Culture and peace

Context: The Indian statement said, the UN's **selectivity** under the aegis of the UNAOC, an organisation that was set up in 2005 to prevent polarization between societies and cultures and to bridge differences between them, only serves to further the theory of an inevitable "clash of civilisations" instead.

Highlights:

The Indian delegate pointed out that previous resolutions of the UN General Assembly discussing resolutions of the UN Alliance of Civilizations (UNAOC) dating back to 2006 had repeatedly decried the hatred against those religions — "Islamophobia, Christianophobia and anti-Semitism" — but didn't condemn attacks on other religious groups including Hindus, Sikhs and Buddhists, who have suffered terror strikes and seen their shrines destroyed in Afghanistan and Pakistan.

Concerns at Home:

1. India's concerns over the UN resolutions that portray only three religions as victims of religious hatred are completely valid, and it is important that they are broadened to include every community that faces religion-based violence.
2. India is keen to push back on the UNAOC and other UN arms, like the UN Human Rights Council, that have criticised the Citizenship (Amendment) Act or "Delhi riots in Feb2020". However, India itself is vulnerable for such charges of partiality or selectivity.
3. The Citizenship (Amendment) Act, for example, has been criticised for offering fast-track citizenship to only a select group of religions, leaving out Muslims.
4. India cannot call for a culture of peace that stitches together an alliance of faiths, while the Indian States bring laws that seek to make difficult inter-faith marriages.

Conclusion:

In the larger analysis, the force of India's argument against the UN's selective resolutions and non-inclusive language as well as the international efforts of adversaries such as Pakistan comes from its own secular credentials enshrined in the Constitution and its pluralistic ethos.

A mirage sold as a panacea for the unorganised sector

Crux: The labour codes will only better India's 'ease of doing business' ranking instead of improving conditions of employment.

Faults in the New Social Security Code

1. The codes mandate benefits of Employees' State Insurance (ESI) and Provident Fund (PF) only for workers belonging to establishments employing 10 workers or more. This leaves out nearly 80% of all Indian workers — the informal sector like domestic help, street vendors— from the ambit of these benefits
2. Also, in the interest of 'ease of doing business', the employer plus employee contribution to the ESI was reduced from 6.5% to 4% from July 2019.
3. With the new codes seeking to cover 20% of all workers, the membership would further increase to around 10 crore workers: a three-time increase over the membership in 2019. The decision to reduce the contribution rate when ESI was to increase expenditure on medical care surely appears counter-intuitive. The available capacity of the hospitals and dispensaries would evidently be inadequate.
4. The ESI coverage follows the map of industrial growth in the country. Thus, in industrialised States like Karnataka and Tamil Nadu, the ESI covered around 20% of the population as beneficiaries in 2016; the corresponding figure was just 0.7% for Bihar. Surely the possibility of scaling up coverage is a remote possibility in Bihar, given the very low base at present.
5. While introducing the new codes, the government also did away with a number of existing cess-based welfare schemes. These included the Beedi Workers Welfare Board, covering an estimated five lakh home-based women workers. They got education schemes for children and treatment in hospitals. With the new codes, the beedi workers will forego these facilities in exchange for an undefined promise of universal social security.

False Promise of minimum wage

The second claim for universal coverage was of the minimum wage. According to the Union Labour Minister, at present only around 30% of all workers get covered under the various minimum wage schedules. The government announced floor wage ₹202 under the code. This is only a little more than half the ₹375 per day recommended by the Labour Ministry's Expert Committee on Wage in 2019; and also lower than the poverty line family expenditure estimated by the government-appointed Rangarajan Committee in 2011, corrected for inflation. This 'floor wage' should more aptly be called the BPL wage. It can only serve to pull down wages, far from shoring up the wage level.

Conclusion:

These codes, which also include various measures restricting the unions' right to strike and relax norms for factory closure, serve to improve the 'ease of doing business' ranking instead of improving the conditions of employment. For the unorganised sector workers, the labour codes provide nothing but a mirage.

Mains:

1. Examine the nature of the reserve army of the labour in India after the adoption of neo-liberal policies. Do you think India will remain an informal economy in the near future? Give reasons for your answer.

Tenuous tack

Crux: The MPC's policy of prioritising growth over price stability is clearly fraught with risks

Highlights:

1. The RBI is clearly prioritising growth over price stability for now. While the compulsion to ensure that monetary policy remains broadly supportive of an economy that is in recession as a fallout of the COVID-19 pandemic and accompanying lockdowns is understandable, the rate-setting panel's readiness to shrug off both persistently high inflation and its own outlook on prices is cause for concern.
2. The MPC also flagged its expectation that inflation would continue to "remain elevated" through the coming months to average 6.3% — well above the 6% upper bound of its target range — through the second half of the current fiscal.

Areas of Concern

1. Recent increases in the prices of iron ore, steel and transportation fuels also add to the worries that cost pressures are continuing to accumulate at a time when the economy is still well underwater.

2. With the central bank prognosticating that, save some possible continued softening in the prices of cereals and transient easing of vegetable costs through the winter, other food prices would persistently remain at elevated levels, the MPC's policy approach is clearly fraught with risks.
3. By laying the onus on supply disruptions, profiteering and taxes for the inflation spiral, the RBI is abdicating its primary mandate.

True fiscal responsibility

Bottom line: The macroeconomic consequences of the disruption to economic activity and the need for the expansionary economic policy had been flagged by independent economists at the very onset of COVID-19. Slashing public expenditure amid a recession is a recipe for serious economic disaster.

Context: India's Gross Domestic Product (GDP) contracted 7.5% in the second quarter of 2020-21, following the record 23.9% decline recorded in the first quarter, as per estimates released by the National Statistical Office on Friday. The country has now entered a technical recession with two successive quarters of negative growth. Thus far, we have not had the V-shaped recovery predicted by the government's economists.

The need for Public expenditure

COVID-19 led job loss created depressed demand causing private investors to hold their plans for the future and contract expenditure. In such a scenario, public expenditure must have provided support to the economy.

Expenditure for the economy in recession

1. We see in it that gross fixed capital formation at constant prices actually increased in Q2, indeed by a whopping 60%. It may be said that this was completely unanticipated, thus suggesting the prospect of growth in the future.
2. Three other sources of expenditure exist, namely, exports, private final consumption expenditure and government final consumption expenditure. The first two show a substantial increase over their Q1 levels, but the government final consumption expenditure actually declines by 25% over the same period.
3. From the NSO's statement, we can determine the extent of contraction that would have occurred had the government maintained its consumption

expenditure into the second quarter of this financial year. This figure turns out to be -4.1%, indicating that the contraction would have almost halved had this been the case.

Contraction led by reduced public expenditure

1. Public consumption expenditure in the first half of the year of the pandemic has been less than what it was in 2019-20, a normal year.
2. The existence of a public sector provides us with an instrument to stabilise an economy subjected to a natural shock that depresses output. What we are experiencing in India today is actually the opposite, with the government having reduced expenditure in the face of a decline in output to a level lower than what it was two years ago.

Conclusion:

For fiscal policy in India to ignore that advisory and reduce spending when it is most needed is to destabilise the economy. However, maintaining it for a little longer could have checked the economy's slide with its negative consequences. It would have been the fiscally responsible thing to do.

Mains:

1. A series of temporary shocks has put Indian Economy in a deeper and long term recession. While discussing in the context of Demonetization, GST and Pandemic give reasons for your answer.