



A cycle of low growth, higher inflation

In recent times, right-leaning economists have been arguing that the Government does not need to do anything with the economy and that it will revive by itself. They call those who disagree with them, doomsday merchants. These economists reason that, like after the Great Depression, the economy rebounded worldwide, and so will it with us. The argument is fallacious on four accounts:

Highlights:

1. The first factor, demand. The COVID-19 pandemic has resulted in demand destruction.
2. Next is inflation. This scenario is eerily similar to the early 1970s in the United Kingdom and the United States, where low growth was combined with rising inflation.
3. Inflation in India is being imported through a combination of high commodity prices and high asset price inflation caused by ultra-loose monetary policy followed across the globe.
4. The third is interest rates. The only solution for any central banker once he realises that inflation is entrenched is tightening liquidity and further pushing the cost of money.
5. Finally, rising non-performing assets, or NPAs. Rising interest rates, lack of liquidity, and offering credit to leveraged companies instead of direct subsidies to support small and medium-sized enterprises (SMEs) and micro, small and medium enterprises (MSMEs) to counter the COVID-19 pandemic and its effects will result in NPAs of public sector banks climbing faster.

The Minsky moment

1. Our small and medium scale sector is facing a Minsky moment. The Minsky moment, coined by the economist Hyman Minsky, states that every credit cycle has three distinct stages.
2. The first stage is that of cautious lending and risk aversion by the bankers. The second stage is lending to trustworthy debtors who can pay the principal and its interest.



3. The third stage is a state of euphoria caused by rising asset prices where bankers lend to debtors regardless of their ability to pay back interest, let alone the principal.
4. The Minsky moment marks the decline of asset prices, causing mass panic and the inability of debtors to pay their interest and principal. India has reached its Minsky moment. This means that the public sector unit and several other banks will need capital in copious amounts to make up for bad debt.
5. Several banks and financial institutions have collapsed in the last 18 months in India. The Union government's Budget is in no position to infuse large amounts of capital. At best, we can expect a piecemeal effort as in the past seven years.
6. As a result of the above causes, credit growth is at a multi-year low of 5.6%. Banks do not want to risk any more loans on their books. This will further dampen demand for real estate and automobiles once the pent-up demand is over.

The Indian economy is in a vicious cycle of low growth and higher inflation unless policy action ensures higher demand and growth. In the absence of policy interventions, India will continue on the path of a K-shaped recovery where large corporates with low debt will prosper at the cost of small and medium sectors. This means lower employment as most of the jobs is created by the latter.

The benefits of breastfeeding

UNICEF states that "breastfeeding is among the most effective ways to protect maternally and child health and promote healthy growth and optimal development in early childhood." Infants should be breastfed within one hour of birth, breastfed exclusively for the first six months of their lives, and be breastfed after six months in combination with solid, semi-solid and soft food until they are about two years old.

Many advantages

1. Breastfeeding provides greater immunity for children against infection, allergies, cancers and obesity; and improves brain maturation. It is also beneficial for the mother: it promotes faster weight loss after birth, reduces



postpartum bleeding, and protects her against breast cancer, ovarian cancer, and osteoporosis.

2. Data from The Lancet show that more investment in breastfeeding could add \$300 billion to the global economy and prevent about 8,20,000 child deaths every year.
3. The advantages of breast milk are evidence-based, yet globally only 25%-40% of babies are breastfed. Breastfeeding and later wet nursing were the norms for millions of years.
4. During the Renaissance period, breastfeeding came to be seen as unfashionable. Feeding bottles and formula milk were aggressively advertised leading to a reduction in breastfeeding between the 17th and 19th centuries.
5. However, during the late 19th century, an increase in infant mortality rate and a rise in non-communicable diseases during adulthood were attributed to bottle feeding. This prompted experts and leaders everywhere to push for breastfeeding across the world.

The World Alliance for Breastfeeding Action (WABA)

1. The World Alliance for Breastfeeding Action (WABA) was established in 1991 to create awareness about the importance of breastfeeding. In 1992, WABA in coordination with UNICEF introduced World Breastfeeding Week during the first week of August every year.
2. India enacted the Infant Milk Substitutes, Feeding Bottles and Infant Foods Act in 1992 with stringent regulations.
3. However, the National Family Health Survey-5 data show that there has been a decline in early breastfeeding in as many as 12 of the 22 surveyed States and Union Territories while the share of institutional births has increased.

Maternity and paternity leave

1. The Dravida Munnetra Kazhagam (DMK) has promised in its manifesto that maternity leave in Tamil Nadu would be extended to 12 months. This is essential as women are entering the workforce in large numbers while society has shifted to a nuclear family system. Such a move will ensure uninterrupted breastfeeding.



2. Nevertheless, counselling and educating the parents, establishing breast milk banks, providing lactating mothers with subsidised breast milk pump equipment, and setting up exclusive facilities to breastfeed will prove to be beneficial for mothers to provide exclusive breastmilk for children up to six months.
3. The inclusion of husbands in this conversation is incumbent. Both the mother and newborn are vulnerable for the first 12 weeks. Getting used to breastfeeding takes at least 14 days.
4. Therefore, assistance from the partner is indispensable during this time. However, Indian law only allows for 15 days of paternity leave. It is imperative to extend this to 12-16 weeks
5. India is a low-middle-income country with a meagre allocation of the GDP towards health. Communicable and non-communicable diseases hamper our economic growth.
6. The theme for World Breastfeeding Week this year is 'Protect Breastfeeding: A Shared Responsibility. With a change in social, cultural and environmental factors, breastfeeding is no longer mother-centric.

Governments must allocate specific funds, rigorously implement the law, invest in educating parents and health workers and involve civil society organisations and the media in spreading awareness. Breastfeeding has decreased during the COVID-19 pandemic. Therefore, it is important that the promotion of breastfeeding should be a continuous process, not an event restricted to a week.