



## Historic recession

**Crux:** India's economy needs a robust demand stimulus to avoid a protracted slump

### Technical Recession

1. The fact that India's economy entered a technical recession in the July-September period has now been confirmed by National Statistical Office data.
2. Provisional estimates of gross domestic product for the second quarter of the year ending in March 2021 show economic output shrank by 7.5%, following the 23.9% contraction in the first quarter.
3. The economy has shrunk for a second successive quarter, marking a recession for the first time in independent India's history.
4. Private consumption expenditure — the single biggest component propelling GDP with a share exceeding 50% at constant prices and edging toward 60% in current prices — continued to shrink albeit at a slower pace (-11.3%), reflecting both consumer wariness to spend amid the pandemic and the impact of lost jobs and reduced incomes.
5. And, government consumption spending that was hitherto a bulwark and what kept the bottom from falling out in the first quarter when it grew 16%, contracted by 22% revealing the precarious state of public finances. Taken together, demand was largely missing.

### Conclusion:

The economy urgently needs a robust demand stimulus if a protracted slump is to be prevented.

## Reaping the whirlwind

**Crux:** Farmers need more than verbal assurances on the continuance of MSP, guaranteed procurement

### Highhandedness:

1. Prime Minister Narendra Modi said on Sunday that farmers stood to benefit from the new measures, and this may well be true.



2. The trouble is that most farmers are not convinced by the assurances and fear that their precarity will increase as a result of the changes.
3. Farmer leaders have pointed out that the Centre has refused to address their specific concerns regarding the new laws, which they are concerned will render them helpless in the face of exploitative market forces.

### **MSP at the Heart**

1. At the heart of the fears is the potential end of the MSP and guaranteed government procurement of the produce.
2. The new legal architecture allows farmers more choices in selling their produce, in theory, and creates a national market for their produce. The end of a monopoly market could theoretically lead to more efficiency, but procurement at MSP has been the backbone of India's food security edifice.
3. If the new laws lead to a dismantling of the MSP and the mandi system, the farmers fear that they will have little leeway in contracts with private buyers.
4. There are loopholes in the existing system and the case for reforms is strong. If the Centre is open to legislating a guarantee of procurement at MSP, farmers could be convinced to accept the new laws.
5. Agitating farmers are also pressing for the withdrawal of the proposed Electricity (Amendment) Bill 2020, fearing it will end subsidised electricity.

### **Conclusion:**

While market factors must be taken into consideration, any country's agriculture sector must find an equilibrium of the interest of the producers and consumers and account for uneven environmental factors across different regions. The apprehensions of the farmers are not unfounded. The onus is on the government to win their confidence. It must unconditionally reach out to the farmers and empathetically listen to them and not precipitate a crisis by high-handedness.



## The Paris Agreement is no panacea

**CruX:** Today, the Paris Agreement is deemed as the panacea for all environmental ills when the truth is that it is a repudiation of the principles of ‘common but differentiated responsibilities’ and ‘the polluter must pay’.

### Not enough:

1. Many scientists and environmentalists expressed deep disappointment when it was adopted, as the national and international actions envisaged under it were far below the optimum levels.
2. They did not add up to limiting the rise of global temperature to below 2°C, the minimum necessary to save the globe from disastrous consequences.
3. It merely opened a new path to protect the lifestyles of industrialised nations by denying the developing countries their right to development.

### Efforts over the years

1. The most hopeful time for global cooperation in the protection of the planet was between the time of the Stockholm Conference (1972) and the time of the Rio Conference (1992).
2. That was when mounting scientific evidence about the role of anthropogenic emissions in global warming led to political initiatives to harmonise development and environment.
3. Former Prime Minister Indira Gandhi’s resounding address at Stockholm declaring poverty as the worst polluter reverberated in many conference halls.
4. The historic consensus in Rio led to the adoption of the UN Framework Convention on Climate Change (UNFCCC), which was a model global instrument balancing the right to development of the developing countries and the obligations of the developed countries.
5. A distinction was made between the “luxury emissions” of the developed countries, which were reduced mandatorily, and the survival emissions of the developed countries, which were allowed to increase.
6. Moreover, a huge financial package was approved to develop environment-friendly technologies in developing countries.



## Detour from Rio Principles

1. The Kyoto Protocol enshrined the Rio principles. It fixed emission targets for developed countries and a complex set of provisions was included to satisfy their interests. But it was never ratified by the U.S. Congress and the U.S. withdrew its support in 2001.
2. The end of the Kyoto Protocol and the abandonment of the spirit of the Rio principles were reflected in the Copenhagen Accord (2009), engineered by the U.S. and China and sold to some key countries including India on the argument that a global climate action plan would be possible only if all reductions of the greenhouse gases were made voluntary.

## A fundamental change

The Paris Agreement moved away from the principle of common but differentiated responsibilities and all countries were placed on an equal footing by making a reduction of greenhouse gas emissions voluntary. The NDCs so far submitted will not result in the desired objective of limiting the increase of global warming to below 2°C. The Paris Agreement requires that all countries — rich, poor, developed, and developing — slash greenhouse gas emissions.

## Paris pact not a Solution

1. The scientific community has already rejected the Paris Agreement as a solution. Further temperature rise, even of 1.5°C, may result in catastrophic and irreversible changes.
2. At 1.5°C, 70%-90% of coral reefs across the world would die. At 2°C, none would be left.
3. The IPCC report acknowledges that “the pathways to avoiding an even hotter world would require a swift and complete transformation not just of the global economy but of society too”.
4. This will only be possible if the world rejects nationalism and parochialism and adopts collaborative responses to the crisis. The Paris Agreement falls short of that imperative.