



Embracing children

1. Speedy implementation of relief schemes for children orphaned by COVID-19 is essential
2. The Centre's response to the Supreme Court that the modalities of the expansive assistance programme for children orphaned by COVID-19, announced by the Prime Minister, were yet to be formulated comes as a disappointment.
3. While rightly feted for its announcement of a comprehensive programme for the most vulnerable section of the population during this COVID-19 pandemic, children, the Centre did not lay down procedural formalities for implementation.
4. It is clear from the National Commission for Protection of Child Rights' submission in the Supreme Court that nearly 10,000 children are in need of immediate care and protection.
5. It further told the apex court that these children run a high risk of being pushed into trafficking and the flesh trade. There is thus no doubt that time is of the essence here.

Way Forward:

1. A swift laying down of processes and monitoring mechanisms to kick start rescue and relief, besides undertaking the continuing process of estimating beneficiaries is needed.
2. The responsibility of the Government now is to go the full mile to ensure that these benefits reach every child fitting the criteria, besides making sure that the children are not exploited with an eye on the eventual bounty.
3. The several States have announced their child-care packages on similar lines too, with some setting up monitoring committees to ensure implementation.

Close the vaccination gap, in global lockstep

1. Immunisation needs cooperation and is a prerequisite for lifting the restrictions holding back economies and freedoms.
2. By the end of May 2021, only 2.1% of Africans had received at least one dose of a COVID-19 vaccine. It is "vaccination apartheid".



3. Therefore, we need global multilateral action to increase the production of vaccines and accelerate the roll-out worldwide.

A worry

1. The multiplication of variants is likely to undermine the effectiveness of existing vaccines.
2. Vaccination is also a prerequisite for lifting the restrictions that are holding back our economies and freedoms.
3. If the vaccination gap persists, it risks reversing the trend in recent decades of declining poverty and global inequalities. Such a negative dynamic would hold back economic activity and increase geopolitical tensions.
4. To fill this gap, countries with the required knowledge and means should increase their production capacities, so that they can both vaccinate their own populations and export more vaccines.

Issue of licensing

1. Voluntary licensing is the privileged way to ensure such transfer of technology and know-how.
2. If it turns out to be insufficient, the existing Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement and the 2001 Doha Declaration already foresee the possibility of compulsory licensing.

The COVID-19 pandemic has reminded us that health is a global public good. Our common global COVID-19 vaccine action to close the vaccination gap must be the first step toward genuine global health cooperation, as foreseen by the Rome Declaration recently adopted at the Global Health Summit.

Adverse changes, federalism imperilled

There needs to be a federal coalition to preserve the idea of a plural India, in terms of culture and politics.

Union encroachment

1. To be sure, such moves to erode the powers of State governments are not new. In post-independent India, the Centre, on several occasions, has used its



powers to dismiss or use the Governor to intimidate democratically elected governments.

2. During the Emergency, education was moved to the Concurrent list which was until then a State subject under the constitutional division of responsibilities.
3. However, the adverse changes to federal relations at present are more systemic.

New trend:

1. There has been increasing centralisation in resource allocations and welfare interventions. The gap between the revenue that state governments are allowed to generate and the expenditure that they are expected to incur has been widening, particularly with the implementation of the Goods and Services Tax (GST).
2. The shortfall of GST this year and the Centre's lackadaisical response to demands for compensation by State governments are again known
3. On the other hand, the Centre has been encroaching into domains under State government control through centrally sponsored schemes in sectors such as education and health where States are required to spend about 85% and 82% of public expenditure, respectively.

Economic centralization:

1. On the one hand, the Centre has sought to insulate Indian big business from global competition by choosing not to enter into the Regional Comprehensive Economic Partnership (RCEP), but has eroded the power of small businesses through support for GST and the call for a single national market.
2. Clearly, bigger players are more likely to benefit from a removal of State-level barriers to trade at the expense of smaller regional players. This re-calibration of State-capital relations works against smaller entrepreneurs and entrepreneurship.

Institutional transgression

1. The second challenge is in the use of executive and legislative aggression. Central institutions are increasingly weakening the policy levers of State institutions.



2. Institutions such as the Income Tax Department, the Enforcement Directorate and the National Investigation Agency are being used to intimidate opponents. Appointments are not untouched either.
3. For instance, the Centre has been meddling with the appointments of vice-chancellors in universities funded and run by State governments.
4. Direct transfers to beneficiaries of welfare schemes bypassing States are also contributing to this dynamic.
5. Further, as recent events suggest, the Centre is increasingly ignoring elected representatives of State governments, holding meetings with State secretaries and district collectors on issues that are primarily under State control.
6. An example was a recent meeting by Minister of Education Ramesh Pokhriyal Nishank with State Education Secretaries on the implementation of the New Education Policy.
7. Such transgressions, often with the help of Governors, allow the centre to actively control administrative decisions including faculty recruitments.
8. Importantly, such moves are also meant to ensure national uniformity in educational institutions. One such example is NEET, or the National Eligibility cum Entrance Test in medical education, which subverts the affirmative action policies developed at the regional level in response to local political demands.
9. This is evident in the domain of health as well. Apart from imposing a national lockdown during the first wave of the novel coronavirus pandemic without consulting State governments, the Centre has now put State governments at a disadvantage in vaccine usage by fixing differential pricing for procuring vaccines for them. This forces State governments to pay more even as they are deprived of their revenue shares.

Socio-cultural foundation

1. The third and crucial challenge lies in the social-cultural foundations of federalism. As Partha Chatterjee argues, besides the legal-constitutional aspects of federalism, it is diversity in the cultural foundation of regions that sustains Indian federalism.



2. However, this diversity is being challenged at present. Markers of regional identities and regional socio-cultural practices are now interpreted as belonging to a pan-Indian tradition.
3. 'Dravidian' is attacked as a creation of the British with support from Christian missionaries, emptying the term of its anti-caste politics.

Key variables

1. This erosion of federal relations is often countered through appeals to restore the constitutional powers of States. However, history tells us that such calls may not amount to much in the absence of regional political assertion.
2. Constitutional powers including fiscal relations are inherently biased towards the Centre. Vesting of all residuary powers with the Centre and giving over-ruling powers to the Centre on matters in the Concurrent list are the primary sources of this bias.
3. What is seldom recognised is that the degree of federalism in India has depended largely on two variables: the nature of political coalitions at the Centre and the role of States in such coalitions (the period 1996 to 2014 for example), and the cultural diversity of regions.
4. Hence, what is needed is a federal coalition that looks beyond the legal-constitutional aspects of federalism to preserve the idea of a plural India in terms of both culture and politics.

A far-reaching tax measure

1. The U.S. push for a global minimum corporate tax may help India, but it can also cause international disagreements
2. In its recent proposal, the U.S. sought to impose a global minimum tax on foreign income earned by U.S. corporations. The proposal is perhaps intended to disincentivise American companies from inverting their structures due to the increase in the U.S. corporate tax rate.
3. This caused pushback from countries such as Ireland, which made a case for fiscal autonomy for smaller jurisdictions to compete with larger economies.



4. The proposal, along with the increased tax bill for U.S. companies, may benefit the Indian revenue department.
5. The State of Tax Justice report of 2020 notes that India loses over \$10 billion in tax revenue due to the use of offshore structures, particularly through investments made by Indian residents through Mauritius, Singapore and the Netherlands.
6. This is supported by the overseas direct investment (ODI) data from 2000 to 2021 published by the Reserve Bank of India, where the cumulative ODI for the period primarily went through Singapore, Mauritius, the U.S., the Netherlands, and the United Kingdom.
7. Start-ups and large Indian conglomerates commonly use offshore structures for conducting global operations. Revenue from such operations is often retained offshore and not repatriated to India. Tax advantages incentivise such structures, due to which taxes on such income are not paid in India.
8. Once these proposals are implemented, Indian companies would have to pay additional taxes on their offshore structures to the extent that the effective rate of tax is lower than the global minimum tax rate.

Other major factors

1. With tax incentives neutralised, countries may have to compete on other factors like better regulatory regimes, ease of doing business, access to global talent, among others.
2. Several countries have taken a different approach to the rate of global minimum tax. While France and Germany have expressed support, the EU has raised concerns regarding the high rate proposed by the United States.
3. Countries have stated that the proposal infringes upon their tax sovereignty and that the fight against unfair tax competition should not become a fight against competitive tax systems.

The U.S. appears keen on closing the negotiations around the 15% floor, which should also benefit India. As economies struggle amid the COVID-19 pandemic, the necessity of encouraging trade and economic activity should be prioritised over disagreements on tax allocations. Tax-related trade war or entrenchment of unilateral levies may further harm both global and national economies.