



Reforming WHO

- That reforms are urgently needed to strengthen the global health body and its ability to respond to novel and known disease outbreaks in order to limit the harm caused to the global community is beyond debate.
- The long delay and the reluctance of China to readily and quickly share vital information regarding the novel coronavirus, including the viral outbreak in Wuhan, and its stubborn refusal to allow the global agency to investigate, freely and fairly, the origin of the virus have highlighted the need to strengthen WHO.

More teeth to WHO:

1. But any attempt to build a stronger WHO must first begin with increased mandatory funding by member states. For several years, the mandatory contribution has accounted for less than a fourth of the total budget, thus reducing the level of predictability in WHO's responses; the bulk of the funding is through voluntary contribution.
2. Importantly, it is time to provide the agency with more powers to demand that member states comply with the norms and to alert the WHO in case of disease outbreaks that could cause global harm.
3. Under the legally binding international health regulations, member states are expected to have in place core capacities to identify, report and respond to public health emergencies.
4. Ironically, member states do not face penalties for non-compliance. This has to change for any meaningful protection from future disease outbreaks.

Full circle

1. A combination of factors including the COVID-19 pandemic, high crude oil prices and now the war in Ukraine has created a perfect storm that sent the Consumer Price Index (CPI)-based inflation racing to a 95-month high of 7.79% in April.
2. Food and fuel were the biggest culprits fanning last month's furious pace of price gains that seem unabating.



Food Inflation:

1. Food inflation as measured by the Consumer Food Price Index (CFPI) quickened to a 17-month high of 8.38% last month, with rural consumers experiencing it at 8.5%, a pace that was 41 basis points faster than that experienced by their urban counterparts.
2. Ten of the 12 items in the food and beverages basket of the overall CPI registered sequential acceleration as well.
3. Of concern are the prices of cereals and products, which constitute almost a tenth of the CPI and account for the key staples of wheat and rice that are essential for ensuring food security. Inflation in cereals accelerated by more than 100 basis points to 5.96% last month.

Export surge and broad-based inflation:

1. With both output and government procurement of wheat set to be lower than estimated earlier and exporters seeking to corner a greater share of the crop to tap the recent surge in global demand for the grain, domestic prices have already hardened and could pose a challenge to household budgets in the coming months.
2. Edible oil is another constituent of the food basket meriting close monitoring on the prices front.
3. With the war in Ukraine having shut the tap on sunflower oil supplies from the largest global source of the commodity unless Indonesia rescinds its ban on palm oil exports in the near future, the immediate outlook for edible oil prices is far from reassuring. Ultimately though, with inflation now having turned far more broad-based.

While the RBI must continue to tighten monetary policy in order to protect the vast majority who have no hedge against inflation, the pass-through of high oil costs, reflected in double-digit price gains in the transport and fuel and light categories, leaves the Government with little option but to cut fuel taxes if it is serious about taming inflation so as to ensure overall macroeconomic stability.