it should be evident to policymakers that their measures under the National Clean Air Programme, which seeks to reduce particulate matter pollution by 20% to 30% by 2024, must be demonstrably effective.
5. With 40% of all pollution-linked deaths attributed to bad air quality in leading emerging economies and some evidence from the U.S. on higher COVID-19 mortality in highly polluted areas, it is time governments showed a sense of accountability on the right to breathe clean air.
6. Tamil Nadu, where 90% of firecrackers are produced, has legitimate concerns on the fate of the industry this year, which, producers claim, represents about ₹2,300 crores worth of output.
7. A transparent compensation scheme for workers and suitable relief for producers may be necessary, although the longer-term solution might lie in broad basing economic activity in the Sivakasi region, reducing reliance on firecrackers.

Conclusion: The NGT ban on firecrackers must spur the Centre to intensify anti-pollution measures.

Lessons from Vietnam and Bangladesh

GS III: Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment.

Context: Vietnam and Bangladesh are on a roll. While Bangladesh has become the second-largest apparel exporter after China, Vietnam's exports have grown by about 240% in the past eight years.

Two nations and their success stories: Vietnam

1. An open trade policy, a less inexpensive workforce, and generous incentives to foreign firms contributed to Vietnam's success. Vietnam pursues an open trade policy mainly through Free Trade Agreements (FTAs).
2. Vietnam has agreed to change its domestic laws to make the country attractive to investors. Foreign firms can compete for local businesses. For example, EU firms can open shops, enter the retail trade, and bid for both government and private sector tenders. They can take part in electricity, real estate, hospital, defence, and railways projects.
3. This model may not be good for India as it offers no protection to farmers or local producers from imports. Vietnam being a single-party state can ignore domestic voices.

Bangladesh:

1. In Bangladesh, large exports of apparels to the EU and the U.S. make the most of the country's export story. The EU allows the import of apparel and other products from least developed countries (LDCs) like Bangladesh duty-free.
2. Vietnam and Bangladesh have gained enormously from trade. Trade has created wealth and employment and lifted millions above the poverty level in less than two decades.

Lessons for India

1. The key learning from Bangladesh is the need to support large firms for a quick turnover. Large firms are better positioned to invest in brand building, meeting quality requirements, and marketing.
2. To further promote manufacturing and investment, India could set up sectoral industrial zones with pre-approved factory spaces. A firm should walk in to

start operations in a few weeks. There should be no need to search for land or obtain many approvals.

Focus on organic economic growth

1. Should a country promote trade at the expense of other sectors? To understand this, let's look at the export to GDP ratio (EGR).
2. Vietnam's EGR is 107%. Such high dependence on exports brings dollars but also makes a country vulnerable to global economic uncertainty. The EGR of large economies/exporting countries is a much smaller number. The U.S.'s EGR is 11.7%, Japan's is 18.5%, India's is 18.7%. Even for China, with all its trade problems, the EGR is 18.4%.
3. Most such countries, including India, follow an open trade policy, sign balanced FTAs, restrict unfair imports, and have a healthy mix of domestic champions and MNCs.
4. While export remains a priority, it is not pursued at the expense of other sectors of the economy.
5. The focus is on organic economic growth through innovation and competitiveness. With reforms promoting innovation and lowering the cost of doing business, India is poised to attract the best investments and integrate further with the global economy.