

# Mains Master

## Vignettes of a Janus-faced economy

### Context

This article delves into the contradictions within the Indian economy, where high-growth indicators coexist with signs of distress, creating a situation akin to the two-faced Roman god Janus.

### Background

As India gears up for elections, the government emphasizes its economic successes: rapid GDP growth, significant poverty reduction, and a thriving stock market. However, critics raise doubts about the validity and inclusivity of these claims.

### Is India Really Shining?

The answer is nuanced and multifaceted. While some data points present a picture of prosperity (increased car sales, air travel, and investments), others reveal a distressed and struggling underbelly:

- **57% of the population:** This translates to a staggering 813 million people relying on the Pradhan Mantri Garib Kalyan Anna Yojana, a government program providing free food grains. This sheer number raises concerns about the widespread lack of economic security and the possible limited trickle-down effect of economic growth.
- **Demand for rural employment programs (MGNREGS) at an all-time high:** The Mahatma Gandhi National Rural Employment Guarantee Scheme guarantees 100 days of work per year to rural households. The surging demand for MGNREGS jobs contradicts the government's narrative of a booming economy and suggests persistent rural unemployment and underemployment.
- **Negative growth in real rural wages for the past five years:** This indicates that even within the rural sector, wages are not keeping pace with inflation, significantly eroded by rising prices. This further exacerbates poverty and economic hardship in rural areas.
- **High levels of rural indebtedness:** This signifies the prevalence of debt burden among rural households, often resorting to loans to meet basic needs or invest in agriculture. This debt burden stifles economic growth and traps families in a cycle of poverty.

### What is "Economic Dualism"?

Economic dualism refers to the coexistence of two or more distinct economic systems within the same country. In the context of India, it manifests as a modern, technologically advanced, and growing urban sector existing alongside a stagnant, informal, and largely agricultural rural sector. This uneven development creates stark disparities in income, opportunities, and living standards.

### Signs of Prevalence of Economic Dualism in India:

- **High dependence on free food schemes despite claimed growth:** This highlights the inconsistency between the government's narrative of a thriving economy and the reality of widespread food insecurity.
- **Rising demand for MGNREGS jobs alongside high-growth claims:** This contradiction exposes the limited impact of economic growth on creating sustainable livelihoods, particularly in rural areas.
- **Negative rural wage growth alongside booming stock market:** This disparity demonstrates the unequal distribution of the benefits of economic growth. While the stock market may be flourishing, the livelihoods and living standards of a significant portion of the population, particularly in rural areas, are stagnant or deteriorating.

### Implications:

- **Unequal distribution of benefits from economic growth:** The fruits of economic growth are not reaching all sections of society, leading to widening income gaps and social inequalities.
- **Potential for social unrest:** Unmet basic needs, coupled with a sense of economic injustice, can fuel social unrest and instability.

- **Challenges in achieving Sustainable Development Goals (SDGs) by 2030:** The SDGs aim to create a more inclusive and sustainable future. However, India's economic dualism poses a significant challenge to achieving these goals by the target year of 2030.

### Way Forward:

- **Policies that bridge the gap between the modern urban sector and the traditional rural sector:** This could involve investments in rural infrastructure, development of skills and education in rural areas, and promoting agricultural productivity and diversification.
- **Focus on rural development and income generation:** This includes creating employment opportunities, promoting entrepreneurship, and facilitating access to credit and markets for rural businesses.
- **Investing in education and skills:** This will equip individuals with the necessary skills to participate meaningfully in the modern economy and improve their employability.
- **Promoting inclusive growth:** This requires policies that ensure all sections of society benefit from economic growth, leading to a more equitable and sustainable development pathway for India.

By addressing economic dualism through these critical measures, India can ensure its economic growth becomes truly sustainable and benefits all its citizens

## Lives and livelihoods

### Context

This article discusses the issue of Indian emigrants being lured into conflict zones under false pretenses and the need for the Indian government to implement better protection protocols.

### Background

The Indian government recently admitted that Indian citizens were recruited by the Russian army and deployed in war-torn Ukraine. This incident follows reports of Indians being recruited for jobs in other conflict zones like Israel.

### Problem with India's Emigration

- **Lack of awareness:** Indians are misled by online advertisements and middlemen who misrepresent job opportunities in conflict zones.
- **Debts and financial pressure:** Having spent significant sums or taken loans, some Indians feel trapped and continue working in dangerous situations even after realizing the true nature of the job.
- **Inadequate government measures:** The current system, including the "Emigration Check Required" list, is insufficient to prevent Indians from being exploited.
- **Government approvals for risky recruitment:** The government's green light for recruitment drives in conflict zones like Israel raises concerns about its commitment to protecting its citizens.

### Consequences

- Indians face harm and even death while working in war zones.
- Families suffer emotional and financial strain due to the situation.
- India's reputation is tarnished by reports of its citizens being exploited.

### Critical Estimate

The article criticizes the government for:

- Delayed response to the issue of Indians in Ukraine.
- Lack of proactive measures to prevent similar situations.
- Inadequate support for families of affected individuals.
- Approving recruitment in other conflict zones despite existing risks.

## Way Forward

- **Implement comprehensive protocols:** These protocols should involve stricter vetting of contracts, better pre-departure guidance, and robust support structures for emigrants in trouble.
- **Increase regional cooperation:** Collaboration with neighboring countries facing similar issues can help dismantle recruitment networks targeting vulnerable individuals.
- **Address economic distress:** While not a quick fix, the government needs to address the root cause of the issue – lack of job opportunities in India – to prevent desperate individuals from seeking risky work abroad.
- **Show empathy:** The government should acknowledge the difficult situations people face and prioritize their safety and well-being. By taking these steps, the Indian government can better protect its citizens from exploitation and ensure their safety when seeking work abroad.

## Strength vs reason

This article examines the legality and challenges surrounding the recently passed bill granting 10% reservation for Marathas in education and government jobs in Maharashtra.

### Background:

- The bill faces potential legal roadblocks because similar attempts in the past have been overturned by the Supreme Court.
- This marks the third attempt by the Maharashtra government to secure reservations for Marathas within the past decade.

### Why Reservation Was Given:

- The government cites immense political pressure exerted by the Maratha community, which wields considerable political influence within the state.
- Granting reservations within the existing 19% OBC quota was deemed impractical due to anticipated opposition from other OBC groups.

### Challenges of Judicial Scrutiny:

- The Supreme Court previously ruled against reservation exceeding 50% and established the central government's sole authority to identify backward classes eligible for reservation.
- While the court upheld a 10% quota for Economically Weaker Sections (EWS) in 2022, the long-term implications of this judgment remain uncertain.

### Growing Demand for Reservation Across Communities:

- The case of the Marathas exemplifies the increasing demands for reservation across various communities in India.
- These demands often arise from a deep-seated desire for upward mobility and improved socio-economic opportunities.

### Comprehensive Outlook:

The article proposes the need for a comprehensive strategy to address reservation demands and ensure social justice:

- Conducting a nationwide socio-economic census alongside the upcoming decennial census could provide more reliable data concerning the true extent of backwardness experienced by different communities across the country.
- This data could serve as the foundation for developing a new, evidence-based system of affirmative action that is fair and equitable, while remaining true to the principles of social justice.

By implementing these steps, India can move towards a more equitable and data-driven approach to addressing social and economic disparities within its diverse population.

## The economic case for investing in India's children

This article argues for increased investment in early childhood care and education (ECCE) in India, despite its current status as an underfunded and underexplored sector.

## Background:

- Despite its demographic dividend, educational focus, and emphasis on jobs, India has consistently neglected ECCE for decades.
- ECCE is often trivialized as mere child's play or confined to the domestic sphere, traditionally considered women's work. This perception contributes to its underinvestment and undervaluation.

## Investing in Children: An Economic Angle

- Human capital, the collective knowledge, skills, and experiences of a population, is considered the foundation of a nation's prosperity. Early childhood is the crucial stage where this foundation is laid. By investing in ECCE, we invest in the cognitive, social, and emotional development of future generations, laying the groundwork for their future success.
- Increased ECCE investment can lead to improved educational attainment. Studies have shown that children who participate in high-quality early childhood programs are more likely to graduate from high school, pursue higher education, and secure better-paying jobs in the future. This leads to a more skilled and productive workforce, benefiting the entire economy.
- Investing in ECCE can also lead to better health outcomes for children. These programs can provide access to nutritious meals, preventive healthcare services, and early interventions for developmental delays. This translates to a healthier population, reducing the burden on the healthcare system and leading to increased productivity throughout their lives.
- Investing in ECCE can even help reduce social unrest. Studies suggest that children who receive quality early childhood education are less likely to engage in criminal activity as adults. This can lead to safer communities and a more stable society.
- Research from around the world, including a study by Nobel Laureate **James Heckman**, suggests a 13% annual return on investment for every dollar invested in early childhood. This translates to significant economic benefits in the long run, including reduced public health expenditures and increased tax revenue from a more productive workforce.
- The Anganwadi system, the world's largest public ECCE provider, serves over 80 million children under the age of six in India. Studies have shown that children who attend Anganwadis consistently demonstrate improved cognitive and motor skills compared to those who don't, highlighting its positive impact.

## Current Loopholes and Policy Lacunae:

- **Inadequate funding:** Despite catering to a larger and more vulnerable population, the Anganwadi system receives a significantly smaller allocation compared to other sectors like higher education. This financial constraint hinders its ability to deliver quality services and reach all eligible children.
- **Limited research on the macroeconomic impacts of ECCE in India:** While individual benefits like improved health and educational attainment are documented, translating these into quantifiable macroeconomic gains like increased GDP or reduced social unrest has not been extensively explored. This lack of data makes it difficult to advocate for increased investment based solely on economic arguments.
- **Focus on micro-level benefits:** Existing research and policy discussions often focus on the individual benefits of ECCE, such as improved cognitive development for children. However, connecting these micro-level benefits to the broader macroeconomic picture and demonstrating their long-term economic impact is crucial for securing significant investment.

## Implications:

- Inadequate ECCE can lead to a cycle of disadvantage. Children who lack access to quality early childhood programs are more likely to experience learning difficulties, poor health, and developmental delays. This can hinder their educational attainment, leading to lower earning potential and limited opportunities in adulthood. This, in turn, can contribute to poverty, social exclusion, and even social unrest.
- Delaying investment in ECCE might lead to missed opportunities for human capital development. The early years of a child's life are a critical window for brain development. By neglecting ECCE, we risk failing to invest in the full potential of future generations, hindering India's long-term economic and social progress.

## Way Forward:

- To fully embrace the economic case for ECCE, increased investment is required across various aspects, including:
  - **Infrastructure improvement:** Upgrading existing Anganwadi centers and building new ones to ensure wider accessibility.
  - **Capacity building:** Providing comprehensive training and support for Anganwadi workers and caregivers to ensure they can deliver high-quality care and education.
  - **Quality learning materials:** Providing age-appropriate learning



### Major firms still failing to tackle deforestation: Global Canopy

- **Widespread Failure:** A report by Global Canopy reveals that many major companies with ties to deforestation haven't implemented deforestation policies despite 10 years of monitoring and warnings.
- **Urgency for Action:** The report emphasizes the urgency for regulations as voluntary actions from companies and financial institutions have been ineffective.
- **EU Legislation:** The report welcomes new EU legislation but urges for stricter implementation and quicker action from other regions like the US and UK.
- **Focus on Transparency:** The report highlights the lack of transparency, with many companies failing to demonstrate sufficient evidence that their actions match their stated commitments.
- **Call for Broader Focus:** While progress is seen in addressing palm oil deforestation, the report emphasizes the need for equal attention to other major drivers like cattle production.

Details:

- The report, "Forest 500," analyzes companies and financial institutions with significant impacts on tropical forests, focusing on their policies in commodities like palm oil, soy, and timber.
- 23% of the analyzed entities haven't published a single deforestation commitment despite a decade of monitoring.
- Global Canopy urges stricter regulations as voluntary actions haven't achieved complete deforestation-free supply chains.
- Only 1% of companies are currently on track to comply with the new EU legislation on deforestation.
- Public pressure has led to some improvements, but 37% of entities still lack public deforestation commitments.
- Financial institutions like JPMorgan Chase, Bank of America, and Mitsubishi UFJ are named as the top financiers of companies lacking deforestation commitments.
- Companies like Adidas, Starbucks, and Gap are cited for having insufficient evidence to support their deforestation commitments.
- The report emphasizes the need for a broader focus beyond palm oil, urging more attention to the significant role of cattle production in deforestation. Overall, the report highlights the persistent issue of deforestation despite growing awareness and calls for stricter regulations and improved transparency from companies and financial institutions.

## Prelims Booster

### Vietnam's 'rice bowl' cracks in extreme heatwave

- Southern Vietnam, including Ho Chi Minh City and the Mekong Delta region, experienced an unusually prolonged heatwave in February, with temperatures reaching up to 38°C, significantly higher than the typical hot weather peak in April or May.
- The Mekong Delta region is also grappling with drought, leading to low water levels in canals and posing challenges for farmers in transporting their crops.
- The impact of the heatwave and drought has resulted in severe dryness, making it difficult for farmers to utilize the waterways for transportation and causing concerns about the impact on rice cultivation in the region.
- The chief forecaster at the Southern Meteorological and Hydrological Administration attributed the prolonged dry spell to the El Nino weather phenomenon and the broader effects of global climate change, emphasizing the impact of these factors on the region's weather patterns.
- The World Meteorological Organization reported that 2023 was the warmest year on record globally and warned of the potential for even higher temperatures in 2024 due to the El Nino climate pattern, which typically increases global temperatures for one year following its emergence in mid-2023.

### India's fight against rare diseases

- The tragic death of 19-year-old child actress Suhani Bhatnagar from dermatomyositis, a rare disorder, coincided with Rare Disease Day, highlighting the neglect and stigma faced by individuals with rare medical conditions.

- Rare diseases, affecting 1 or less per 1,000 population, afflict over 450 identified diseases in India, with approximately 8-10 crore Indians impacted, predominantly children. However, resource constraints and limited awareness, diagnosis, and drug development have led to the neglect of these diseases.
- The Ministry of Health and Family Welfare formulated a national policy to treat rare diseases in 2017 but withdrew it in 2018 due to implementation challenges. The revised National Policy for Rare Diseases (NPRD) was announced in 2021, but issues persist, including the lack of a standard definition for rare diseases and inadequate funding.
- Timely and accurate diagnosis is crucial for rare disease management, yet patients often face delays, with an average of seven years for diagnosis. Less than 50% of the identified rare diseases in India are treatable, and treatments are available for only about 20 rare diseases from a limited number of Centres of Excellence (CoEs).
- The budget allocation for rare diseases remains low, with concerns about inadequate funding, uneven distribution, and underutilization of allocated funds. The NPRD guidelines allow up to ₹50 lakh per patient, which is deemed insufficient for lifelong management and therapy of chronic rare diseases.
- The government's efforts to address rare diseases are recognized, but there is a need for a standard definition of rare diseases, increased budgetary outlays, dedicated funding for drug development and therapy, and better coordination and responsible fund utilization. State governments, public and private companies, and CSR initiatives can also play a role in addressing these challenges.
- Addressing exorbitant drug prices and availability is crucial, with the need for incentives for domestic manufacturers, reduced clinical trial requirements, and the withdrawal of GST on life-saving drugs to ensure access to essential treatments for rare diseases.

### UN troops start pull-out from restive DR Congo

- The United Nations initiated the withdrawal of MONUSCO peacekeeping forces from the Democratic Republic of Congo (DRC) by handing over a UN base to the national police, in response to the DRC's demand for the withdrawal despite UN concerns about ongoing violence in the eastern region of the country.
- The DRC government views the UN force as ineffective in protecting civilians from armed groups and militias that have been a longstanding issue in the eastern part of the country for three decades.
- The UN Security Council approved the gradual pullout of the MONUSCO mission, which has been present in the DRC since 1999, with around 13,500 soldiers and 2,000 police currently deployed across the eastern provinces of Ituri, South Kivu, and North Kivu.
- The withdrawal plan is set to occur in three phases, with the first base at Kamanyola, bordering Burundi, being handed over, and subsequent phases involving the departure of military peacekeepers from South Kivu and the transfer of bases to DRC security forces.
- The withdrawal takes place amid the resurgence of the Tutsi-led M23 rebels in North Kivu, who have seized significant territory, adding to the complex security challenges in the region.

### Top Spanish official likely to pitch deal for submarine

- Spain's Navantia and Germany's Thyssenkrupp Marine Systems (TKMS) are the two contenders for India's mega-deal for six P-75I submarines, with Navantia's Secretary of State for Defence, Amparo Valcarlos, scheduled to visit India to discuss the submarine deal with Indian Defence Secretary Giridhar Aramane.
- The submarine deal, expected to cost upwards of ₹43,000 crore, is being processed under the strategic partnership model of the defence acquisition procedure, with Navantia having tied up with Larsen & Toubro (L&T) and TKMS with Mazagon Dock Shipbuilders Limited (MDL), the only two Indian companies shortlisted for the deal.
- Navantia will design the P-75I submarines based on its S80 class of submarines, with L&T responsible for their construction, and Spain is willing to provide a complete technology transfer, including a next-generation Air Independent Propulsion (AIP) module with higher efficiency.
- Spain's Navantia is expected to pitch its progress on proving its AIP module during the visit, and will provide governmental guarantees as it is a state-owned shipyard, highlighting its commitment to the submarine deal.