NEWS D.A.D.

100% COVERAGE OF EACH & EVERY RELEVANT NEWS

SOURCES

PIB » The Hindu » Live Mint » HT » TOI
RBI » ET » Indian Express » PRS Blog and more…..

14
leading sources for
CURRENT AFFAIRS
covered on
Daily basis.

“Every News counts and we make sure that you don't miss any relevant News.”

CRACKACADEMY

Index

Kenya panel urges shutdown of Worldcoin's crypto project within country . . . 2
Mint . . . 4
Revenue riddles: The Hindu Editorial on GST inflows and areas of concern . . . 6
Northern Region Farm Machinery Training and Testing Institute inks Memorandum of Understanding with Mahindra . . . 8
Tightrope walk: The Hindu Editorial on RBI holding rates . . . 13
Revisiting the rail gauge debate . . . 15
Original sin: on the attack on Israel and the occupation of Palestine . . . 18
Mental health and the floundering informal worker . . . 20
Periodic Labour Force Survey (PLFS) Annual Report 2022-2023 Released . . . 23
Spring cleaning: The Hindu Editorial on GST regime reform . . . 68
Ministry of Road Transport and Highways takes up a campaign for Vivad se Vishwas II (Contractual Disputes). . . . 70
Closing the gender pay gap in the workforce . . . 72
Nvidia to make Arm-based PC chips in major new challenge to Intel . . . 75
Biden names technology hubs for 32 states and Puerto Rico to help the industry and create jobs 78
Women, marriage and labour market participation . . . 80
Renewed risks: The Hindu Editorial on the RBI and how global uncertainties have compounded . . . 83
An unfolding economic tragedy . . . 85

Source : www.thehindu.com Date : 2023-10-03

KENYA PANEL URGES SHUTDOWN OF WORLDCOIN'S CRYPTO PROJECT WITHIN COUNTRY

Relevant for: Indian Economy | Topic: Effects of Liberalization on the economy, changes in industrial policy and their effects on industrial growth incl. Economic Reforms

To enjoy additional benefits

CONNECT WITH US

October 03, 2023 08:44 am | Updated 08:44 am IST - NAIROBI

COMMents

SHARE

READ LATER

A person's eye is scanned by Worldcoin in exchange for crypto [File] | Photo Credit: REUTERS

A Kenyan parliamentary panel called on the country's information technology regulator on Monday to shut down the operations of cryptocurrency project Worldcoin within the country until more stringent regulations are put in place.

The government suspended the project in early August following privacy objections over its scanning of users' irises in exchange for a digital ID to create a new "identity and financial network".

Worldcoin was rolled out in various countries around the world by Tools for Humanity, a company co-founded by OpenAI CEO Sam Altman. It has also come under scrutiny in Britain, Germany and France.

The project still has a virtual presence in Kenya and can be accessed via the Internet, even after the August suspension.

(For top technology news of the day, subscribe to our tech newsletter Today's Cache)

The regulatory Communications Authority of Kenya should "disable the virtual platforms of Tools for Humanity Corp and Tools for Humanity GmbH Germany (Worldcoin) including blacklisting the IP addresses of related websites," the ad hoc panel of 18 lawmakers said in a report.

It also called for the suspension of the companies' "physical presence in Kenya until there is a legal framework for regulation of virtual assets and virtual services providers."

Worldcoin's press office said it had "not seen anything official announced by the Committee directly."

The panel's report will be tabled at the National Assembly for consideration and adoption at a later date.

During the suspension of data collection in August, authorities said the project's method of obtaining consumer consent in return for a monetary award of just over $50 at the time bordered on inducement.

Registering to use the platform involved long lines of people queuing to get their irises scanned. The parliamentary panel's investigation found that Worldcoin may have scanned the eyes of minors as there was no age-verification mechanism during the exercise, its report said.

The panel also asked government ministries to develop regulations for crypto assets and firms that provide crypto services and called on the police to investigate Tools for Humanity and take any necessary legal action.

technology (general) / internet / emerging technologies

END

Source : www.livemint.com Date : 2023-10-05

MINT

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

It is never an easy moment for central bankers. In last three years, they have swung from being overtly accommodative to the current restrictive phase. With economic activity and inflation still adjusting to pandemic-induced behavioural changes and policy responses, conventional economic markers have been subjected to a lower signal-to-noise ratio amid elevated geopolitical uncertainty worsening the overall backdrop.

In recent months, this has divided the central banks into three camps.

The first camp, which is in a minority at this moment, has begun its rate-easing cycle. This includes countries like Brazil, Chile, China, Peru and Poland—and while their count is less, they have a sizeable 21.2% share of the world GDP.

The second camp has 15 countries including India, which have maintained a status quo on monetary policy in the last four months. These countries account for 15.2% of the world GDP. These are the 'wait-and-watch' players.

The last camp, where the majority lies, has 16 countries (excluding Russia and Turkey) that have hiked their monetary policy rate at least once in last four months. These countries together account for 51.5% of the world GDP.

Clearly, the synchronized monetary policy cycle seen at the beginning of the pandemic now seems to be disintegrating, with central banks responding to idiosyncratic and domestic challenges in every country. However, there is a clear divide between developed market (DM) and emerging market (EM) central banks. While DM central banks dominate the third camp of hawkish players, the EM central banks have started to turn dovish (first camp) or have preferred to stay neutral (second camp).

With inflation drifting lower in 2023 from their record levels in 2022, most hawkish central banks are likely to turn neutral in the coming months. What is uncertain is whether the dovish camp of central banks would see higher participation in next 3-6 months.

The recent run-up in commodity prices (esp. crude oil) and US yields poses a systemic risk for growth, inflation and financial stability for the rest of the world. This would require careful assessment of spillover impacts and judicious use of policy room to address the emerging macro-financial challenges.

In the case of India, although there is an expectation of moderation in growth momentum in FY24 in line with rest of the world, the country is likely to outperform all its key peers. This allows policymakers to focus on getting inflation under control.

The broad picture on India's inflation is one of uneasy comfort. It's comforting because (i) headline inflation is projected to get back to the target band at 5.5% in FY24 (QuantEco estimates) from 6.7% in FY23, and (ii) core inflation has now moderated to its long-term trend of ~5% (with the likelihood of some undershooting in the near term). At the same time, there is unease stemming from various quarters—the shock from food inflation was significant in July-August FY24.

An underwhelming monsoon outturn with respect to highly uneven intertemporal and geographical distribution along with lingering El Nino risks are feeding concerns on agri prices remaining elevated, especially for the staples. While administrative measures can cushion the severity, recent evidence prompts us to remain vigilant on the food price trajectory.

Second, the recent sharp rise in India's crude basket does not bode well, adding one more dimension to inflation risks. The actual impact on retail inflation might remain muted this time as a large part of price increase could possibly be absorbed by the government (cut in duties) and OMCs (reduction in margins), especially as the country enters an election season. While we remain vigilant, we expect risks to be in balance. For now, CPI for September 2023 is most likely to provide further reprieve as it is projected to decelerate sharply towards 5.0-5.5% range from 6.8% in August 2023.

We continue to expect the MPC to maintain status quo (this could turn out to be the longest phase of no-rate action) at least until Q1 FY25 to anchor inflation expectations and guide actual inflation towards the 4% target. To ward off instability concerns, especially from global financial markets, it is prudent to maintain a somewhat hawkish overture at the moment without causing any significant collateral damage. This can be achieved by maintaining core liquidity in the non-inflationary territory (i.e., a surplus of less than 1.5% of NDTL) to keep short-term rates in the current Repo-MSF bracket of 6.50-6.75%.

Shubhada Rao is the founder of economic research firm QuantEco Research. The views expressed are personal.

END

Source : www.thehindu.com Date : 2023-10-07

REVENUE RIDDLES: THE HINDU EDITORIAL ON GST INFLOWS AND AREAS OF CONCERN

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

October 07, 2023 12:15 am | Updated 12:15 am IST

Halfway through the financial year, India's gross revenues from the Goods and Services Tax (GST) stand at over 9.92 lakh crore, marking an 11.1% increase over collections between April and September 2022. The average monthly revenues in 2023-24 are a healthy 1,65,418 crore, with four of the six occasions that the GST kitty has crossed 1.6 lakh crore occurring in this fiscal. At almost 1.63 lakh crore, September's GST collections were a tad below the average, but 2.3% over August's inflows that had marked a three-month low. With the festive season kicking in, collections over 1.6 lakh crore may persist through this quarter. The government appears comfortably placed regarding GST revenues in the fiscal context, with room to spare for some moderation in inflows during the January-March 2024 quarter when the central bank expects real GDP growth to slow to 5.7% from 7.8% in the first quarter. Beyond the macro resilience that these numbers indicate, a few areas of concern deserve closer scrutiny from policymakers and the GST Council which convenes today.

One, there is a discernible slowdown in the growth of GST inflows, which dropped to 10.2% in September, the slowest uptick since July 2021. The average growth between July and September dipped to 10.6% in the second quarter from 11.5% in the first. Growth from domestic transactions and services imports has slowed to 14% over the past two months, from 18% in June. It is important to note that revenues in September, based on transactions undertaken in August, also include pending dues from businesses since the start of the GST regime in 2017-18 as the deadline to remit them was September 30. Moreover, e-invoicing became mandatory for all firms with a turnover of over 5 crore since August 1, so there was another compliance push at work. Distilling these effects is necessary to gauge the extent of growth that stemmed from actual consumption and production upticks. That a record 9.34 crore e-way bills generated during August did not translate into the highest-ever revenues may suggest that transaction sizes have shrunk, for instance. Another puzzling trend is seen in revenues from goods imports that have shrunk four times this year. Of course, the lower goods import bills recorded this year will reflect in lower GST intakes. However, imports hit a nine-month high of $58.6 billion in August, 10.75% over July's import bill. Yet, revenues collected in September were 5.7% below the previousmonth'skitty. This does not add up. Authorities must dig deeper to check for revenue leakages from imports.

SHARE

taxes and duties

BACK TO TOP

Comments have to be in English, and in full sentences. They cannot be abusive or personal. Please abide by our community guidelines for posting your comments.

We have migrated to a new commenting platform. If you are already a registered user of The Hindu and logged in, you may continue to engage with our articles. If you do not have an account please register and login to post comments. Users can access their older comments by logging into their accounts on Vuukle.

END

Source : www.pib.gov.in Date : 2023-10-07

NORTHERN REGION FARM MACHINERY TRAINING AND TESTING INSTITUTE INKS MEMORANDUM OF UNDERSTANDING WITH MAHINDRA

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

The Northern Region Farm Machinery Training and Testing Institute (NRFMTTI), Ministry of Agriculture and Farmers Welfare, Govt. of India based in Hisar, Haryana, has signed Memorandum of Understanding (MoU) with one of India's foremost manufacturers of tractors and agricultural machinery Mahindra and Mahindra Ltd., Mumbai. This strategic partnership aims to foster skill development among the youth, equipping them with the necessary expertise for a career in the field of farm mechanization.

The MoU outlines a collaborative effort to offer comprehensive training programs that will prepare young individuals for the challenges and opportunities in the agricultural machinery industry. The primary objective of this partnership is to bridge the gap between industry requirements and the skill sets possessed by the youth, ultimately strengthening the workforce in the farm mechanization sector.

Key Highlights of the MoU:

Skill Development Programs: NRFMTTI and the leading agricultural machinery manufacturer will jointly design and implement skill development programs tailored to the specific needs of the farm machinery industry.

State-of-the-Art Facilities: Mahindra will develop world-class training facilities, laboratories, and experienced faculty to ensure high-quality training for the enrolled students.

Industry-Linked Curriculum: The training curriculum will be designed to align closely with industry demands, ensuring that graduates are job-ready upon completion of their training.

Internship and Placement Support: The partnership will facilitate internship opportunities for students within the manufacturing company, providing them with practical exposure to real-world industry operations. Additionally, the manufacturer will actively participate in NRFMTTI's placement efforts, aiding in job placements for graduates.

Speaking on this momentous occasion, the Director of NRFMTTI, Dr. Mukesh Jain expressed his enthusiasm for the collaboration, stating, "This partnership marks a significant step in our mission to prepare the youth for a prosperous future in the agricultural machinery industry. By combining NRFMTTI's expertise in training and the Mahindra and Mahindra's industry knowledge, we are confident in our ability to nurture skilled professionals who will contribute to the growth of the sector."

****

SK/SS

The Northern Region Farm Machinery Training and Testing Institute (NRFMTTI), Ministry of Agriculture and Farmers Welfare, Govt. of India based in Hisar, Haryana, has signed Memorandum of Understanding (MoU) with one of India's foremost manufacturers of tractors and agricultural machinery Mahindra and Mahindra Ltd., Mumbai. This strategic partnership aims to foster skill development among the youth, equipping them with the necessary expertise for a career in the field of farm mechanization.

The MoU outlines a collaborative effort to offer comprehensive training programs that will prepare young individuals for the challenges and opportunities in the agricultural machinery industry. The primary objective of this partnership is to bridge the gap between industry requirements and the skill sets possessed by the youth, ultimately strengthening the workforce in the farm mechanization sector.

Key Highlights of the MoU:

Skill Development Programs: NRFMTTI and the leading agricultural machinery manufacturer will jointly design and implement skill development programs tailored to the specific needs of the farm machinery industry.

State-of-the-Art Facilities: Mahindra will develop world-class training facilities, laboratories, and experienced faculty to ensure high-quality training for the enrolled students.

Industry-Linked Curriculum: The training curriculum will be designed to align closely with industry demands, ensuring that graduates are job-ready upon completion of their training.

Internship and Placement Support: The partnership will facilitate internship opportunities for students within the manufacturing company, providing them with practical exposure to real-world industry operations. Additionally, the manufacturer will actively participate in NRFMTTI's placement efforts, aiding in job placements for graduates.

Speaking on this momentous occasion, the Director of NRFMTTI, Dr. Mukesh Jain expressed his enthusiasm for the collaboration, stating, "This partnership marks a significant step in our mission to prepare the youth for a prosperous future in the agricultural machinery industry. By combining NRFMTTI's expertise in training and the Mahindra and Mahindra’s industry knowledge, we are confident in our ability to nurture skilled professionals who will contribute to the growth of the sector."

****

SK/SS

END

Source : www.thehindu.com Date : 2023-10-09

TIGHTROPE WALK: THE HINDU EDITORIAL ON RBI HOLDING RATES

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

October 09, 2023 12:15 am | Updated 12:15 am IST

The decision of the RBI’s Monetary Policy Committee (MPC) to leave interest rates unchanged even as the central bank warned of the major risk that ‘high inflation’ poses to macroeconomic stability is a clear sign that monetary authorities find themselves caught in a cleft stick. After a relatively benign first quarter, when headline retail inflation averaged 4.63% as against the RBI’s projection of 4.6%, price gains measured by the Consumer Price Index (CPI) accelerated sharply in the last quarter with July and August seeing readings of 7.44% and 6.83%, respectively. In a tacit acknowledgment of its misjudgment of inflationary trends, the MPC last week raised its projection for average second-quarter inflation by 20 basis points, from the August forecast of 6.2% to 6.4%. And even this projection appears overly optimistic if one considers that the headline number will need to have slowed drastically to less than 5% in September for the RBI’s prognosis to be validated. For now, the MPC is hoping that the recent reduction in domestic LPG prices combined with a lowering of vegetable prices would provide some near-term respite to price pressures. Governor Shaktikanta Das underlined the RBI’s willingness to resort to Open Market Operation sales of securities to suck out excess funds from the system if it sees reason to believe that liquidity may be rising to a level where it could undermine the overall monetary policy stance.

The RBI’s unwillingness to walk the talk and raise interest rates further, even while reiterating the threat to overall economic stability from unmoored inflation expectations, reflects an unstated concern that the growth momentum still remains rather tenuous. The recent debate on the integrity of the NSO’s data on economic growth estimates, and concern that the methodology used to posit 7.8% real GDP growth in the first quarter may have given rise to an overestimation, have to be seen in tandem with economic forecasters’ increased caution over India’s GDP growth outlook for the current fiscal year. Mr. Das acknowledged the weakness in India’s goods exports and the uneven monsoon, which has also led to a drop in kharif sowing of crucial oilseeds and pulses, as key risks to the RBI’s projection for 6.5% GDP growth in FY24. With the rupee already having weakened by about 0.7% since the last policy meeting in August, the RBI also runs the risk of importing inflation and adding to the external sector vulnerabilities if it fails to raise interest rates.

Reserve Bank of India / interest rate / inflation and deflation

BACK TO TOP

Comments have to be in English, and in full sentences. They cannot be abusive or personal. Please abide by our community guidelines for posting your comments.

We have migrated to a new commenting platform. If you are already a registered user of The Hindu and logged in, you may continue to engage with our articles. If you do not have an account please register and login to post comments. Users can access their older comments by logging into their accounts on Vuukle.

END

Source : www.thehindu.com Date : 2023-10-09

REVISITING THE RAIL GAUGE DEBATE

Relevant for: Indian Economy | Topic: Infrastructure: Railways

October 09, 2023 01:30 am | Updated 01:31 am IST

Following extensive deliberations, a uni-gauge policy was launched in the 1990s and progressively, barring a few difficult sections, all the routes were converted to Broad Guage. File photo: Special Arrangement

While the predominant railway network in India is Broad Gauge (BG) with a width of 1.676 metres, the rapid rail transport system in Delhi, the high-speed rail line between Mumbai and Ahmedabad, and more than a score of metro rail systems in parts of the country are coming up on Standard Gauge (SG) of 1.435 m width.

The gauge debate began in the 1870s when the British introduced Metre Gauge of 1,000 mm in India after starting with BG in 1853. Following extensive deliberations, a uni-gauge policy was launched in the 1990s and progressively, barring a few difficult sections, all the routes were converted to BG.

However, by the turn of the 20th century, SG came to be first employed on metro rail networks following a Cabinet resolution which was based on a set of recommendations from a group of empowered Ministers, who left the decision on the choice of gauge to individual State governments.

One of the main proponents of SG was the legendary E. Sreedharan, then Managing Director (MD) of the Delhi Metro Rail Corporation. With an endorsement from a person of his repute, SG began to take roots in the country. Unfortunately, none of the projects since have gone into the detailed technical and economic analysis of the SG versus BG debate or the merits of integrating new rail systems with existing rail networks.

Let us examine the proffered advantages of SG. The most prominent factor in favour of SG is its universality. A majority of the metro and high-speed rail systems built in the last 20-30 years across the world are based on SG even if their respective national railways run on different gauges. Implicit here is the assumption that these systems can be stand-alone i.e. they need not be integrated with mainline railways.

However, the reality is more complex. While most metro rail networks are based on SG, metro rail systems in a number of cities and countries run on other gauges too. For instance, the metro rail systems in Tokyo (1,067 mm), Moscow (1,520 mm), Melbourne (1,600 mm) and the U.S.’s Bay Area Rapid Transport (1,676 mm) do not have SG and, except Moscow, these gauges do not conform to those of the countries’ respective national rails.

An argument favouring the SG is that it requires less space. The space requirement has two parts — the physical space required on the road and the aerial space required for elevated portions. Most metro rail systems today are built on elevated structures and the land required for pillars on roads for both SG and BG is the same. Moreover, aerial space requirements for elevated portions should not be a problem as such space is abundant.

Another is the availability of the latest technology for coach design as it is the prevalent system in developed countries. This argument would have held water decades ago. In today's Atmanirbhar India, it is unsound. India has its own semi-high-speed train designs such as the Vande Bharat series of trains designed and manufactured by the Integral Coach Factory in Chennai.

Yet another argument is the cost of the project with the assumption that the SG is a cheaper system. As per our assessment, the cost for a BG system would increase by around 5 %to 7% even with 25% underground network but at the same time, the BG system will be cheaper by around 10% per unit capacity as it can be designed to have approximately 15% higher capacity owing to wider coaches.

One objection to BG is the higher turning radius with a consequent reduction in speed and throughput. On a given curve, the speed on SG would be around 7% higher than that on BG. As speed restrictions are confined to curves, and assuming that 20%-40% of the track length has curves, the extra time taken on BG would be between 1.5%-3%, which means that for every 10 minutes of commuting time on SG, the additional time taken on BG would be around 10 to 20 seconds. Since this is rather negligible, the argument of a higher turning radius required for BG is not tenable.

Similarly, throughput, which is the maximum number of trains that can pass through a track during a certain period of time, depends on the minimum time gap permitted between two successive trains. As braking distance and acceleration characteristics are factors of train design, the throughput on a BG system would be similar to that of a SG system.

Gauge and track structure cannot be altered except at great cost. However, the rolling stock, which are the railway vehicles that are both powered and unpowered, has a relatively short lifespan of around 30 years. They can be replaced easily and subsequently put to use for other purposes.

The most important argument omitted by all stakeholders concerns the integration of new rail networks with existing ones. The existing rail system in the country carries around 8 billion passengers and more than 1,500 million tonnes of freight annually. Simultaneously, the system is also undergoing rapid expansion. Hence, it would be advantageous to integrate new rail systems with such an extensive system and prevent the creation of incompatible islands. It will help passengers and cargo move seamlessly. This would also improve patronage. Such a flexible system would also come in handy in situations of emergency.

Taking into account the above factors, the government should re-examine the issue with a view to building all future rail systems in BG.

Sudhanshu Mani is retired General Manager of the Indian Railways M. Ravibabu is Indian Railways Traffic Service (retd.)

railway / indian railways

BACK TO TOP

Comments have to be in English, and in full sentences. They cannot be abusive or personal. Please abide by our community guidelines for posting your comments.

We have migrated to a new commenting platform. If you are already a registered user of The Hindu and logged in, you may continue to engage with our articles. If you do not have an account please register and login to post comments. Users can access their older comments by logging into their accounts on Vuukle.

END

Source : www.thehindu.com Date : 2023-10-10

ORIGINAL SIN: ON THE ATTACK ON ISRAEL AND THE OCCUPATION OF PALESTINE

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

October 10, 2023 12:20 am | Updated 12:20 am IST

The unprecedented surprise attack by Hamas on Israel on Saturday, killing some 700 people, should serve as a reminder of the unsustainability of the situation in the occupied and blockaded Palestinian territories and the dangers that non-state actors such as Hamas pose to Israel, no matter how strong their military and intelligence agencies are. Tensions have been flaring in the West Bank for months, but nobody expected such a coordinated, low-tech yet lethal incursion from Gaza. The West Bank has seen violence on a daily basis in recent months. Before Saturday's attack, some 200 Palestinians and 30 Israelis were killed this year alone. The Benjamin Netanyahu government largely ignored the violence, and went ahead with its other policy preferences, including the overhaul of the judiciary. The Israeli military described the situation in Gaza as "stable instability", noting that the situation, though volatile, was under control. And then came the Hamas attack, reminiscent of the 1973 Yom Kippur war when Egypt and Syria shook Israel. Hamas, an Islamist militant organisation that carried out suicide attacks in the 1990s and early 2000s, showed no distinction between civilians and soldiers, dealing the bloodiest blow to Israel in recent history.

The attack raises moral and pragmatic questions. Hamas's indiscriminate violence against Israeli civilians is repugnant and is not going to help the Palestinian cause in any way. On the contrary, it will put more Palestinian lives at risk as Israel, equally disregarding civilian casualties, is pounding the besieged enclave. But at the same time, Palestinian territories, under the yoke of the longest occupation in modern history, have been a fuming volcano. There is no peace process. Israel has continued to build settlements in the West Bank, raising security barriers and checkpoints, limiting Palestinian movements, and never hesitating to use force or collective punishment to keep organised Palestinians under check. This status quo has only turned Palestinians more radical and Hamas even stronger. Israel has now declared war. But past attacks — ground invasions and air strikes — have done little to weaken Hamas. West Asia has also witnessed geopolitical realignments in recent years — from the Israel-Arab reconciliation to the Iran-Saudi détente. But these changes have conveniently sidestepped the occupation of Palestine, West Asia's original sin, letting the status quo prevail. But the status quo cannot prevail without consequences. If Israel and other regional and international players want lasting peace and stability in the region, their focus must turn to finding a solution to the question of Palestine. The military operations without addressing the core issue would only be cosmetic interventions.

COMMents

SHARE

Israel / Palestine / unrest, conflicts and war / Iran / Saudi Arabia / peace negotiations

BACK TO TOP

Comments have to be in English, and in full sentences. They cannot be abusive or personal. Please abide by our community guidelines for posting your comments.

We have migrated to a new commenting platform. If you are already a registered user of The Hindu and logged in, you may continue to engage with our articles. If you do not have an account please register and login to post comments. Users can access their older comments by logging into their accounts on Vuukle.

END

Source : www.thehindu.com Date : 2023-10-10

MENTAL HEALTH AND THE FLOUNDERING INFORMAL WORKER

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

October 10, 2023 12:08 am | Updated 12:08 am IST

‘India’s informal workforce accounts for more than 90% of the working population’ | Photo Credit: SANDEEP SAXENA

The theme of World Mental Health Day (October 10) this year is ‘mental health as a universal human right’. A segment often overlooked when it concerns mental health is the informal worker. A study by the International Labour Organization (ILO) says that 15% of working-age adults, globally, live with a mental disorder. On one hand, decent work influences mental health in a positive way while on the other, unemployment, or unstable or precarious employment, workplace discrimination, or poor and particularly unsafe working environments, can all pose a risk to a worker’s mental health. Workers in low-paid, unrewarding or insecure jobs, or working in isolation, are more likely to be exposed to psychosocial risks, thus compromising their mental health.

India’s informal workforce accounts for more than 90% of the working population. These workers often operate without regulatory protection, work in unsafe working environments, endure long hours, have little access to social or financial protections, suffer high uncertainty and deep precarity, and face discrimination — all of which further undermine mental health and limit access to mental health care. Gender disparities are also stark, with over 95% of India’s working women engaged in informal, low-paying, and precarious employment, often without social protection, in addition to suffering patriarchal structures and practices in their social and familial spaces.

According to the United Nations Development Programme (UNDP), unemployment and poor-quality employment have consistently been detrimental to mental health. The Lokniti group within the Centre for the Study of Developing Societies, which interviewed 9,316 youth aged between 15 to 34 years across 18 States in India, has shown that they are highly susceptible to negative emotions. Youth unemployment is one of the highest in India which, along with the stigma around unemployment, significantly impacts their mental health. Moreover, an ILO report highlights how young workers are shifting to more precarious and informal work, accepting less pay and poorer working conditions, out of desperation, and, sometimes, giving up and exiting the labour force altogether. The State of Inequality in India Report 2022 observes that the unemployment rate actually increases with educational levels, particularly for educated young women who show an unemployment rate of 42%. With this phase of demographic dividend, where half of India's population is of working age and projected to remain so for two decades, it is pertinent to think about the quality of employment and long-term social security for them.

India will also become an aging society in 20 years, with no apparent social security road map for this rapidly growing group that is especially vulnerable to poor mental health. The Census of India 2011 shows that 33 million elderly people are working post-retirement in informal work. Another study, by the ILO on elderly employment in India, shows high poverty among them, in terms of economic dependency and access to financial assets. The absence of proper financial and health-care security among the working elderly can severely impact their physical and mental health, aggravating their vulnerability.

Informal workers face mental distress due to accumulating debt and rising health-care costs, which are intertwined and mutually reinforcing. A study by Women in Informal Employment: Globalizing and Organizing (WIEGO) among informal workers in Delhi, mostly migrants, indicates that recovery post COVID-19 remains uneven among informal worker cohorts. Many still report food insecurity, skipped meals, or reduced consumption. As observed by the Keshav Desiraju India Mental Health Observatory, mental health and well-being are impacted by factors such as food security, access to livelihood and financial stability. While certain schemes have received a higher allocation this year, others such as the Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS) have seen their funding slashed. In 2021, the National Crime Records Bureau (NCRB) reported that 26% of the people who died by suicide were daily wage earners. Employment guarantee programmes can indeed improve mental health outcomes. Thus, social security can be: promotional, aiming to augment income; preventive, aiming to forestall economic distress and protective, aiming to ensure relief from external shocks.

A relook at the Code on Social Security 2020 shows how glaring issues concerning the social security of India's informal workforce still remain unheeded. While India should universalise social security, the current Code does not state this as a goal.

Informal workers, despite their significant contribution to national income, are perennially exposed to various economic, physical, and mental vulnerabilities. India's budgetary allocation for mental health (currently under 1% of the total health budget) has over-focused on the digital mental health programme. As the World Mental Health Report 2022 observed, addressing mental health involves strengthening community-based care, and people-centred, recovery-oriented and human rights-oriented care. There is an urgent need for proactive policies to improve mental health recognition and action. This is critical in upholding the basic human right to good health, including mental health, and in advancing to the Sustainable Development Goals (SDGs), especially SDG 3 on 'good health and well-being' and SDG 8 on 'decent work for all/economic growth'.

Neethi P. is a senior researcher at the Indian Institute for Human Settlements, Bengaluru. Her work focuses on the broader themes of urban employment, informality and women's work. The views expressed are personal

labour / labour legislation / human rights / mental illness / employment / employee benefits / United Nations / demography / social security / poverty

BACK TO TOP

Comments have to be in English, and in full sentences. They cannot be abusive or personal. Please abide by our community guidelines for posting your comments.

We have migrated to a new commenting platform. If you are already a registered user of The Hindu and logged in, you may continue to engage with our articles. If you do not have an account please register and login to post comments. Users can access their older comments by logging into their accounts on Vuukle.

END

Source : www.pib.gov.in Date : 2023-10-10

PERIODIC LABOUR FORCE SURVEY (PLFS) ANNUAL REPORT 2022-2023 RELEASED

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

Considering the importance of availability of labour force data at more frequent time intervals, National Sample Survey Office (NSSO) launched Periodic Labour Force Survey (PLFS) in April 2017.

The objective of PLFS is primarily twofold:

Five Annual Reports covering both rural and urban areas giving estimates of all important parameters of employment and unemployment in both usual status (ps+ss) and current weekly status (CWS) have been released. These five Annual Reports are brought out on the basis of data collected in PLFS during July 2017- June 2018, July 2018-June 2019, July 2019-June 2020, July 2020 - June 2021 and July 2021-June 2022.

Now the sixth Annual Report is being brought out by NSSO on the basis of Periodic Labour Force Survey conducted during July 2022-June 2023.

PLFS fieldwork during July 2022 – June 2023

The field work for collection of information in respect of the samples, allotted for the period July 2022 – June 2023, was completed timely for the first visit as well as revisit samples, except for 51 first visit and 68 revisit FSUs for the State of Manipur, allotted in the last quarter i.e., April-June 2023, which were treated as casualties, due to disturbed field situation and unavailability of internet services.

Canvassing of revisit schedules is undertaken mostly in telephonic mode since June 2020 when field work was resumed after the suspension due to Covid-19 pandemic.

The Annual Report on PLFS 2022-23 is available at the website of the Ministry(https://mospi.gov.in). The key results are given in the statements annexed.

In rural areas, LFPR increased from 50.7% in 2017-18 to 60.8% in 2022-23 while for urban areas it increased from 47.6% to 50.4%. LFPR for male in India increased from 75.8% in 2017-18 to 78.5% in 2022-23 and corresponding increase in LFPR for female was from 23.3% to 37.0%.

Table 1: Labour Force Participation Rate (LFPR) in usual status (ps+ss) for persons of

age 15 years and above

all-India

Survey period

Rural

Urban

Rural+Urban

male

female

person

male

female

person

male

female

person

(1)

(2)

(3)

(4)

(5)

(6)

(7)

(8)

(9)

(10)

2022-23

80.2

41.5

60.8

74.5

25.4

50.4

78.5

37.0

57.9

2021-22

78.2

36.6

57.5

74.7

23.8

49.7

77.2

32.8

55.2

2020-21

78.1

36.5

57.4

74.6

23.2

49.1

77.0

32.5

54.9

2019-20

77.9

33.0

55.5

74.6

23.3

49.3

76.8

30.0

53.5

2018-19

76.4

26.4

51.5

73.7

20.4

47.5

75.5

24.5

50.2

2017-18

76.4

24.6

50.7

74.5

20.4

47.6

75.8

23.3

49.8

Note: (ps+ss) determined considering both principal activity status and subsidiary economic activity status

2022-23 refers to the period July 2022 – June 2023 and likewise for 2021-22, 2020-21, 2019-20, 2018-19 and 2017-18

In rural areas, WPR increased from 48.1% in 2017-18 to 59.4% in 2022-23 while for urban areas it increased from 43.9% to 47.7%. WPR for male in India increased from 71.2% in 2017-18 to 76.0% in 2022-23 and corresponding increase in WPR for female was from 22.0% to 35.9%.

Table 2: Worker Population Ratio (WPR) in usual status (ps+ss) for persons of age 15 years and above

all-India

Indicator

Rural

Urban

Rural+Urban

male

female

person

male

female

person

male

female

person

(1)

(2)

(3)

(4)

(5)

(6)

(7)

(8)

(9)

(10)

2022-23

78.0

40.7

59.4

71.0

23.5

47.7

76.0

35.9

56.0

2021-22

75.3

35.8

55.6

70.4

21.9

46.6

73.8

31.7

52.9

2020-21

75.1

35.8

55.5

70.0

21.2

45.8

73.5

31.4

52.6

2019-20

74.4

32.2

53.3

69.9

21.3

45.8

73.0

28.7

50.9

2018-19

72.2

25.5

48.9

68.6

18.4

43.9

71.0

23.3

47.3

2017-18

72.0

23.7

48.1

69.3

18.2

43.9

71.2

22.0

46.8

Note: (ps+ss) determined considering both principal activity status and subsidiary economic activity status

In rural areas, UR decreased from 5.3% in 2017-18 to 2.4% in 2022-23 while for urban areas it decreased from 7.7% to 5.4%. UR for male in India decreased from 6.1% in 2017-18 to 3.3% in 2022-23 and corresponding decrease in UR for female was from 5.6% to 2.9%.

Table 3: Unemployment Rate (UR) in usual status (ps+ss) for persons of age 15 years and above

all-India

Indicator	Rural			Urban			Rural+Urban		
	male	female	person	male	female	person	male	female	person
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2022-23									

2.7

1.8

2.4

4.7

7.5

5.4

3.3

2.9

3.2

2021-22

3.8

2.1

3.2

5.8

7.9

6.3

4.4

3.3

4.1

2020-21

3.8

2.1

3.3

6.1

8.6

6.7

4.5

3.5

4.2

2019-20

4.5

2.6

3.9

6.4

8.9

6.9

5.0

4.2

4.8

2018-19

5.5

3.5

5.0

7.0

9.8

7.6

6.0

5.1

5.8

2017-18

5.7

3.8

5.3

6.9

10.8

7.7

6.1

5.6

6.0

Note: (ps+ss) determined considering both principal activity status and subsidiary economic activity status

2022-23 refers to the period July 2022 – June 2023 and likewise for 2021-22, 2020-21, 2019-20, 2018-19 and 2017-18

Principal activity status (ps) - The activity status on which a person spent relatively long time (major time criterion) during 365 days preceding the date of survey, was considered the usual principal activity status of the person.

Subsidiary economic activity status (ss)- The activity status in which a person in addition to his/her usual principal status, performs some economic activity for 30 days or more for the reference period of 365 days preceding the date of survey, was considered the subsidiary economic activity status of the person.

In rural areas, LFPR increased from 48.9% in 2017-18 to 56.7% in 2022-23 while for urban areas it increased from 47.1% to 49.4%. LFPR for male in India increased from 75.1% in 2017-18 to 77.4% in 2022-23 and corresponding increase in LFPR for female was from 21.1% to 31.6%.

Table 4: Labour Force Participation Rate (LFPR) in current weekly status (CWS) for persons of age 15 years and above

all-India

Survey period

Rural

Urban

Rural+Urban

male

female

person

male

female

person

male

female

person

(1)

(2)

(3)

(4)

(5)

(6)

(7)

(8)

(9)

(10)

2022-23

78.8

34.6

56.7

73.9

24.0

49.4

77.4

31.6

54.6

2021-22

76.7

29.2

53.0

74.2

22.1

48.6

75.9

27.2

51.7

2020-21

76.7

30.0

53.4

73.8

21.7

48.0

75.8

27.5

51.8

2019-20

76.7

28.3

52.5

73.8

22.1

48.2

75.8

26.3

51.2

2018-19

75.5

22.5

49.1

73.7

19.7

47.1

74.9

21.6

48.5

2017-18

75.6

21.7

48.9

74.1

19.6

47.1

75.1

21.1

48.4

Note: CWS: activity status determined on the basis of a reference period of last 7 days preceding the date of survey

2022-23 refers to the period July 2022 – June 2023 and likewise for 2021-22, 2020-21, 2019-20, 2018-19 and 2017-18

In rural areas, WPR increased from 44.8% in 2017-18 to 54.2% in 2022-23 while for urban areas it increased from 42.6% to 46.0%. WPR for male in India increased from 68.6% in 2017-18 to 73.5% in 2022-23 and corresponding increase in WPR for female was from 19.2% to 30.0%.

Table 5: Worker Population Ratio (WPR) in current weekly status (CWS) for persons of age 15 years and above

all-India

Indicator

Rural

Urban

Rural+Urban

male

female

person

male

female

person

male

female

person

(1)

(2)

(3)

(4)

(5)

(6)

(7)

(8)

(9)

(10)

2022-23

75.2

33.2

54.2

69.3

21.8

46.0

73.5

30.0

51.8

2021-22

71.7

27.9

49.9

68.4

19.9

44.6

70.7

25.6

48.3

2020-21

71.2

28.6

50.0

66.8

19.0

43.1

69.9

25.7

47.9

2019-20

70.1

26.7

48.4

66.0

19.4

43.0

68.8

24.4

46.7

2018-19

69.0

20.9

45.0

67.2

17.4

42.7

68.4

19.8

44.3

2017-18

69.1

20.1

44.8

67.7

17.1

42.6

68.6

19.2

44.1

Note: CWS: activity status determined on the basis of a reference period of last 7 days preceding the date of survey

In rural areas, UR decreased from 8.4% in 2017-18 to 4.4% in 2022-23 while for urban areas it decreased 9.5% to 7.0%. UR for male in India decreased from 8.7% in 2017-18 to 5.1% in 2022-23 and corresponding decrease in UR for female was from 9.0% to 5.1%.

Table 6: Unemployment Rate (UR) in current weekly status (CWS) for persons of age 15 years and above

all-India

Indicator

Rural

Urban

Rural+Urban

male

female

person

male

female

person

male

female

person

(1)

(2)

(3)

(4)

(5)

(6)

(7)

(8)

(9)

(10)

2022-23

4.6

4.0

4.4

6.3

9.1

7.0

5.1

5.1

5.1

2021-22

6.5

4.5

6.0

7.8

9.9

8.3

6.9

5.8

6.6

2020-21

7.1

4.8

6.5

9.4

12.2

10.1

7.8

6.6

7.5

2019-20

8.7

5.5

7.8

10.5

12.4

11.0

9.3

7.3

8.8

2018-19

8.6

7.3

8.3

8.8

12.1

9.5

8.7

8.7

8.7

2017-18

8.7

7.5

8.4

8.7

12.7

9.5

8.7

9.0

8.7

Note: CWS: activity status determined on the basis of a reference period of last 7 days preceding the date of survey

2022-23 refers to the period July 2022 – June 2023 and likewise for 2021-22, 2020-21, 2019-20, 2018-19 and 2017-18

Note: Detailed Results are available at the website of theMinistry (www.mospi.gov.in.)

*****

BY/AKN

Considering the importance of availability of labour force data at more frequent time intervals, National Sample Survey Office (NSSO) launched Periodic Labour Force Survey (PLFS) in April 2017.

The objective of PLFS is primarily twofold:

Five Annual Reports covering both rural and urban areas giving estimates of all important parameters of employment and unemployment in both usual status (ps+ss) and current weekly status (CWS) have been released. These five Annual Reports are brought out on the basis of data collected in PLFS during July 2017- June 2018, July 2018-June 2019, July 2019-June 2020, July 2020 - June 2021 and July 2021-June 2022.

Now the sixth Annual Report is being brought out by NSSO on the basis of Periodic Labour Force Survey conducted during July 2022-June 2023.

PLFS fieldwork during July 2022 – June 2023

The field work for collection of information in respect of the samples, allotted for the period July 2022 – June 2023, was completed timely for the first visit as well as revisit samples, except for 51 first visit and 68 revisit FSUs for the State of Manipur, allotted in the last quarter i.e., April-June 2023, which were treated as casualties, due to disturbed field situation and unavailability of internet services.

Canvassing of revisit schedules is undertaken mostly in telephonic mode since June 2020 when field work was resumed after the suspension due to Covid-19 pandemic.

The Annual Report on PLFS 2022-23 is available at the website of the

Ministry(https://mospi.gov.in). The key results are given in the statements annexed.

In rural areas, LFPR increased from 50.7% in 2017-18 to 60.8% in 2022-23 while for urban areas it increased from 47.6% to 50.4%. LFPR for male in India increased from 75.8% in 2017-18 to 78.5% in 2022-23 and corresponding increase in LFPR for female was from 23.3% to 37.0%.

Table 1: Labour Force Participation Rate (LFPR) in usual status (ps+ss) for persons of age 15 years and above

all-India

Survey period

Rural

Urban

Rural+Urban

male

female

person

male

female

person

male

female

person

(1)

(2)

(3)

(4)

(5)

(6)

(7)

(8)

(9)

(10)

2022-23

80.2

41.5

60.8

74.5

25.4

50.4

78.5

37.0

57.9

2021-22

78.2

36.6

57.5

74.7

23.8

49.7

77.2

32.8

55.2

2020-21

78.1

36.5

57.4

74.6

23.2

49.1

77.0

32.5

54.9

2019-20

77.9

33.0

55.5

74.6

23.3

49.3

76.8

30.0

53.5

2018-19

76.4

26.4

51.5

73.7

20.4

47.5

75.5

24.5

50.2

2017-18

76.4

24.6

50.7

74.5

20.4

47.6

75.8

23.3

49.8

Note: (ps+ss) determined considering both principal activity status and subsidiary economic activity status

2022-23 refers to the period July 2022 – June 2023 and likewise for 2021-22, 2020-21, 2019-20, 2018-19 and 2017-18

In rural areas, WPR increased from 48.1% in 2017-18 to 59.4% in 2022-23 while for urban areas it increased from 43.9% to 47.7%. WPR for male in India increased from 71.2% in 2017-18 to 76.0% in 2022-23 and corresponding increase in WPR for female was from 22.0% to 35.9%.

Table 2: Worker Population Ratio (WPR) in usual status (ps+ss) for persons of age 15 years and above

all-India

Indicator

Rural

Urban

Rural+Urban

male

female

person

male

female

person

male

female

person

(1)

(2)

(3)

(4)

(5)

(6)

(7)

(8)

(9)

(10)

2022-23

78.0

40.7

59.4

71.0

23.5

47.7

76.0

35.9

56.0

2021-22

75.3

35.8

55.6

70.4

21.9

46.6

73.8

31.7

52.9

2020-21

75.1

35.8

55.5

70.0

21.2

45.8

73.5

31.4

52.6

2019-20

74.4

32.2

53.3

69.9

21.3

45.8

73.0

28.7

50.9

2018-19

72.2

25.5

48.9

68.6

18.4

43.9

71.0

23.3

47.3

2017-18

72.0

23.7

48.1

69.3

18.2

43.9

71.2

22.0

46.8

Note: (ps+ss) determined considering both principal activity status and subsidiary economic activity status

In rural areas, UR decreased from 5.3% in 2017-18 to 2.4% in 2022-23 while for urban areas it decreased from 7.7% to 5.4%. UR for male in India decreased from 6.1% in 2017-18 to 3.3% in 2022-23 and corresponding decrease in UR for female was from 5.6% to 2.9%.

Table 3: Unemployment Rate (UR) in usual status (ps+ss) for persons of age 15 years and above

all-India

Indicator

Rural

Urban

Rural+Urban

male

female

person

male

female

person

male

female

person

(1)

(2)

(3)

(4)

(5)

(6)

(7)

(8)

(9)

(10)

2022-23

2.7

1.8

2.4

4.7

7.5

5.4

3.3

2.9

3.2

2021-22

3.8

2.1

3.2

5.8

7.9

6.3

4.4

3.3

4.1

2020-21

3.8

2.1

3.3

6.1

8.6

6.7

4.5

3.5

4.2

2019-20

4.5

2.6

3.9

6.4

8.9

6.9

5.0

4.2

4.8

2018-19

5.5

3.5

5.0

7.0

9.8

7.6

6.0

5.1

5.8

2017-18

5.7

3.8

5.3

6.9

10.8

7.7

6.1

5.6

6.0

Note: (ps+ss) determined considering both principal activity status and subsidiary economic activity status

2022-23 refers to the period July 2022 – June 2023 and likewise for 2021-22, 2020-21, 2019-20, 2018-19 and 2017-18

Principal activity status (ps) - The activity status on which a person spent relatively long time (major time criterion) during 365 days preceding the date of survey, was considered the usual principal activity status of the person.

Subsidiary economic activity status (ss)- The activity status in which a person in addition to his/her usual principal status, performs some economic activity for 30 days or more for the reference period of 365 days preceding the date of survey, was considered the subsidiary economic activity status of the person.

In rural areas, LFPR increased from 48.9% in 2017-18 to 56.7% in 2022-23 while for urban areas it increased from 47.1% to 49.4%. LFPR for male in India increased from 75.1% in 2017-18 to 77.4% in 2022-23 and corresponding increase in LFPR for female was from 21.1% to 31.6%.

Table 4: Labour Force Participation Rate (LFPR) in current weekly status (CWS) for persons of age 15 years and above

all-India

Survey period

Rural

Urban

Rural+Urban

male

female

person

male

female

person

male

female

person

(1)

(2)

(3)

(4)

(5)

(6)

(7)

(8)

(9)

(10)

2022-23

78.8

34.6

56.7

73.9

24.0

49.4

77.4

31.6

54.6

2021-22

76.7

29.2

53.0

74.2

22.1

48.6

75.9

27.2

51.7

2020-21

76.7

30.0

53.4

73.8

21.7

48.0

75.8

27.5

51.8

2019-20

76.7

28.3

52.5

73.8

22.1

48.2

75.8

26.3

51.2

2018-19

75.5

22.5

49.1

73.7

19.7

47.1

74.9

21.6

48.5

2017-18

75.6

21.7

48.9

74.1

19.6

47.1

75.1

21.1

48.4

Note: CWS: activity status determined on the basis of a reference period of last 7 days preceding the date of survey

2022-23 refers to the period July 2022 – June 2023 and likewise for 2021-22, 2020-21, 2019-20, 2018-19 and 2017-18

In rural areas, WPR increased from 44.8% in 2017-18 to 54.2% in 2022-23 while for urban areas it increased from 42.6% to 46.0%. WPR for male in India increased from 68.6% in 2017-18 to 73.5% in 2022-23 and corresponding increase in WPR for female was from 19.2% to 30.0%.

Table 5: Worker Population Ratio (WPR) in current weekly status (CWS) for persons of age 15 years and above

all-India

Indicator

Rural

Urban

Rural+Urban

male

female

person

male

female

person

male

female

person

(1)

(2)

(3)

(4)

(5)

(6)

(7)

(8)

(9)

(10)

2022-23

75.2

33.2

54.2

69.3

21.8

46.0

73.5

30.0

51.8

2021-22

71.7

27.9

49.9

68.4

19.9

44.6

70.7

25.6

48.3

2020-21

71.2

28.6

50.0

66.8

19.0

43.1

69.9

25.7

47.9

2019-20

70.1

26.7

48.4

66.0

19.4

43.0

68.8

24.4

46.7

2018-19

69.0

20.9

45.0

67.2

17.4

42.7

68.4

19.8

44.3

2017-18

69.1

20.1

44.8

67.7

17.1

42.6

68.6

19.2

44.1

Note: CWS: activity status determined on the basis of a reference period of last 7 days preceding the date of survey

In rural areas, UR decreased from 8.4% in 2017-18 to 4.4% in 2022-23 while for urban areas it decreased 9.5% to 7.0%. UR for male in India decreased from 8.7% in 2017-18 to 5.1% in 2022-23 and corresponding decrease in UR for female was from 9.0% to 5.1%.

Table 6: Unemployment Rate (UR) in current weekly status (CWS) for persons of age 15 years and above

all-India

Indicator

Rural

Urban

Rural+Urban

male

female

person

male

female

person

male

female

person

(1)

(2)

(3)

(4)

(5)

(6)

(7)

(8)

(9)

(10)

2022-23

4.6

4.0

4.4

6.3

9.1

7.0

5.1

5.1

5.1

2021-22

6.5

4.5

6.0

7.8

9.9

8.3

6.9

5.8

6.6

2020-21

7.1

4.8

6.5

9.4

12.2

10.1

7.8

6.6

7.5

2019-20

8.7

5.5

7.8

10.5

12.4

11.0

9.3

7.3

8.8

2018-19

8.6

7.3

8.3

8.8

12.1

9.5

8.7

8.7

8.7

2017-18

8.7

7.5

8.4

8.7

12.7

9.5

8.7

9.0

8.7

Note: CWS: activity status determined on the basis of a reference period of last 7 days preceding the date of survey

2022-23 refers to the period July 2022 – June 2023 and likewise for 2021-22, 2020-21, 2019-20, 2018-19 and 2017-18

Note: Detailed Results are available at the website of theMinistry (www.mospi.gov.in.)

*****

BY/AKN

END

Source : www.thehindu.com Date : 2023-10-12

SPRING CLEANING: THE HINDU EDITORIAL ON GST REGIME REFORM

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

October 12, 2023 12:10 am | Updated 09:05 am IST

The Goods and Services Tax (GST) Council last Saturday lifted the haze on about a dozen tax treatment ambiguities, some of which have lingered since the indirect tax regime’s launch in July 2017, such as the tax on corporate and personal guarantees for bank loans. It slashed the GST on molasses from 28% to 5%, with a view to lower cattle feed costs and ease up cash flows for sugar mills so they may pay farmers’ dues faster. Rate tweaks and spring-cleaning clarifications apart, one of the significant outcomes was the decision not to exercise the Council’s power to tax extra neutral alcohol (ENA) used for alcoholic liquor. With alcohol for human consumption still outside the GST net, the indirect tax levy on ENA or high strength potable alcohol — a key ingredient — could not be set off against State levies on the final product. Industry had been seeking for clarity on this vexed issue for years, with courts taking varying positions.

It is heartening that the Council, that met just twice in 2022, has met four times this year, and thrice in just four months, even if a few agenda items pertained to fixing anomalies in recent decisions. With the age norms for the president and members of the long-awaited GST Appellate Tribunals now harmonised with other tribunals — a clearly avoidable oversight — one hopes they will become operational soon. For consumers and producers, however, the biggest matter of concern should be the Council’s resolve to meet at a future date exclusively to discuss what Finance Minister Nirmala Sitharaman termed ‘perspective planning’ on the GST Compensation Cess and what kind of surcharge it could be replaced with. Originally packaged as a time-bound levy on top of a ‘Good and Simple Tax’ to compensate States for revenue losses for the first five years of GST, the COVID-19 pandemic’s hit on tax collections had triggered an extension of the Cess levied on so-called demerit goods such as aerated drinks, tobacco products and automobiles, till March 2026. Discouraging some sin goods may be desirable. However, ringing in a new cess must not be done in isolation, but as a part of the broader rationalisation of GST’s complex multiple-rate structure. That rationalisation exercise, initiated two years ago, unfortunately remains off the table despite robust revenue inflows in recent times. Frequent tweaks of irritants aside, the GST regime needs a holistic reform plan, including a road map to bring in excluded items such as electricity, petroleum and alcohol.

taxes and duties / agriculture

BACK TO TOP

END

Source : www.pib.gov.in Date : 2023-10-15

MINISTRY OF ROAD TRANSPORT AND HIGHWAYS TAKES UP A CAMPAIGN FOR VIVAD SE VISHWAS IL (CONTRACTUAL DISPUTES).

Relevant for: Indian Economy | Topic: Infrastructure: Roads

Union Minister for Road Transport and Highways, Shri Nitin Gadkari, held a High Level meeting with the National Highway Builders Federation to resolve their issues. It was agreed that implementation of Vivad Se Vishwas II Scheme be taken in a campaign mode with a target to settle all eligible claims. NHBF was requested to ensure that all contractors file their claims by 25th October, 2023.

The Vivad se Vishwas II (Contractual Disputes) Scheme of Department of Expenditure, Ministry of Finance, Government of India contains detailed procedure / modalities to arrive at the settlement amount that shall be offered to the Contractors and where the claim amount is Rs.500 crore or less, procuring entities will have to accept the claim, if the claim is in compliance with the guidelines. In case the claim is more than Rs.500 crore, then the decision of not accepting the request for settlement from the contractor should be done after recording the reasons with the approval of the competent authority. The claims are to be submitted by 31.10.2023 through GeM portal.

The extant guideline is applicable to disputes of all such cases where the award has been passed by the court/tribunal is for monetary value only and the award of the Arbitration is issued up to 31.01.2023 or Court Award is passed upto 30.04.2023.

Secretary for Ministry of Road Transport & Highways, Shri Anurag Jain said that Vivad se Vishwas II Scheme has been formulated to clear backlog of old litigation cases. He said the scheme will help in freeing up locked working capital and stimulate fresh investments.

****

MJPS

Union Minister for Road Transport and Highways, Shri Nitin Gadkari, held a High Level meeting with the National Highway Builders Federation to resolve their issues. It was agreed that implementation of Vivad Se Vishwas II Scheme be taken in a campaign mode with a target to settle all eligible claims. NHBF was requested to ensure that all contractors file their claims by 25th October, 2023.

The Vivad se Vishwas II (Contractual Disputes) Scheme of Department of Expenditure, Ministry of Finance, Government of India contains detailed procedure / modalities to arrive at the settlement amount that shall be offered to the Contractors and where the claim amount is Rs.500 crore or less, procuring entities will have to accept the claim, if the claim is in compliance with the guidelines. In case the claim is more than Rs.500 crore, then the decision of not accepting the request for settlement from the contractor should be done after recording the reasons with the approval of the competent authority. The claims are to be submitted by 31.10.2023 through GeM portal.

The extant guideline is applicable to disputes of all such cases where the award has been

passed by the court/tribunal is for monetary value only and the award of the Arbitration is issued up to 31.01.2023 or Court Award is passed upto 30.04.2023.

Secretary for Ministry of Road Transport & Highways, Shri Anurag Jain said that Vivad se Vishwas II Scheme has been formulated to clear backlog of old litigation cases. He said the scheme will help in freeing up locked working capital and stimulate fresh investments.

****

MJPS

END

Source : www.thehindu.com Date : 2023-10-16

CLOSING THE GENDER PAY GAP IN THE WORKFORCE

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

October 16, 2023 01:32 am | Updated 01:32 am IST

Claudia Goldin, the Henry Lee Professor of Economics at Harvard University, speaks at a press conference after being named the Nobel Laureate in the Economic Sciences, at Harvard University. | Photo Credit: Getty Images

When women were missing from the labour force, that was because they were home caring for children; when they were paid less than men, that was because they had lower education than men. Or so said the economic orthodoxy, including theories popularised by the 1992 Nobel Prize winner Gary Becker. A few feminist economists and sociologists protested, but their voices were drowned out until Claudia Goldin stood on the podium as the President of the American Economic Association in 2013-14 and argued that the answer to the solution of missing and underpaid women did not lie at home but rather, in the market.

When Betty Friedan wrote in 1963 about college-educated women who were frustrated stay-at-home mothers, she noted that their problem has “no name.” Claudia Goldin, the 2023 Economics Nobel Prize winner, has spent half a century giving a name and voice to their problems. She has chronicled the evolution of the American economy from agriculture to manufacturing to services and noted that as economic production moved from home to factories, women were excluded from market activities. It was not until offices, schools, and hospitals began to offer more jobs than factories that women found jobs. However, even when they entered the workforce in droves, overtook men in educational attainment, did not congregate in “female jobs,” and did not drop out from the labour force to have children, women continued to earn less than men.

Professor Goldin argued that this disadvantage is due to their inability to take on jobs that involve all-consuming responsibilities. Parental responsibilities make it difficult for women to take on jobs requiring long hours and irregular work schedules. The private equity partner who saw the deal through and stayed for late-night dinners and meetings had the chance of getting a fat bonus and promotion. These demands are incompatible with raising children, and one partner of a couple often chooses to go on a slower and safer track, the track dubbed the “mommy track,” even at the cost of a high-profile career. While women need not be the ones choosing this slow track, gender ideologies often prompt couples to assign women to take over extra family duties while men remain free to concentrate on their careers.

Professor Goldin blamed this inequality on “greedy work” that demands extraordinary efforts from workers rewarded with high salaries, big bonuses, stock options, and fast promotions.

Rising income inequality leads couples to forgo gender equity within the household and concentrate on increasing family income via specialisation. Her solution to this dilemma is restructuring a workplace that does not rely on heroic efforts, has moderate work hours, and predictable schedules.

In some ways, Professor Goldin's work dovetails with that of Juliet Schor, who argued in her book *The Overworked American* that it was far more beneficial to companies to hire two workers who worked long hours than three workers who worked regular hours since it reduced costs such as health insurance, office space, and personnel services. I suspect that Indian workers in Bengaluru struggling to keep up with Zoom calls at 9:30 p.m. to confer with their American counterparts arriving in the office at 9 a.m. while helping their children with their Algebra homework will relate to this.

Although women's employment rates in India remain low, secular changes suggest that there is no reason why this must continue. Building on Professor Goldin's observations, the growth of the service sector should offer jobs for women that are not offered by the manufacturing sector; rising education should increase their employability; and declining fertility should free up women's time. But how can we take advantage of these fortuitous circumstances?

While increased male participation in household work and childcare would help, we must also find ways of reshaping both the work and social environment so that they are conducive to developing a work-life balance for both men and women. This means having work structures that are respectful of workers' time and do not emphasise very long work hours. This makes both social and economic sense. Stanford economist John Pencavel has shown that longer working hours do not mean more productivity and, in some jobs, lead to increased mistakes and injuries.

Editorial | Bridging the gap: On India and Gender Gap Report

But if we need to rein in the greedy workplace, we also need to rein in a variety of institutions that demand more and more of our time. This includes schools that rely on parents to supervise homework and urban developments that place homes far from workplaces. Until we can create these supportive institutions, it will be hard to write the last chapter for the grand gender convergence in labour market outcomes that Claudia Goldin advocates for so fiercely.

Sonalde Desai is a Professor at the National Council of Applied Economic Research and University of Maryland. Views are personal

END

Source : www.thehindu.com Date : 2023-10-24

NVIDIA TO MAKE ARM-BASED PC CHIPS IN MAJOR NEW CHALLENGE TO INTEL

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

October 24, 2023 10:27 am | Updated 10:27 am IST

The AI chip giant’s new pursuit is part of Microsoft’s effort to help chip companies build Arm-based processors for Windows PCs [File] | Photo Credit: REUTERS

Nvidia dominates the market for artificial intelligence computing chips. Now it is coming after Intel’s long-time stronghold of personal computers.

Nvidia has quietly begun designing central processing units (CPUs) that would run Microsoft’s Windows operating system and use technology from Arm Holdings, two people familiar with the matter told Reuters.

The AI chip giant's new pursuit is part of Microsoft's effort to help chip companies build Arm-based processors for Windows PCs. Microsoft's plans take aim at Apple, which has nearly doubled its market share in the three years since releasing its own Arm-based chips in-house for its Mac computers, according to preliminary third-quarter data from research firm IDC.

Advanced Micro Devices also plans to make chips for PCs with Arm technology, according to two people familiar with the matter.

Nvidia and AMD could sell PC chips as soon as 2025, one of the people familiar with the matter said. Nvidia and AMD would join Qualcomm, which has been making Arm-based chips for laptops since 2016. At an event on Tuesday that will be attended by Microsoft executives, including vice president of Windows and Devices Pavan Davuluri, Qualcomm plans to reveal more details about a flagship chip that a team of ex-Apple engineers designed, according to a person familiar with the matter.

Nvidia shares closed up 3.84%, and Intel shares ended down 3.06% after the Reuters report on Nvidia's plans. Arm's shares were up 4.89% at close.

Nvidia spokesperson Ken Brown, AMD spokesperson Brandi Marina, Arm spokesperson Kristen Ray and Microsoft spokesperson Pete Wootton all declined to comment.

Nvidia, AMD and Qualcomm's efforts could shake up a PC industry that Intel long dominated, but which is under increasing pressure from Apple. Apple's custom chips have given Mac computers better battery life and speedy performance that rivals chips that use more energy. Executives at Microsoft have observed how efficient Apple's Arm-based chips are, including with AI processing, and desire to attain similar performance, one of the sources said.

In 2016, Microsoft tapped Qualcomm to spearhead the effort for moving the Windows operating system to Arm's underlying processor architecture, which has long powered smartphones and their small batteries. Microsoft granted Qualcomm an exclusivity arrangement to develop Windows-compatible chips until 2024, according to two sources familiar with the matter.

Microsoft has encouraged others to enter the market once that exclusivity deal expires, the two sources told Reuters.

"Microsoft learned from the 90s that they don't want to be dependent on Intel again, they don't want to be dependent on a single vendor," said Jay Goldberg, chief executive of D2D Advisory, a finance and strategy consulting firm. "If Arm really took off in PC (chips), they were never going to let Qualcomm be the sole supplier."

Microsoft has been encouraging the involved chipmakers to build advanced AI features into the CPUs they are designing. The company envisions AI-enhanced software such as its Copilot to become an increasingly important part of using Windows. To make that a reality, forthcoming chips from Nvidia, AMD and others will need to devote the on-chip resources to do so.

There is no guarantee of success if Microsoft and the chip firms proceed with the plans. Software developers have spent decades and billions of dollars writing code for Windows that runs on what is known as the x86 computing architecture, which is used by both Intel and AMD. Computer code built for x86 chips will not automatically run on Arm-based designs, and the transition could pose challenges.

Intel has also been packing AI features into its chips and recently showed a laptop running features similar to ChatGPT directly on the device.

Intel spokesperson Will Moss did not immediately respond to a request for comment. AMD's entry into the Arm-based PC market was earlier reported by chip-focused publication SemiAccurate.

technology (general) / semiconductors and active components / emerging technologies / Artificial Intelligence

END

Source : www.thehindu.com Date : 2023-10-24

BIDEN NAMES TECHNOLOGY HUBS FOR 32 STATES AND PUERTO RICO TO HELP THE INDUSTRY AND CREATE JOBS

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

October 24, 2023 10:13 am | Updated 12:03 pm IST

The Biden administration on Monday designated 31 technology hubs spread across 32 states and Puerto Rico to help spur innovation and create jobs. | Photo Credit: AP

The Biden administration on Monday designated 31 technology hubs spread across 32 states and Puerto Rico to help spur innovation and create jobs in the industries that are concentrated in these areas.

“We’re going to invest in critical technologies like biotechnology, critical materials, quantum computing, advanced manufacturing — so the U.S. will lead the world again in innovation across the board,” President Joe Biden said. “I truly believe this country is about to take off.”

The tech hubs are the result of a process that the Commerce Department launched in May to distribute a total of $500 million in grants to cities.

The $500 million came from a $10 billion authorization in last year’s CHIPS and Science Act to stimulate investments in new technologies such as artificial intelligence, quantum computing and biotech. It’s an attempt to expand tech investment that is largely concentrated around a few U.S. cities — Austin, Texas; Boston; New York; San Francisco; and Seattle — to the rest of the country.

“I have to say, in my entire career in public service, I have never seen as much interest in any initiative than this one," Commerce Secretary Gina Raimondo told reporters during a Sunday conference call to preview the announcement. Her department received 400 applications, she said.

“No matter where I go or who I meet with — CEOs, governors, senators, congresspeople, university presidents — everyone wants to tell me about their application and how excited they are,” said Raimondo.

The program, formally the Regional Technology and Innovation Hub Program, ties into the president's economic argument that people should be able to find good jobs where they live and that opportunity should be spread across the country, rather than be concentrated. The White

House has sought to elevate that message and highlight Biden's related policies as the Democratic president undertakes his 2024 reelection bid.

The 31 tech hubs reach Oklahoma, Rhode Island, Massachusetts, Montana, Colorado, Illinois, Indiana, Wisconsin, Virginia, New Hampshire, Missouri, Kansas, Maryland, Alabama, Pennsylvania, Delaware, New Jersey, Minnesota, Louisiana, Idaho, Wyoming, South Carolina, Georgia, Florida, New York, Nevada, Missouri, Oregon, Vermont, Ohio, Maine, Washington and Puerto Rico.

COMMents

SHARE

technology (general) / USA

BACK TO TOP

Comments have to be in English, and in full sentences. They cannot be abusive or personal. Please abide by our community guidelines for posting your comments.

We have migrated to a new commenting platform. If you are already a registered user of The Hindu and logged in, you may continue to engage with our articles. If you do not have an account please register and login to post comments. Users can access their older comments by logging into their accounts on Vuukle.

END

Source : www.thehindu.com Date : 2023-10-26

WOMEN, MARRIAGE AND LABOUR MARKET PARTICIPATION

Relevant for: Indian Society | Topic: Women Issues

October 26, 2023 12:16 am | Updated 12:29 am IST

‘The labour market entry of women is influenced by a range of individual and societal factors’ | Photo Credit: The Hindu

Women’s labour market participation is often concomitant with enhanced economic prospects and better household decision-making power. From a macroeconomic standpoint, a diminished level of women’s labour force participation rate (LFPR) has significant consequences for women’s intra and inter-household bargaining power, as well as the overall economic progress of the nation. “There are still large differences between women and men in terms of what they do, how they’re remunerated and so on,” said Claudia Goldin, who was awarded this year’s Economics Nobel “for having advanced our understanding of women’s labour market outcomes”. Goldin’s comprehensive analysis of the economic history of women has presented new insights into the many aspects of gender disparities in the labour market. Additionally, her research has shown the underlying factors that have contributed to these gaps throughout history, and the persisting inequalities that exist in contemporary times.

Globally, however, the level of female labour force participation remains relatively low. World Bank estimates (2022) show that the worldwide LFPR for women was 47.3% in 2022. Despite the remarkable advancements observed in the global economies, there has been a persistent decline in the labour force participation rate (LFPR) of women in developing nations. The estimations also indicate that female labour force participation in India between 1990 and 2022 has decreased from 28% to 24%. This fall has impeded their growth and hindered their ability to achieve their maximum capabilities. A significant disparity in labour market participation based on gender continues to persist worldwide.

Economist Goldin (1994) highlights this as the LFPR of adult women exhibits a U-shaped pattern during the course of economic growth. Further, she added that “the initial decline in the participation rate is due to the movement of production from the household, family farm, and small business to the wider market, and to a strong income effect. But the income effect weakens, and the substitution effect strengthens at some point.”

Comment | The measure of the working woman

The issue is made considerably dire when married women express a desire to participate in the labour market. After marriage, there is a tendency for women’s LFPR to decrease due to many variables. These factors encompass women's limited educational attainment, less mobility as a result of increasing family obligations, and societal disapproval associated with women in employment outside the domestic sphere. The institution of marriage amplifies domestic obligations for women while concurrently imposing many social and cultural impediments that affect their participation in the workforce.

Multiple factors contribute to the diminished labour force involvement of married women or their proclivity to exit the labour field after marriage. The labour market entry of women is influenced by a range of individual and societal factors, perhaps impacting married women to a greater extent than their unmarried counterparts. Several variables contribute to limited labour participation for women, such as their religious and caste affiliations, geographical location, the wealth of their household, and prevailing societal norms surrounding women's employment outside the house.

When women decide to resume their professional careers upon marriage, they tend to exhibit a preference for some employment opportunities that offer enhanced flexibility and are situated in close proximity to their residences. Women also encounter gender-asymmetrical professional costs as a result of several societal constraints, resulting in gender disparities in premarital career selections, income inequality, age at marriage, and decisions about fertility decisions. It has been observed that women of the upper strata tend to adhere to stringent societal standards by predominantly assuming domestic roles. Conversely, women from the lower strata are more inclined to engage in the labour market, primarily driven by economic constraints that stem from poverty.

When analysing the female labour force participation rate (FLFPR) based on the Usual Principal Status (UPS) and Usual Principal and Subsidiary Status (UPSS) categories in India's NSSO Periodic Labour Force Survey (PLFS) survey (25 to 49 years), it becomes apparent that married women show a considerably lower employment proportion under the UPS status when compared to the UPSS status. The data show that marriage significantly influences women's labour market outcomes.

In 2022-23, there has been a notable decrease of 5% in the female labour force participation rate among married women aged 25 to 49 years, with a decline from 50% in 2004-05 to 45% in 2022-23. The decline in the female labour force participation rate (LFPR) is primarily concentrated within the age group of 25-29.

Comment |Recognising the 'compulsory' woman worker

Further, married women exhibit lower levels of labour force participation when compared to their unmarried counterparts. The examination of the influence of educational achievement on the rate of married women's involvement in the labour force shows that women lacking literacy skills demonstrate a greater inclination to participate in the labour force after getting married, as opposed to their well-educated counterparts. Empirical analysis that relates to the allocation of female labour across diverse industry sectors in India demonstrates that agriculture remains the prevailing sector in terms of female employment.

Literature on female LFPR has underscored the noteworthy impact of social and cultural elements on women's choices about their entry into the labour market. This analysis primarily examines the relationship between women's marital status and their labour market outcome in the Indian labour market. The findings indicate that married women exhibit the lowest levels of labour market participation as compared to widowed, divorced and unmarried women. The economic impact of married women's non-participation in the workforce in India is considerable, given their substantial representation among the working-age population. It is imperative to look at suitable solutions in order to promote women's empowerment in the phase of high economic growth. The absence of adequate day-care services frequently acts as a disincentive for female labour force participation. Therefore, it is imperative to enhance the quality and accessibility of day-care services/crèches for employed women across various socio-economic strata, encompassing both formal and informal sectors.

The government has enacted initiatives such as the National Creche Scheme for The Children of Working Mothers. The implementation of such schemes is imperative in both the public and private sectors. This is particularly important in increasing the involvement of married women in the labour field. The implementation of work settings that prioritise the needs and well-being of women, the provision of secure transportation options, and the expansion of part-time job possibilities would serve as catalysts for the greater participation of women in the labour market within India.

Balakrushna Padhi is Assistant Professor in the Department of Economics and Finance, BITS Pilani, Rajasthan campus. Simran Jain is pursuing her PhD in Economics in the Department of Economics and Finance at BITS Pilani, Rajasthan. Krishna M. is Associate Professor in the Department of Economics and Finance, BITS Pilani, Rajasthan campus. The views expressed are personal

COMMents

SHARE

labour / employment / social issue / marriage / government / parent and child / welfare / family / macro economics

BACK TO TOP

Comments have to be in English, and in full sentences. They cannot be abusive or personal. Please abide by our community guidelines for posting your comments.

We have migrated to a new commenting platform. If you are already a registered user of The Hindu and logged in, you may continue to engage with our articles. If you do not have an account please register and login to post comments. Users can access their older comments by logging into their accounts on Vuukle.

END

Source : www.thehindu.com Date : 2023-10-27

RENEWED RISKS: THE HINDU EDITORIAL ON THE RBI AND HOW GLOBAL UNCERTAINTIES HAVE COMPOUNDED

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

October 27, 2023 12:20 am | Updated 01:58 am IST

On October 6, the Reserve Bank of India (RBI) stuck to its 6.5% GDP growth projection for the year, with risks from geopolitical tensions, economic fragmentation, volatile financial markets and an uneven monsoon, evenly balanced out by strengthening domestic demand. There was a belief that a period of heightened uncertainties was ebbing but as the central bank Governor signalled last Friday, new uncertainties have emerged over the fortnight since. The Israel-Hamas conflict that erupted a day after the monetary policy review has widened, and Finance Minister Nirmala Sitharaman has flagged worries about implications on global food, fuel and fertilizer supplies. Given India’s dependence on fuel and fertilizer imports, disruptions or price spikes could hurt the macro-economic framework, even if the government refrains from passing on higher prices to consumers and farmers in the election season. The RBI chief also pointed to rising U.S. bond yields, which hit a 16-year high of 5% this week, mixed data points and signals from central banks around the world, as the new unknowns — even as known unknowns such as financial market turmoil — have got more pronounced. A glimpse of this anxiety was visible this week, with the sharpest sell-off on Indian bourses since July.

There is no certainty that the RBI would still uphold its ‘evenly balanced’ outlook towards the risks to growth. However, the Finance Ministry, while acknowledging that global uncertainties have compounded, seems largely sanguine for now in its outlook for the economy. Its monthly economic review released on Monday asserts that growth “remains on track”, inflation is easing after a “temporary” seasonal surge in July-August, consumption demand is strengthening and investment demand is “also firming up”. On the “imminent fears” of rising crude oil prices, it noted that July-September quarter prices were still “way lower” than the $109.5 and $97.9 averages in the first and second quarter of 2022-23. The weak foreign trade picture is expected to recover and industrial job creation prospects are high for the next two quarters, while higher demand for housing and vehicle loans reflects bolstered confidence levels in households, it added. India’s macro fundamentals may well hold up through the latest global storm, but the government would do well to drill a little deeper into consumption and hiring trends. The last quarter has seen a sharp slump in small car sales, consumer non-durables producers reporting weak rural demand and IT firms scaling down growth and hiring hopes. There is still much to be done to correct an uneven recovery, which would eventually hamper a broader investment revival.

COMMents

SHARE

Reserve Bank of India / economy (general) / food / fertiliser / USA / bonds / vehicle loans / housing loans / automobile / IT/computer sciences / consumer goods / investments

BACK TO TOP

Comments have to be in English, and in full sentences. They cannot be abusive or personal. Please abide by our community guidelines for posting your comments.

We have migrated to a new commenting platform. If you are already a registered user of The Hindu and logged in, you may continue to engage with our articles. If you do not have an account please register and login to post comments. Users can access their older comments by logging into their accounts on Vuukle.

END

AN UNFOLDING ECONOMIC TRAGEDY

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

October 30, 2023 02:32 am | Updated 02:32 am IST

“GDP is a flawed metric of national economic welfare. It hides inequalities and deflects attention from acute job scarcity, poor education and health, unlivable cities, a broken judicial system, and environmental damage” File | Photo Credit: Reuters

A reflexive cheer of India as the fastest-growing major economy rang out when the National Statistics Office (NSO) announced in late August that GDP had increased in the April-June quarter at an annual rate of 7.8%. The most euphoric cheerleaders predicted growth to accelerate to 8%. Even conservative forecasters routinely project GDP growth between 6% and 7%.

This GDP-centric framing of alleged Indian economic success is wrong-headed. GDP is a flawed metric of national economic welfare. It hides inequalities and deflects attention from acute job scarcity, poor education and health, unlivable cities, a broken judicial system, and environmental damage. Feverish celebrations of India’s large but unequally distributed GDP hide the struggles of large numbers of people; large GDP is not purchasing power.

For India, ‘fastest-growing’ growing GDP should be a trivial achievement. Just as a 10-year-old child gains height more rapidly than a 20-year-old adult, India as the poorest of the major economies should grow fastest. Embarrassingly, it has failed to consistently do so. In fact, contrary to the hype, GDP growth has slowed sharply over the past two decades. The problem has been weak mass demand.

Indian GDP grew at an annual 9% rate in the mid-2000s as historically high world trade growth lifted all economies. A financial sector-real estate-construction bubble added froth to that growth. This was unsustainable. Growth slowed to 6% after the global financial crisis of 2007-08 as world trade decelerated quickly. By 2012-13, GDP growth had fallen to about 4.5%, but growth for that year and the next three jumped courtesy of a mysterious data revision in January 2015. Cleverly juggled statistics, however, could help only so much. The slowdown resumed after the demonetisation and botched GST rollout. And once the finance-real estate bubble collapsed following the IL&FS bankruptcy in August 2018, GDP growth came down to 3.9% in the year before the pandemic.

In fact, the pre-COVID growth was more dire than the publicised estimate implies. Indian statistical authorities present income from production as their measure of GDP. In principle, expenditure on Indian products (by national residents and foreigners) should equal income because producers earn incomes only when someone buys their wares. But expenditure grew at a mere 1.9% in the pre-COVID year.

When income and expenditure growth differ significantly, an average of the two more fairly represents the state of the economy rather than any one measure. By that averaging method, GDP grew by 2.9% in the pandemic year.

The slowdown from the heady 9% GDP growth in the mid-2000s to 3%-4% before the pandemic reflected severe weakness in demand. That weakness manifested in the glaring drop in private corporate fixed investment from a peak of 17% of GDP in 2007-8 to 11% in 2019-20. Private corporations cut back investments recognising that domestic consumers, fearful of job and earning prospects, had constrained purchasing power, and foreigners had only a limited appetite for Indian goods.

In the post-COVID-19 years, the economy has bounced around. It fell sharply, recovered modestly, slowed severely, and experienced a dead cat bounce from late-2022. The only way to assess this bouncy post-COVID phase is by determining the average growth rate over the entire period. Even that is not straightforward. If we consider the latest four quarters over the four quarters before COVID, the annual growth rate (of the income and expenditure average) is 4.2%. If we compare only the latest quarter over the quarter before COVID, the annual growth is just above 2%.

The tell-tale sign of post-COVID demand weakness is the further drop in private corporate investment to 10% of GDP in 2021-22; analysts believe that it has remained anaemic in 2022-23. Investors recognise that while rich Indians, helped by an overvalued rupee, are buying luxury goods, the majority can barely buy necessities.

In response to shrinking mass affordability, producers continue offering ultra-low price staples such as noodles, toothpaste, soaps, soft drinks, and biscuits, but sell them in packages of ever-smaller quantities. In December 2022, the government instituted a year-long free grain programme for nearly three-fifths of the population; analysts expect the programme to persist through the 2024 general elections. Meanwhile, to maintain consumption, households have slashed their savings rates to 5.1% of GDP, from 11.9% in 2019-20. Those eligible for credit cards are racking up worrying levels of debt. And with an overvalued rupee and world trade barely crawling ahead, Indian exports have been falling.

In the glow of a fake high-growth story, government policy has tried to rev-up supply rather than bolster demand through good jobs, more human capital investment, and functional cities. Unsurprisingly, the September 2019 corporate tax cut, sops like PLI schemes, and shiny flyovers and highways have failed to revive corporate investment. Increased fiscal reliance on indirect taxes, which erode purchasing power, has aggravated demand.

A sober analysis of GDP growth just before and after COVID points to a medium-term annual GDP growth forecast of 3%-4%. Unfortunately, a domestic elite and international media narrative of “high growth” will continue, as will policies in opposition to India’s needs. And when narrative and reality clash repeatedly, tragedy follows.

***Ashoka Mody is Visiting Professor of International Economic Policy at Princeton University and the author of* India is Broken: A People Betrayed, Independence to Today**

COMMents

SHARE

economy, business and finance

BACK TO TOP

Comments have to be in English, and in full sentences. They cannot be abusive or personal. Please abide by our community guidelines for posting your comments.

We have migrated to a new commenting platform. If you are already a registered user of The Hindu and logged in, you may continue to engage with our articles. If you do not have an account please register and login to post comments. Users can access their older comments by logging into their accounts on Vuukle.

END