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Source : www.thehindu.com Date : 2023-12-02

PATCHY EXPANSION: THE HINDU EDITORIAL ON PROVISIONAL ESTIMATES OF GDP FOR QUARTER ENDING SEPTEMBER 30, 2023

Relevant for: Indian Economy | Topic: Issues relating to Mobilization of resources incl. Savings, Borrowings & External Resources

December 02, 2023 12:10 am | Updated 12:10 am IST

The latest provisional estimates of GDP for the quarter ended September 30, released by the National Statistical Office, project real economic growth at 7.6%, a slight deceleration from the 7.8% logged in the preceding three months. Gross Value Added (GVA) across the eight broad sectors of the economy also reflected a marginal slowing, with second-quarter GVA registering a 7.4% expansion, 40 basis points slower than the April-June period's 7.8%. Robust double-digit expansions in manufacturing, mining, utilities and construction offset the loss of momentum across the other four sectors and helped ensure that the year-on-year growth in GVA comfortably exceeded the 7% pace for a second straight quarter. Manufacturing, buoyed by a favourable base effect due to the contraction in the year-earlier period, was the strongest performer by registering growth of 13.9%, a nine-quarter high. And construction witnessed its best showing in five quarters, expanding 13.3%. Of the four other sectors, the crucial ones of agriculture and the two services sectors of trade, hotels, transport and communication, and financial, real estate and professional services saw the pace of growth almost halving from the fiscal first quarter. While year-on-year growth in the agriculture, livestock and fishing sector slowed sharply to an 18-quarter low of 1.2%, the sector also experienced a sequential contraction for the third straight quarter, underscoring the precarity plaguing large portions of those earning from farming and allied activities in the rural hinterland.

The slowdown in two key components of the services economy — trade, hotels, transport and communication saw growth slide to 4.3%, from 9.2% in the June quarter, and the expansion in financial and realty services more than halved from the preceding period to 6% — also merits a closer watch as the post-pandemic rebound in services appears to have lost steam. Adding to the need to view the headline growth number with circumspection is the fact that the lynchpin private final consumption expenditure, the single-largest component of demand in the economy, is struggling for traction. Growth in private consumption spending slowed appreciably to 3.1% in the September quarter, from 6% in the preceding three-month period, as rural demand remained affected by the vagaries of a below-average monsoon. The NSO data also reveal that the recent economic momentum owes its fillip in large measure to front-loaded government spending, both in terms of consumption demand and asset-creating capital investments. The challenge for policymakers will be to help broaden the growth base so as to ensure that all boats are lifted equally, both to sustain the momentum and reduce inequality.

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economy (general) / manufacturing and engineering / mining / construction and property / agriculture / hotel and accommodation / transport / communication infrastructure / fishing industry / economy, business and finance / rains

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Source : www.thehindu.com Date : 2023-12-06

HONEST RECKONING: THE HINDU EDITORIAL ON THE REALITY BEHIND THE COMMITMENT TO RENEWABLE ENERGY

Relevant for: Indian Economy | Topic: Infrastructure: Energy incl. Renewable & Non-renewable

December 06, 2023 12:20 am | Updated 12:26 am IST

The boundary wall enclosing discussions around global climate is 1.5°C, or the average increase in global temperatures since pre-industrial times. Now that 1°C is crossed, all the wrangling under way at the climate summit in Dubai is to cap the half-degree rise. Global pledges to cut emissions are insufficient to achieve this. Current estimates are that to limit warming to 1.5°C, the world requires three times more renewable energy capacity by 2030, or at least 11,000 GW. That there is wide global consensus on the need for this tripling was first formally articulated in the New Delhi Leaders' Declaration at the G-20 summit in Delhi in September. In the run-up to the Dubai summit, it was perceived that this would be widely endorsed by the larger group of about 190 countries signatory to the UN convention on climate. It turns out that, so far, 118 countries have endorsed the pledge and two major countries, i.e., India and China, have so far abstained from signing. The Global Renewables and Energy Efficiency Pledge, while still a draft text, says that in their pursuit of tripling renewable energy capacity, signatories should also commit to "...phase down of unabated coal power, in particular ending the continued investment in unabated new coal-fired power plants". This is a major red line for India.

While India has positioned itself as a champion for renewable energy — its 2030 targets as articulated in its formal, nationally determined contributions (NDC) speak of tripling renewable energy capacity to 500 GW from the current 170 GW — it has reiterated several times that it could not be forced to give up certain fuels. Coal-fired plants are responsible for nearly 70% of India's greenhouse gas emissions. Developed countries that have made commitments to give up coal often have other large, fossil-fuel resources as back-up. The United States joined 56 other countries at Dubai in a commitment to completely eschew coal for its energy use, by 2035. However the U.S. only draws about 20% of its energy from coal and at least 55% from oil and gas, with plans to actually produce more of it in 2030 than at present. The paradox of the world's major economies' commitment to renewable energy is that it is not, as of now, actively geared to replace fossil fuel. Till there is an honest commitment to actually replace existing and future fossil capacity with clean energy, pledges and declarations are worth little more than the paper they are drafted on.

climate change / carbon emissions / G-20 New Delhi 2023 / United Nations / India / China / coal / renewable energy / USA

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Source : www.thehindu.com Date : 2023-12-07

CREATING CERTAINTY: THE HINDU EDITORIAL ON THE GOODS AND SERVICES TAX

Relevant for: Indian Economy | Topic: Issues relating to Mobilization of resources incl. Savings, Borrowings & External Resources

December 07, 2023 12:10 am | Updated 12:58 am IST

The Goods and Services Tax (GST), which turns six and a half years old this month, has yielded almost 3.4 lakh crore through October and November. While revenues in October marked the second highest monthly collections, November's kitty is the third highest. Both these months also recorded accelerated revenue growth after a sequence of slowing upticks that culminated with September recording a 27-month trough of 10.2%. October's GST inflows were up 13.4% and November's by 15.1%, with revenues from domestic transactions up 20%, the highest in 14 months. Festive fervour surely bolstered last month's nearly 1.68 lakh crore of GST revenues, which were based on transactions in October, and that trend may persist this month as well on the back of anticipated last-minute Deepavali spending. Prior to this two-month spike, GST revenues had crossed 1.65 lakh crore on only three occasions, which were typically driven by year-end compliances. Now, the average monthly collection so far in 2023-24 stands at 1.66 lakh crore, and economists believe central GST receipts may surpass Budget estimates even if one factors in a relative slowdown in the final quarter of this year.

With revenues buoyant, in no small part due to tighter compliance and a crackdown on tax evaders, the government must consider resetting its ambitions and work towards making the GST a truly good and simple tax, as it was promised to be. At a recent industry interaction, responding to concerns about the manner in which a spate of GST demand notices and investigations have unfolded in recent months, Finance Minister Nirmala Sitharaman said the GST is still at a stage of moving from "uncertainty to certainty" on some grounds and those aspects are being sorted out now. That certainty needs to be pursued at a broader level to provide genuine comfort to investors about India's tax regime being stable and predictable. For one, pending taxpayer appeals against central GST levies have risen by a quarter this year to hit nearly 15,000 cases by October and it is necessary that appellate tribunals cleared by the GST Council become operational at the earliest to unwind this pendency and set clear precedents for future tax treatment disputes. It is equally critical to lay down a road map to bring in excluded items such as petroleum and electricity into the GST framework as well as the rejig of its complicated multiple rate structure. With the general election ahead, some dithering on such reforms may be understandable, but the GST Council must not lose focus of the unfinished agenda and keep deliberating on its to-do list, so that these steps can be fast-tracked after the Lok Sabha election.

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Source : www.pib.gov.in Date : 2023-12-08

MAJOR ONGOING RENEWABLE ENERGY SCHEMES AND PROGRAMMES

Relevant for: null | Topic: Important Schemes & Programmes of the Government

The Union Minister for New & Renewable Energy and Power has informed that the Government has set a target of achieving 500 GW of installed capacity from non-fossil fuels by 2030, in line with the Prime Minister’s announcement at COP-26.

Efforts have been made by the Government to increase awareness about the use of renewable energy through introduction of various schemes and publicity through print and media. The list of schemes introduced are given below.

Details of the ongoing major Renewable Energy Schemes / Programmes

(i) Intra-State Transmission System Green Energy Corridor Phase-I

(ii) Intra-State Transmission System Green Energy Corridor Phase-II

This information has been given by the Union Minister for New & Renewable Energy and Power Shri R. K. Singh, in a written reply to a question, in Lok Sabha on December 7, 2023.

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PIB DELHI | Alok Mishra / Dheep Joy Mampilly

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PIB DELHI | Alok Mishra / Dheep Joy Mampilly

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Source : www.thehindu.com Date : 2023-12-09

NEW CLIMATE DRAFT SEEKS TRIPLING OF RENEWABLE ENERGY CAPACITY

Relevant for: Indian Economy | Topic: Infrastructure: Energy incl. Renewable & Non-renewable

December 08, 2023 10:13 pm | Updated December 09, 2023 01:56 am IST - NEW DELHI

Though by no means final and only offered as an ‘option,’ it expresses a strong push by the leadership at the COP 28 climate talks to move towards ending the fossil fuel economy. | Photo Credit: Reuters

The latest draft of the Global Stocktake, one of the key documents being negotiated at the UN’s climate summit in Dubai, has linked the tripling of renewable energy capacity with a ‘phase-out’, or a time-bound ending, of the use of fossil fuels. Though by no means final and only offered as an ‘option,’ it expresses a strong push by the leadership at the COP 28 climate talks to move towards ending the fossil fuel economy.

“Tripling renewable energy capacity globally by 2030... ensuring that the increase in renewable energy capacity is strategically implemented to displace fossil fuel-based energy, thereby significantly reducing global reliance on non-renewable and high-emission energy sources,” appears as one of the options that participant Ministers can deliberate upon and choose to retain or exclude in the final version of the agreement, expected on December 12. The draft can be viewed on the UN climate website. India is unlikely to agree to such a clause, a source close to negotiations told *The Hindu*, as it was “prescriptive” in tenor. “Much more consultation remains and India’s position is to not support such a clause. Tripling capacity is fine but not with such conditions which are prescriptive in nature,” the person said.

The latest draft also does away with the clause calling for a “just and orderly phase-out of fossil fuel” that appeared in the first version of the text on December 6. This has now been replaced with four pointed options demanding that fossil fuels – responsible for 80% of greenhouse gas emissions – be phased out in such a way that global temperatures do not rise more than 1.5 degrees C by 2100, and energy companies become fossil fuel-free by mid-century. Here too, there’s an option for “no text”, meaning that all references to doing away with fossil fuels can be entirely deleted.

Explained | Analysing the Global Stocktake Report

Unchanged from an earlier version of the text is the clause on a “rapid phase-out of unabated coal power”. At COP 26 in Glasgow two years ago, on the insistence of India and backed by the United States and China, the world had agreed to “phase down” but not “phase out” coal.

The tripling of energy capacity was a clause that first came up formally in international agreements during the G-20 summit in India. However, India has chosen not to commit to such a pledge at COP 28 as it came with “unacceptable” riders, according to those familiar with the Indian position.

On Friday, Simon Steill, executive secretary of the UN Framework Convention on Climate Change, under whose purview the talks are taking place, said, “This week, I don’t want to see diversions and political tactics that hold climate ambition hostage. I urge all ministers and negotiators to think outside the box.”

India on Friday focused on the other big lacuna in negotiations regarding ‘climate finance’. While this broadly refers to funds that are necessary for countries to transition their economies to renewable energy, and adapt to climate change, only a fraction of promised sums have made their way from developed to developing countries and a definition of such financing remains hazy.

“The lack of a definition leads to a lack of trust and transparency on a matter that should be as clear as crystal,” said Environment Minister Bhupendra Yadav, addressing a ministerial dialogue on climate finance on Friday. He said that countries should prioritise defining climate finance, which would then automatically translate into the best ways to fund the clean energy transition.

Differing definitions mean that the Organisation for Economic Cooperation and Development (OECD) has estimated that climate finance in 2020 amounted to $83 billion, while Oxfam estimated that it was only $22 billion.

Climate finance must account for the specific circumstances of a country, to be actual grants not requiring interest payments, and low-cost loans, Mr. Yadav argued. “The flow of finance has to be along with access to technology such as offshore wind, battery storage. In the absence of these, it would not be possible for the developing countries to meet their commitments on the Paris Agreement,” he warned.

END

Source : www.thehindu.com Date : 2023-12-11

FALLING BEHIND: THE HINDU EDITORIAL ON MONETARY POLICY COMMITTEE AND INFLATION

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Inflation & Monetary Policy

December 11, 2023 12:10 am | Updated 12:36 am IST

The Monetary Policy Committee's decision to hold benchmark interest rates level, while raising its forecast for full-year GDP growth by 50 basis points and flagging food price shocks-induced volatility in inflation, is replete with the risk of policymakers falling behind the curve on anchoring inflation expectations. Notably, after observing that "uncertainties in food prices along with unfavourable base effects are likely to lead to" headline inflation quickening in November-December, and that "recurring food price shocks are impeding the ongoing disinflation process", the MPC has rather surprisingly opted to keep the RBI's repo rate unchanged at 6.5% for a fifth straight bi-monthly meeting. To be sure, retail inflation has moderated since the MPC last met in early October, with the headline reading softening by almost two percentage points, from August's 6.83% to 4.87% in October. But, by the MPC's own reckoning, that moderation may be fleeting, as price gains accelerate yet again in November and December, and with volatility in oil prices and financial markets, amid heightened global uncertainty, there are added risks to the outlook on prices. The RBI's latest 'Households' Inflation Expectations Survey', undertaken in November, reveals that most households expect faster inflation in the three-months- ahead and one-year-ahead time horizons, and at median levels of 9.1% and 10.1%, respectively, unequivocally underlining the fact that price gain expectations are still far from durably anchored.

The dissonance in messaging from the central bank is exemplified in the MPC's decision to upgrade its projection for real GDP growth in the fiscal year ending in March 2024 to 7%, from 6.5% as recently as in October. For this, it cites robust investment, besides continued strengthening in manufacturing, buoyancy in construction and a gradual rural recovery that it sees helping 'brighten the prospects of household consumption'. If the RBI's cumulative 250 basis points increase in the benchmark interest rate since May 2022 through to February 2023 and the subsequent retention of the 6.5% rate have not damped the growth impulses barring consumption, then it would indicate that consumption is still struggling to gain traction largely because, as Deputy Governor Michael D. Patra observed at the MPC's last meeting, "people are not increasing discretionary spending in view of high inflation". This seems to be borne out in the RBI's November round of its bi-monthly 'Consumer Confidence Survey', which showed consumers retained negative sentiments on both current and future price conditions. With policymakers only too well aware that sans price stability, as Mr. Patra noted, "the benefits of expanding GDP and employment will be frittered away by the erosion of purchasing power", the MPC has its task cut out.

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interest rate / inflation and deflation / Reserve Bank of India / oil and gas - upstream activities / survey

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Source : www.pib.gov.in Date : 2023-12-11

DUAL FINANCING APPROACH BEING ADOPTED TO ELEVATE MSMES' CONTRIBUTION IN RENEWABLE ENERGY TRANSITION: IREDA CMD AT COP28

Relevant for: Indian Economy | Topic: Infrastructure: Energy incl. Renewable & Non-renewable

Chairman & Managing Director of the Indian Renewable Energy Development Agency Limited (IREDA)Shri Pradip Kumar Das has highlighted the significance of lending to Micro, Small & Medium Enterprises (MSMEs) in the Renewable Energy sector, emphasizing both its economic and environmental contributions. During a session on "Pioneering Sustainability in MSMEs: Envisioning Global Growth and Local Impact" organized by the International Solar Alliance and CII, as part of COP 28 in Dubai today, December 10, 2023, he reiterated IREDA's commitment to promoting environmental sustainability. The commitment involves increasing the participation of MSMEs in the Renewable Sector through accessible loan facilities, reinforcing the organization's dedication to a sustainable future.

The CMD stressed the pivotal role that MSMEs play in environmental sustainability and informed that MSMEs currently constitute approximately 2% of the company's total loan assets in FY 22. IREDA is dedicated to continuously addressing the challenges faced by MSMEs and is actively working towards enhancing their participation in the Renewable Energy sector. He also underlined that Agriculture Sector and MSMEs are the largest contributors in GDP Growth.

CMD, IREDA acknowledged that a significant obstacle for MSME entrepreneurs is securing loans at reasonable interest rates. However, IREDA has made substantial progress in improving the "Ease of Doing Business." This includes the implementation of faceless loan sanctions and disbursements, reduction in the documentation involved in loan sanction and disbursement cycle, as well as an expansion of geographical reach across the country.

Highlighting a successful case study involving lending to e-rickshaws through Mufin Green Finance, Shri Das shared that IREDA intervened to lower existing interest rates ranging from 30% -36% to 18%. Leveraging its track record of making previously unbankable sectors bankable, he expressed confidence that company's initiatives would result in increased MSME participation in the green energy sector.

The CMD also underscored IREDA's unwavering commitment to encouraging farmers nationwide to reduce their carbon footprint through financing under the PM-KUSUM scheme. In a proactive move to boost MSMEs and contribute to the success of the PM-KUSUM scheme, IREDA recently launched its Retail Division. Soon after its establishment, Retail Division sanctioned its first loan, amounting to Rs. 58 crores under KUSUM-B.

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PIB DELHI | Alok Mishra / Dheep Joy Mampilly

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PIB DELHI | Alok Mishra / Dheep Joy Mampilly

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Source : www.thehindu.com Date : 2023-12-12

HARVEST THE ODISHA STORY TO ENSURE FOOD SECURITY

Relevant for: Indian Economy | Topic: Food processing and related industries in India: scope and significance, location, upstream and downstream requirements and supply chain management

December 12, 2023 12:08 am | Updated 12:08 am IST

‘Odisha is particularly vulnerable to the effects of climate change, which can disrupt current growth strategies and exacerbate poverty’ | Photo Credit: SPECIAL ARRANGEMENT

As the world’s leaders are in a huddle for COP28, or the 2023 United Nations Climate Change Conference (November 30 to December 12, 2023), in Dubai, the United Arab Emirates, the worsening impact of the climate crisis paints a grim picture for the planet, peace and prosperity.

Disasters are projected to increase to 560 per year, that is 1.5 per day; hunger and malnutrition are expected to grow by 20% if the climate change impact goes unchecked, and food productivity is expected to decline by 21% due to global warming.

As the world witnesses a worsening global food crisis precipitated by the mounting climate crisis, spiralling conflicts and distressed livelihoods, Odisha’s transformational journey is increasingly being cited as a model and a source of ideas for creating food security that is built around equity and sustainability.

Odisha’s story has three specific themes in the current scenario: how the State strengthened food security by transforming agriculture through a community-driven approach and built resilience to climate impact.

In the past two decades, Odisha has moved from importing rice from other States and making ends meet in the pre-2000s to, in 2022, producing 13.606 million tonnes of food grains, its highest production on record.

There are two notable aspects: a majority of farmers are small/marginal, and productivity has increased despite stable crop area. The average rice yield, which is Odisha’s main crop, has tripled in two decades. In 2000-01, the average yield was 10.41 quintals per hectare, but by 2020-21, it had increased to 27.30 quintals per hectare.

Kalahandi district was known as the “land of hunger,” but has now been transformed into Odisha’s rice bowl. Odisha Chief Minister Naveen Patnaik shared this at the United Nations World Food Programme headquarters, where he addressed Odisha’s commitment towards achieving the ‘Zero Hunger’ goal of Sustainable Development Goal (SDG) 2.

The focus is on small and marginal farmers and increasing their income. This has directly contributed to strengthening their food security and creating resilient livelihoods.

Implementing flagship schemes such as Krushak Assistance for Livelihood and Income Augmentation (KALIA) and disseminating scientific crop management practices through conventional and digital extension have increased non-paddy crop cultivation, while paddy cultivation has decreased. Schemes such as the Odisha Millet Mission have also helped diversify crops and promote climate resilience.

Due to its geographical location and physical conditions, Odisha is particularly vulnerable to the effects of climate change. This phenomenon can disrupt current growth strategies and exacerbate poverty, as it may lead to a loss of life, livelihoods, assets, and infrastructure. Odisha has proactively developed a comprehensive Climate Change Action Plan to address these concerns.

This plan covers various sectors, including agriculture, coastal zone protection, energy, fisheries and animal resources, forests, health, industries, mining, transport, and urban and water resources. It was formulated by a team of experts from multiple departments and incorporates inputs from civil society. Various departments and agencies are responsible for implementing the activities identified in the plan, which are being monitored by a committee headed by the Chief Secretary.

The approach towards climate resilience is being developed from the bottom up. The Crop Weather Watch Group conducts weekly meetings, sees field visits by officers, and has video conferences to monitor the crop programme. This helps the authorities to take necessary measures during adverse weather conditions such as cyclones, floods, and droughts, which are frequent in the State.

Crop planning is done at the district level by officials of allied departments, considering the agro-climatic zone. Farmers are adopting climate-resilient cultivation practices, that include integrated farming, zero-input-based natural farming, non-paddy crops, better water management, water-saving devices, e-pest surveillance, and large-scale farm mechanisation with women-friendly drudgery-reducing farm implements. Training farmers in crop-specific techniques, including integrated nutrient and pest management, has boosted food grains production.

The consistent improvement of the agricultural sector has made Odisha a surplus State for paddy production. It is the fourth most significant contributor to the paddy pool of the Food Corporation of India. According to the available statistics for 2020-21, Odisha produces 9% of the total rice in India and accounts for 4.22% of the total food-grain production of the country.

The partnership between the United Nations World Food Programme and the Government of Odisha has seen innovation for pilots on improving food and nutrition security schemes, such as the application of biometric technology in the Targeted Public Distribution System in remote Rayagada district back in 2007, or rice fortification in Gajapati district, to name a few. In the State Ranking Index for the National Food Security Act by the Department of Food and Public Distribution, Government of India, for 2022, Odisha emerged as the top-ranked State in the entire country. The WFP collaborates with the Government of Odisha on its food security, livelihood and climate resilience initiatives.

Odisha’s transformative journey, from food grains scarcity to the generation of surplus, sustained efforts in climate-proofing its agricultural system, crop diversification, protection of the interest of the smallholders, and food and nutrition security for the vulnerable presents a unique development model for other States in the context of the challenges of global climate change.

Anu Garg, IAS, is Development Commissioner and Additional Chief Secretary, Government of Odisha. Elisabeth Faure is Representative and Country Director, United Nations (UN) World Food Programme (WFP), and a part of Team UN in India

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Orissa / climate change / United Nations (climate change) / United Arab Emirates / food / agriculture / science and technology / energy and resource / fishing industry / forests / health / mining / transport / water supply / cyclones / flood / drought

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Source : www.thehindu.com Date : 2023-12-16

ACCELERATION FORETOLD: ON VOLATILE FOOD PRICES

Relevant for: Indian Economy | Topic: Issues relating to Mobilization of resources incl. Savings, Borrowings & External Resources

December 16, 2023 12:10 am | Updated 12:42 am IST

November's resurgence in headline retail inflation, while clearly not unexpected after the RBI just last week predicted a likely 'uptick', is a stark reminder of the risks volatile food prices pose. While the National Statistical Office's provisional reading of headline inflation shows the Consumer Price Index rose by 5.55% year-on-year to a three-month high, from October's 4.87%, food price gains measured by the Consumer Food Price Index accelerated by a steep 209 basis points to 8.7% last month. Propelling the upsurge in food prices were cereals and vegetables, constituents of the 'food and beverages' subgroup, that logged 10.3% and 17.7% inflation, respectively. Cereals, that account for almost one-tenth of the CPI and logged double-digit inflation for a 15th straight month, also saw a month-on-month acceleration in inflation with rice, wheat, and the coarse cereal of jowar, a rural hinterland staple, all registering palpable sequential price gains. Vegetable prices were back on a boil with the year-on-year inflation rate surging by almost 15 percentage points from October's 2.8%. While price gains in the perishable tomato swung from two straight months of sizeable deflation to a more than 11% year-on-year rate of inflation last month, the extent of increase could be truly gauged from the fact that prices surged a steep 41% from the preceding month's levels, as per data aggregated on the Centre for Monitoring Indian Economy's website. And the key masala essentials of ginger and garlic registered more than 100% rates of inflation for the seventh and third months, respectively.

From the TOP or tomato, onion and potato triumvirate of India's most widely consumed vegetables, onion prices remained the biggest source of concern as year-on-year inflation ballooned to 86%, from October's 42% pace, and the sequential pace swelled to 48%. With reports that inclement weather and depleting groundwater are likely to cause a near 25% shortfall in onion output during the key rabi season, the outlook for prices of the nutrient-dense bulb moderating in the near future appears bleak, the government's move to impose a ban on its exports notwithstanding. Only potato prices, which continued to remain in deflationary territory, offered some respite. Pulses and sugar are other areas of concern, with the first witnessing more than 20% inflation and the sweetener also experiencing an uptick in the pace of price gains to 6.55%. With sugar production also expected to take a hit due to lower rainfall, the number of supply-related challenges policymakers face to rein in price gains is rising. With the RBI having opted to refrain from raising rates for now, the onus is squarely on the government to help temper inflation, or risk suffering an erosion in broader consumption and economic growth.

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inflation and deflation / Reserve Bank of India / food / fruit and vegetable / economy (general)

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Source : www.pib.gov.in Date : 2023-12-16

RATE OF PERMANENT DISABLEMENT BENEFIT (PDB) AND DEPENDANT'S BENEFIT (DB) INCREASED UNDER ESI SCHEME

Relevant for: Indian Economy | Topic: Issues Related to Poverty, Inclusion, Employment & Sustainable Development

The 192nd Meeting of Employees' State Insurance Corporation was held today at ESIC Headquarters under the Chairmanship of **Shri Bhupender Yadav,** Union Minister for Labour and Employment, Environment, Forest and Climate Change and Chairman, ESIC. **Shri Rameswar Teli,** Union Minister of State for Labour & Employment, Petroleum and Natural Gas graced the meeting as Vice-Chairman.

During the meeting, the following important decisions directed towards availability of medical care and cash benefits to Insured Workers and their family members were taken:

Rate of Permanent Disablement Benefit (PDB) and Dependant's Benefit (DB) increased under ESI Scheme

In order to neutralise the impact of inflation, the proposal to increase the basic rate of Permanent Disablement Benefit (PDB) and Dependant's Benefit (DB) was approved by ESI Corporation. The PDB is paid at the rate of 90% of wages in the form of monthly payment depending upon the extent of loss of earning capacity as certified by a Medical Board. The DB is paid at the rate of 90% of wage in the form of monthly payment to the dependants of a deceased Insured person in cases where death occurs due to employment injury or occupational hazards.

9 new ESI hospitals in the state of Maharashtra, Madhya Pradesh and Uttarakhand and 17 new ESI dispensaries in Gujarat to be set up under ESI Scheme

With the vision to improve the healthcare infrastructure, the proposal for setting up 09 new ESIC Hospitals in the state of Maharashtra, Madhya Pradesh and Uttarakhand and 17 new dispensaries in Gujarat was approved.

Number of beds to be increased in the ESIC hospital, Bibvewadi, Maharashtra, and ESIC hospital, Rourkela, Odisha

The sanctioned bed strength is set to increase from 100 to 120 and from 75 to 150 in ESIC hospital, Bibvewadi, Maharashtra and ESIC Hospital, Rourkela, Odish, respectively; as ESI Corporation accorded the approval for the same during the meeting.

ESIC Hospial, Andheri, Mumbai to be upgraded as Multi Super Specialty Hospital

To provide all the super specialty treatment facilities hassle free & under one roof, the proposal for development of ESIC Hospital, Andheri, Maharashtra as Multi-Specialty hospital with the capacity of 500 beds was approved. This step is taken to modernize the facilities in the hospital to provide IPs and their dependants with modern treatment facilities.

Audited Annual Accounts 2022-23 and Annual Report 2022-23 of ESIC adopted by ESI Corporation for placing the same before the Parliament

The Annual Accounts of the Corporation for the year 2022-23 together with the report of CAG and Annual Report of ESI Corporation for the year 2022-23 along with its analysis were approved and adopted by the ESI Corporation during the meeting.

Ms. Arti Ahuja, Secretary (L&E), Ms. Dola Sen, MP, Shri Ram Kirpal Yadav, MP, Shri Khagen Murmu, MP, Dr. Rajendra Kumar, Director General, ESIC attended the meeting alongwith Principal Secretaries/Secretaries of the State Governments, representatives of Employers, Employees and experts in the medical field.

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MJPS

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Source : www.pib.gov.in Date : 2023-12-16

CABINET APPROVES MEMORANDUM OF COOPERATION SIGNED BETWEEN INDIA AND KINGDOM OF SAUDI ARABIA ON COOPERATION IN THE FIELD OF DIGITIZATION AND ELECTRONIC MANUFACTURING

Relevant for: Indian Economy | Topic: Infrastructure: Energy incl. Renewable & Non-renewable

The Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi was apprised of a Memorandum of Cooperation (MoC) signed on 18th August, 2023 between the Ministry of Electronics and Information Technology of the Republic of India and the Ministry of Communications and information Technology of the kingdom of Saudi Arabia on cooperation in the field of Digitization and Electronic Manufacturing.

The Memorandum of Cooperation intends to strengthen collaboration in the field of Digitization, Electronic Manufacturing, e-Governance, smart infrastructure, e-Health and e-Education, promote partnership in research in digital innovation and the use of emerging technologies such as Artificial Intelligence (AI), Internet of Things (IoT), Robots, Cloud Computing and Blockchain, etc. This MoC would establish a framework for cooperation in the area of digitization and electronic manufacturing and establish partnerships between India and Saudi Arabia.

The MoC aims to promote ways of innovative training and development through e-Teaching, e-learning and exchange programs in the digitization and electronics manufacturing and to develop joint training programs for capacity building and access to highly skilled Information and Communication Technologies professionals, strengthen SME and start-up ecosystem by sharing information on business accelerators, venture capital and incubators of technology start-ups which would indirectly generate employment opportunities for both parties.

The collaboration activities under this MoC will promote cooperation in the area of Digitization and Electronic Manufacturing which are integral to the envisaged objectives of Atmanirbhar Bharat.

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Source : www.thehindu.com Date : 2023-12-18

A CLOUDY HORIZON: THE HINDU EDITORIAL ON TRADE DATA

Relevant for: Indian Economy | Topic: Issues relating to Mobilization of resources incl. Savings, Borrowings & External Resources

December 18, 2023 12:15 am | Updated 12:15 am IST

From a rare upward swing this October, India's goods exports retreated into contraction last month, dipping 2.8% from 2022 levels to touch $33.9 billion. Imports dropped 4.33% to $54.5 billion, cooling the merchandise trade deficit to $20.6 billion, almost a third below October's record high. Sequentially, the decline in imports was sharp, despite the Commerce Ministry lowering October's import bill by $1.6 billion from the initial $65 billion estimate. On the other hand, though exports contracted in November, they were higher than October's tally, which was the lowest in 12 months, yet denoted a year-on-year uptick unlike in November. Such statistical noise may be hard to listen through, but it is clear that exports have recorded their weakest values in a year, over the last two months. Similarly, the significant dip in imports in November can be attributed to factors like a decline in discretionary demand for high-value goods such as gems and jewellery and the global dip in prices of key items like petroleum products. Economists expect the deficit to stay range-bound between $20 billion and 25 billion through the remaining four months of the year. But it is difficult to be certain — one may recall that imports had hit an 11-month high of $60.1 billion in August before easing over 10% in September and resurging in October.

Making sense of such divergences, with a yo-yo effect of sorts every other month, is hazardous, and is exacerbated by significant data corrections that have returned after a few months of relative certainty. August's goods trade deficit was moderated by nearly three billion dollars, with the overall export-import tally seeing revisions of $5 billion. The magnitude of upward revision in the monthly merchandise trade deficit has averaged around $1.5 billion since July compared to an average of $0.5 billion in the first quarter of 2023-24, a QuantEco research note has flagged. At the risk of repeating the obvious, the government must get a better grip on the data it bases its decisions on. Officials hope for an uptick in exports in the final quarter of the year, citing similar trends in recent years. With the World Trade Organization expecting global trade flows to strengthen in 2024 and the US Federal Reserve signalling interest rate cuts that other central banks would take a cue from, global demand may perhaps look up more consistently. But to capture that, India needs to do more to compete with rivals. For instance, a rough government-commissioned study on logistics costs indicates they dropped a little over the past decade. Ongoing infrastructure spends may gradually lower them further, but reducing petroleum prices for users, in tandem with global trends, would boost competitiveness far more effectively.

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exports / India / imports / jewelry / petrol / trade balance / USA

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Source : www.pib.gov.in Date : 2023-12-19

UNION MINISTER BHUPENDER YADAV TO LAUNCH REPORT ON 'A GREEN AND SUSTAINABLE GROWTH AGENDA FOR THE GLOBAL ECONOMY'

Relevant for: Indian Economy | Topic: Issues relating to Mobilization of resources incl. Savings, Borrowings & External Resources

Shri Bhupender Yadav, Minister for Environment, Forest & Climate Change and Labour & Employment, in the presence of Shri Amitabh Kant, Sherpa, G20 India, Shri Suman Bery, Vice Chairman, NITI Aayog, Shri B.V.R. Subrahmanyam, CEO, NITI Aayog, Shri Ajay Seth, Secretary, Department of Economic Affairs and Shri Kapil Kapoor, Regional Director for Asia, International Development

Research Centre will launch a report on ‘A Green and Sustainable Growth Agenda for the Global Economy’. The launch will also be graced by His Excellency Kenneth Félix Haczynski da Nóbrega, Ambassador of Brazil to India. It is a comprehensive report addressing the prospects and challenges of green and sustainable growth for the global economy. The report has been prepared by NITI Aayog in collaboration with the International Development Research Centre (IDRC), Ottawa, and the Global Development Network (GDN), New Delhi.

The publication is a collective contribution to the body of knowledge on this subject, providing valuable inputs for Brazil and the upcoming G20 presidencies. The report launch is scheduled for 19th December, 2023 at New Delhi. Following the report launch, an interactive panel discussion will take place highlighting the key topics in the report.

The report is a summary of the key discussions from the policy conference organised by NITI Aayog, International Development Research Centre (IDRC) and Global Development Network (GDN) on 28th – 29th, July 2023, that focused on green and sustainable growth. A G20 side event, it brought together 40 leading thinkers to deliberate on a new growth model for G20 members. These leading experts provided insights and ideas on energy, climate, and growth; technology, policy, and jobs; the growth implications of a fractured trading system and reshaping global finance for sustainable growth in addition to themes related to multilateralism as well as adjustment, resilience, and inclusion in an uncertain world. The report embodies the collaborative spirit of G20, tackling crises and challenges. It provides a realistic view of international development, acknowledging uneven progress and offering insights as benchmarks for researchers and stakeholders. Recommendations arising from the conference are highlighted as critical for shaping dialogue and building consensus among member states. Some of the key ideas and thoughts shared by the experts during the two-day deliberations were also incorporated in the G20 New Delhi Leaders’ Declaration.

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Source : www.thehindu.com Date : 2023-12-20

INDIA'S ETHANOL CONUNDRUM

Relevant for: Indian Economy | Topic: Infrastructure: Energy incl. Renewable & Non-renewable

December 20, 2023 01:41 am | Updated 10:16 am IST

Sugar mill workers load harvested sugar cane in a tractor trolly in Sangli district, Maharashtra on December 3, 2022. | Photo Credit: Reuters

As more than 100 countries at COP28 in Dubai pledged the tripling of global renewable energy capacity by 2030, India faces a tightrope walk with regard to its ethanol blending target. While ethanol blended petrol (EBP) increased from 1.6% in 2013-14 to 11.8% in 2022-23, the 20% target by 2025 has run into trouble with low sugar stocks in 2022-23 and the impending shortfall in sugarcane production this year. As evident from Minister of Consumer Affairs Piyush Goyal's statement in May, the government is looking at a major transition towards grains-based ethanol for meeting the target. The recent authorisation of the National Agricultural Cooperative Marketing Federation of India (NAFED) and the National Cooperative Consumers' Federation of India (NCCF) to procure maize (corn) for supplying ethanol distilleries indicates emphasis on this transition and will boost an organised maize-feed supply chain for ethanol. This, however, risks creating more challenges for the economy.

The two major feedstock for ethanol production are sugarcane (Brazil) and corn (the U.S.). Ethanol production in both these countries boomed from 2000 when crude oil prices started rising and remained above a certain threshold for a decade. (At low crude prices, ethanol blending is not competitive; it is a slow process driven by heavy subsidies.) A crucial difference between the use of sugarcane and corn for producing ethanol is the degree of food-fuel conflict that emerges. In the case of sugarcane, ethanol is produced by processing the molasses (C-heavy/B-heavy) and constitutes minimal trade-off with the sugar output. The B-heavy molasses path produces less sugar compared to the C-heavy one, but both produce sugar and ethanol simultaneously from sugarcane. But using corn for producing ethanol directly reduces its use as food or livestock feed. It not only diverts grain to fuel use, but also links food prices directly with crude oil prices through the demand side. The very high crude prices that prevailed for a decade in 2004-14 pulled up ethanol and corn prices to historical highs. More importantly, the high corn prices were quickly transmitted to other grain markets as soft grains, such as wheat/barley, started getting redirected into the livestock industry as corn substitutes. Though only 5-7% of the world's corn output was used for ethanol production at the peak of the U.S.'s corn-based ethanol programme, the price effect was widespread and remained the most important contributor to the 2006-14 global food crisis. This was primarily due to the relatively easy substitutability in grain use across food, feed, and fuel.

Also read | Govt. move allowing cane juice use for ethanol to offer 'partial relief'

This strong link between crude and food prices in the era of agro fuels is re-emphasised by the fact that the food prices remained high even after the 2008 financial crisis caused most commodity prices to plummet. The Food and Agriculture Organization food price index softened only after 2014, when global crude prices fell below $80 per barrel, which also slowed down the U.S. ethanol blending trajectory. The post-pandemic recovery of oil prices has again pushed up food prices. In 2021, the food price index breached the previous record levels attained in 2011.

Unlike in the U.S., sugarcane is the more obvious choice for tropical countries such as Brazil or India where cane yields are higher. This is not to argue that using sugarcane for ethanol does not have adverse impacts on environment or hunger. More land under water-intensive sugarcane cultivation can displace food production as well as degrade water tables, but these can be regulated by appropriate land-use policies. It is far more difficult to control the market dynamics, driven by easily interchangeable grain use, as illustrated by the U.S.'s corn-based ethanol experience.

Editorial | Honest reckoning: On the reality behind the commitment to renewable energy

In India though, differential pricing introduced in 2017-18 incentivised the use of cane juice directly to produce ethanol and exacerbated the food versus fuel binary, which is otherwise relatively subdued in the case of cane-based ethanol. When price incentives were given for ethanol produced from cane juice without the extraction of sugar, a process which gives a substantially higher yield of ethanol, mills abandoned the more sustainable molasses route. This was driven by the urge to hasten the journey towards the 2025 EBP target, which it achieved. The success generated challenges in the form of reduced sugar stocks. The December 7, 2023 order by the Ministry of Consumer Affairs banning the use of cane juice for ethanol production is a timely, corrective step. But by adopting a transition to grains-based ethanol to fast-track the 2025 target achievement (maize is expected to supply around half of the ethanol feed in 2023-24 and beyond), is the government hurtling towards a looming spectre of uncontrollable food inflation? For this path to meet the EBP target by 2025, India needs 16.5 million tonnes of grains annually (government estimates). This is a sufficiently high quantity to trigger a short-run price spiral in grain markets.

The future of India's renewables strategy hangs on a delicate food-fuel trade-off; and a choice between intensifying hunger and reducing fossil fuel use. On the one hand, the government can reconsider its EBP target and stagger it to contain the contradictions. On the other hand, we need more investment in public infrastructure, urban design to contain the fuel demand for automobiles, and in renewables such as solar power.

renewable energy / India / energy resources

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Source : www.thehindu.com Date : 2023-12-24

LIKE SHEEP AND GOATS, REINDEER TOO SLEEP WHILE CHEWING THEIR CUD

Relevant for: Indian Economy | Topic: Economics of Animal-Rearing incl. White, Blue & Pink Revolutions

December 24, 2023 01:10 am | Updated 10:26 am IST

Reindeer slept approximately the same amount during winter, summer, and autumn, despite the fact that they were much more active during the summer. File. | Photo Credit: AP

Researchers have discovered that the more time reindeer spend ruminating, the less time they spend in non-rapid eye movement (non-REM) sleep. EEG recordings revealed that reindeer's brainwaves during rumination resemble the brain waves present during non-REM sleep, and these brainwave patterns suggest that the reindeer are more "rested" after ruminating. The researchers speculate that this multitasking might help reindeer get enough sleep during the summer months, when food is abundant and reindeer feed almost 24/7. The results were published on December 22 in the journal *Current Biology*.

Light-dark cycles are absent in the Arctic during winter and summer, and previous studies showed that Arctic-dwelling reindeer don't display circadian behavioural rhythms during these seasons, though they tend to be more active during the daytime during the spring and autumn equinox, when light-dark cycles are present.

They found that reindeer slept approximately the same amount during winter, summer, and autumn, despite the fact that they were much more active during the summer. This is in contrast to other species who change the amount they sleep in response to environmental conditions. On average, the reindeer spent 5.4 hours in non-REM sleep, 0.9 hours in REM sleep, and 2.9 hours ruminating during a given 24-hour period, regardless of season.

One possible strategy is the opportunity for rest during rumination — the re-chewing of partially digested food, which is an important component of digestion for reindeer and other ruminants. Domestic sheep, goats, cattle, and lesser mouse-deer have all been previously observed to produce sleep-like brain waves during rumination, but it was unclear whether rumination could serve a similar restorative function to sleep.

The reindeer's EEG readings during rumination resembled brainwave patterns that are indicative of non-REM sleep including increased slow-wave activity and sleep spindles. Sleeping and ruminating reindeer also displayed similar behaviour, tending to quietly sit or stand during both activities, and were less reactive to disturbances such as a neighbouring reindeer sitting down or getting up.

Next, the researchers tested whether rumination could reduce the reindeer's drive to sleep by depriving the reindeer of sleep for two hours. Following sleep deprivation, the reindeer's EEG readings indicated a build-up of 'sleep pressure'— the unconscious biological drive for more and deeper sleep — suggesting that reindeer experience deeper sleep following sleep deprivation.

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Source : www.thehindu.com Date : 2023-12-25

INDIA’S JOBS CRISIS, THE MACROECONOMIC REASONS

Relevant for: Indian Economy | Topic: Issues Related to Poverty, Inclusion, Employment & Sustainable Development

December 25, 2023 12:16 am | Updated 02:55 am IST

‘The Indian economy has historically been characterised by the presence of both open unemployment as well as high levels of informal employment’ | Photo Credit: The Hindu

There are many indications everywhere that India continues to be going through a jobs crisis. Official data sources as well as many on-the-ground reports point to this fact. What are the macroeconomic reasons for this crisis?

At the outset, it is useful to distinguish the two types of employment that prevail in an economy such as India. The first is wage employment which is a result of labour demanded by employers in their pursuit of profits. The second is self-employment where labour supply and labour demand are identical, i.e., the worker employs herself. A further useful distinction can also be made between wage labour and jobs. The first includes all forms of labour done for an employer including daily wage work at one extreme and highly paid corporate jobs at the other. But, jobs generally refer to relatively better paid regular wage or salaried employment. In other words, all jobs are wage labour, but all wage labour cannot be called jobs. When we speak of a jobs problem, we are speaking of inadequate labour demand particularly for regular wage work.

The Indian economy has historically been characterised by the presence of both open unemployment (out of work job-seekers) as well as high levels of informal employment consisting of the self-employed as well as casual wage workers. The last is also called “disguised unemployment” because, being similar to open unemployment, it also indicates a lack of adequate employment opportunities in the formal sector.

This lack of opportunities is reflected by a more or less stagnant employment growth rate of salaried workers in the non-agricultural sector in the last four decades. What explains such constraints in the labour demand of formal sector?

The labour demand in the formal non-agricultural sector is determined by two distinct factors. First, since firms in the formal sector hire workers to produce output for profit, labour demand depends on the amount of output that firms are able to sell. Under any given level of technological development, labour demand in the formal sector rises when demand for output rises. Second, labour demand depends on the state of technology that dictates the number of workers that firms need to hire to produce one unit of output. Introduction of labour-saving technologies enables firms to produce the same amount of output by hiring a lower number of workers.

Since economic policy is generally framed in terms of output growth (think of GDP or value-added), rather than the level of output, let us examine this argument in terms of growth rates. Employment growth rate is determined by the relative strength of two factors — the output growth rate and the labour productivity growth rate (growth rate of output per worker). If labour productivity growth rate does not change, higher output growth rate increases employment growth rate. In other words, policies that promote higher economic growth would also achieve higher employment growth. On the other hand, if labour productivity growth rate rises, employment growth rate falls for a given output growth rate.

In India, the employment growth rate of the formal and non-agricultural sector remained unresponsive despite a significant rise in the GDP growth rate and the value added growth rate during the 2000s as compared to the decade of the 1980s and 1990s. The lack of responsiveness of employment growth rate to changes in output growth rate reflects a phenomenon of jobless growth. It indicates a strong connection between labour productivity growth rate and output growth rate. Why should this be the case?

As an economy grows, it is generally seen that it also becomes more productive. That is, in the process of producing a greater amount of total output, firms become capable of producing more output per worker. This happens because of what economists call “economies of scale”. As firms produce more output, they find it easier to adopt labour-saving technologies. But the extent to which labour-saving technologies are introduced depends on the bargaining power of labour.

We can make a distinction between two types of jobless growth regimes based on the tightness of the connection between output growth and labour productivity growth.

In the first case, the responsiveness of labour productivity growth rate to output growth rate is weak. The possibility of jobless growth in this case emerges exclusively on account of automation and the introduction of labour-saving technology. But employment growth rate in such regimes would necessarily increase if output growth rate happens to increase. Under weak responsiveness of labour productivity, the positive effect of GDP growth rate on employment would dominate over the adverse effect of labour-saving technologies. Here, the solution to the jobs crisis is just more rapid economic growth.

In the second case, which happens to be the Indian one, the responsiveness of labour productivity growth rate to output growth rate is high. Here, the positive effect of output growth rate on employment fails to counteract the adverse effect of labour-saving technologies. Employment growth rate in such regimes cannot be increased simply by increasing GDP growth rate.

The extent to which labour productivity growth rate responds to output growth rate is reflected by what is termed as the Kaldor-Verdoorn coefficient. In a recent working paper (by us), we show that India’s non-agricultural sector is characterised by a higher than average Kaldor-Verdoorn coefficient, as compared to other developing countries. It is this distinct form of jobless growth regime in India that makes India’s macroeconomic policy challenge qualitatively different from other countries.

The central contribution of the Keynesian revolution in macroeconomics was to highlight the role of aggregate demand as the binding constraint on employment. Fiscal policy was perceived to increase labour demand by stimulating output. The developing countries that inherited a dual economy structure during their independence, confronted additional constraints on output. The

Mahalanobis strategy identified the availability of capital goods as the binding constraint on output and employment, putting forward the policy for heavy industrialisation. The structuralist theories based on the experiences of developing countries highlighted the possibility of agrarian constraint and the balance of payment constraints. Both these constraints led to key policy debates in India, particularly during the decade of the 1970s and early 1990s. Nonetheless, what remained common to all these different frameworks was the presumption that increasing the output growth rate in the non-agricultural sector would be a sufficient condition for increasing the employment growth rate in the formal sector.

But the evidence suggests that the employment challenge can no longer be met only through more rapid GDP growth. Rather, a separate policy focus is needed on employment in addition to the focus on GDP growth.

Such employment policies will need both demand side and supply side components. For example, to the extent firms in India find it easier to automate due to a lack of adequate skilled labour, increasing the quality of the workforce through better public provisioning of education and health care, as well as bridging the skills gap, are important. On the demand side, direct public job creation will be needed.

Financing such expenditures while maintaining debt-stability requires the reorienting of the current macroeconomic framework in a significant way, including increasing the direct tax to GDP ratio by reducing exemptions and improving compliance, and a more imaginative use of macro-policy to pursue a constructive employment agenda.

Zico Dasgupta teaches economics at Azim Premji University. Amit Basole teaches economics at Azim Premji University

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Source : www.thehindu.com Date : 2023-12-26

DEBT DEBATE: THE HINDU EDITORIAL ON THE IMF'S LATEST INDIA CONSULTATION DETAILS, FINANCE MINISTRY'S RESPONSE

Relevant for: Indian Economy | Topic: Issues relating to Mobilization of resources incl. Savings, Borrowings & External Resources

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The Finance Ministry, last Friday, issued a statement titled 'Factual position vis-à-vis IMF's Article IV consultations with India'. For context, the International Monetary Fund (IMF), under its Articles of Agreement, holds bilateral discussions with members, usually every year. IMF staffers collect economic and financial information, and discuss policies with top officials, before preparing a report that is discussed by the Fund's executive board. The Ministry statement, four days after the IMF released its latest India consultation details, noted that "certain presumptions have been made taking into account possible scenarios that does not reflect factual position". In particular, the Ministry was referring to an IMF view that adverse shocks could lift India's general government debt to, or beyond 100% of GDP in the medium-term (by 2027-28). The Ministry asserted this was only a worst-case scenario and not a fait accompli, and emphasised that other IMF country reports show much higher extreme 'worst-case' scenarios, for instance, at 160%, 140% and 200% of GDP, for the U.S., the U.K. and China, respectively.

The combined debt of central and State governments stood at 81% of GDP in 2022-23, from 88% in 2020-21. Under favourable circumstances, the IMF reckons this could even go down to 70% by 2027-28. The shocks faced by India so far in this century were global, and affected the entire world economy, be it the 2008 financial crisis or the pandemic, the Ministry pointed out. Reacting to initial news flashes, it further clarified its statement was not a rebuttal to the IMF but "an effort to arrest misinterpretation or misuse" of its comments to imply that General Government debt would exceed 100% of GDP in the medium term. Semantics experts may argue whether the communiqué was confrontational or clarificatory. India's Director on the IMF Board had already placed on record reservations about its staff's conclusions on debt risks ["sounds extreme"], and some other aspects of the economy. In the broader picture, IMF staff's perceptions of India's fiscal position have actually improved over the past year. From arguing in 2022 that India's fiscal space is at risk, they now believe sovereign stress risks are moderate. This is in no small part due to the ability of the Centre, whose debt levels were about 57% of GDP last year, to meet fiscal deficit targets in recent times. Reducing debt and spends to stay the course on its commitment to bring the deficit to 4.5% of GDP by 2025-26 from an estimated 5.9% this year, is critical. While reacting to an adverse detail in a report sometimes ends up drawing more attention to it, actions tend to always speak louder than words.

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INDIA’S STATIONARY COURSE IN THE SHIPPING VALUE CHAIN

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‘With successive Union governments letting the state-owned Shipping Corporation of India bleed, the order book of Indian shipyards has been hit’ | Photo Credit: C.V. SUBRAHMANYAM

The Yangtze river has been China’s heartbeat through its long history. Tradition, legend, myth, culture, as well as commerce and industry are integral to the Yangtze lore.

Today, the Yangtze is modern China’s lifeline while retaining its antiquity. The Three Gorges project has only added to its lustre.

As one enters the Yangtze from the sea, one can imagine hearing the sound of violins from Chinese opera, or, more recently, from Kung Fu Panda. But, one cannot close one’s eyes to the massive merchant ships, often two or three together, flitting in and out of the river.

It is a unique sight. The modern engineering and shipping marvels of Suez or even the Panama canal see a convoy of ships, one behind the other. The Yangtze often sees multiple convoys steaming in parallel. And, in between, smaller barges criss-cross the river, much like the autorickshaws on Indian roads. For a merchant shipman, it is an incredible sight — a story of expert seamanship, logistical planning and piloting skills.

The ships are either bringing in raw materials from across the world including from far away Chinese-owned mines from Peru and Africa or leaving with finished products to all over the world. Some vessels are new, built in shipyards that stand cheek by jowl at every bend in the river. Many are repaired in those same yards and dry docks.

The Yangtze is among the best examples of the tiringly clichéd “look where China is and where we are now” story. Such stories use statistics to show how India and China were on the same boat until the late 1980s and how China has leapfrogged since then, leaving India way behind.

India was actually ahead of China in the real boat until the end of the 1980s. While China was barely a speck in the global merchant shipping radar, India had the rudiments in place.

While China was a late entrant, the starting gun had gone off earlier for Indians. India boasted of a tradition of modern ship-owning. In fact, the most spectacular case of ship-owning the world has seen was a uniquely Indian contribution. A daring former Indian Navy officer commissioned and owned giant oil tankers that till today remain the biggest merchant ships ever built. India has been associated very closely with the International Maritime Organization too.

With private players venturing in an area dominated by large public sector facilities, India had shipyards that were beginning to give hope that they may well build ships competitively for the global market. Labour arbitrage had preceded shipping at least two decades before it happened in IT. English-knowing Indian seafarers were becoming a routine sight in global shipping as the industry took a step back from employing qualified eastern Europeans whose English was not yet up to the mark. Safety is the number one priority in shipping, and knowledge of English is essential for that.

Just as in other fields, India's main source of growth and foreign exchange earning has been the supply of labour; in shipping too, successive governments have focused largely on expanding the seafarer population. In the past, Mumbai and Kolkata were the major centres of seafarer training and employment. The United Progressive Alliance (UPA) government decentered maritime training and opened it up to private players. Today, institutions across the country churn out seafarers of various grades and competencies. Across the world, from the Arctic ice class merchant ship to the ore carrier calling on Chilean ports, if there are 20 seafarers on board a ship, it is likely four or five will be Indian.

Along with the growth in seafaring population, Indians, with their talent for value engineering, have grown into ship management. Indians with their ken for bargaining know how to run a tight ship, literally. They can take over a ship, quickly understand its systems and run it. Many ship management companies have sprouted in India, some in-charge of hundreds of ships. Sanjay Prashar, shipping industry professional and former member of the National Shipping Board, estimates that Indian seafarers and their management companies bring in an estimated $6 billion in foreign exchange every year. According to Sanjaya Baru's article in The Wire, India's total foreign remittances are some $125 billion while China's stands at $50 billion.

But ship owning, chartering, financing and building remain largely out of bounds for Indians. India has simply not moved up the shipping value chain. With successive Union governments letting the state-owned Shipping Corporation of India bleed, the order book of Indian shipyards has been hit. New private shipowners who are catering to India's own trade growth typically buy second hand ships as they come cheap and can closely align with their short-term market forecasts that are often the only reliable prediction the Indian market allows, says Hrishikesh Narasimhan, general manager of production and refits at L&T Shipping, Kattupalli, near Chennai.

China stands as a stark contrast. Powered by a dedicated government plan to ramp up shipbuilding and owning, China, by 2020, was making half of all ships in the world. And, just as in Japan and Korea, the previous leaders in shipbuilding, Chinese shipowners dutifully built most of their own ships at state-owned government yards, as Mr. Narasimhan points out.

The UPA government came up with a Maritime Agenda 2020 that sought to increase India's share of global shipbuilding from less than 2% to a modest 5% in a decade, and proposed a vague road map that included sops to achieve it. By 2020, however, India's share in global shipbuilding had dropped to practically zero, instead of inching up.

The Bharatiya Janata Party government's Maritime India Vision 2030 outlined 10 key themes that include logistics, environment concerns, port infrastructure and increase in seafarer growth and training, but just does not mention any plan for shipbuilding and owning. There is talk of Sagarmala but the yards are seeing only naval ship orders.

In India, with a long coastline and a strategic location as the geographic pivot of global shipping, shipbuilding would be an integral part of any serious attempt to amp up manufacturing capacity and deepen strategic power. Shipbuilding and owning would give India a seat at the table not only in the global maritime industry but also enhance its presence in the international trade scene too.

Just as overall industrial might is integral to military might, shipbuilding is integral to a strong naval base as well. The movie Oppenheimer talked about how the Japanese cities to be destroyed with atom bombs were selected. It did not quite point out that Nagasaki was chosen because the naval shipyard there was continuing to churn out naval boats and had to be destroyed. Only the bomb missed the shipyard and obliterated the civilian quarter. Nagasaki shipyard continues to thrive as an advanced merchant shipyard today.

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DESPERATION IN DISTRESS: ON MIGRATION ATTEMPTS BY INDIANS TO THE DEVELOPED WORLD

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In a world where the movement of labour is curtailed and restricted, it is no surprise that people affected by distress in their homeland seek opportunities in the developed world despite the enormous risks during their journeys. The recent episode of the forced return of 303 Indians who were detained at a French airport is suspected to be another such instance, or worse, trafficking. About 20 of them sought asylum in France, while the rest returned to Mumbai on Tuesday. However, it is well-known now that an alarming number of Indians, nearly 1,00,000 and five times the number in the previous year, attempted to enter the U.S. between October 2022 and September this year, according to U.S. Customs and Border Protection data. More than half these attempts were through the heavily guarded Mexican border, with the rest being attempts to use the sparsely manned Canadian border. The rise of Indians risking the rather treacherous route to enter the U.S. through Mexico came to light when a six-year old girl from Punjab was found dead in the Arizona desert in June 2019. This was about nine months before the COVID-19 pandemic, which led the Trump Administration to invoke the rarely used Title 42 of the U.S. Code that deals with public health, empowering border agencies to turn away asylum seekers even without a hearing. After the COVID-19 years and since the Biden Administration came to power, such migration attempts began to steadily rise again. That Indians are willing to take risks and bear enormous difficulties only to become illegal immigrants in the U.S. suggests that they are doing so either in desperation or are being misled.

Initial reports from the current incident also bear the tell-tale signs of what has been reported in the past about such cases — the majority of the air passengers were men from Punjab, Haryana and Gujarat; about a dozen were unaccompanied minors. Immediate reasons for such migrations have been cited by some Sikhs as alleged religious persecution, while others cited the distress in farming. Regardless of the reasons, it is time the Indian government paid attention to the trafficking racket that appears to be widespread especially across parts of rural Punjab and Haryana, where gullible people fall prey to tall promises of a better future in the U.S. Their situation has been exacerbated by the crisis that they face in farming with plummeting incomes and overexploited and fragmented farmlands. A crackdown on exploitative middlemen in the labour market can only be the beginning.

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