

CURRENT AFFAIRS

09 August 2022



TAMILNADU: ARCHEALOGICAL DISCOVERIES

Carnelian beads unearthed in Konthagai excavation site

This is the first time they have been found in this site, which is part of Keeladi cluster

STAFF REPORTER
SIVAGANGA

A cluster of 74 carnelian beads was unearthed on Monday at Konthagai in Sivaganga district, which is part of the Keeladi cluster. This is the first time that carnelian beads have been found at this burial site. The beads were found inside an urn.

Director of Keeladi excavations R. Sivanandam said the carnelian beads signified a trade relationship with western India, particularly present-day Maharashtra and Gujarat. The beads were available only in the western part of the country, he said.

Carnelian beads had earlier been unearthed in the



Seventy-three of these beads were shaped like a barrel, and one etched carnelian bead was circular in shape. ■ G. MOORTHY

Kodumanal and Thandikudi sites.

This was the first time they were unearthed in the

Konthagai site. Seventy-three of these beads were shaped like a barrel, and one etched carnelian bead

was circular in shape, Mr. Sivanandam said.

Copper piece

Apart from the 74 carnelian beads, one copper piece had been identified at Konthagai, said M. Ramesh, co-director of the excavation site.

He said a total of 135 urns had been found during the excavations, including 57 in the current phase.

In February, Tamil Nadu State Department of Archaeology commenced the eighth phase of the archaeological excavations in Keeladi and its cluster sites. The third phase of the excavations was under way at the Konthagai burial site, he said.

- ✓ Brownish-red mineral commonly used as a semi-precious gemstone. Its a varieties of the silica mineral chalcedony colored by impurities of iron oxide.
- ✓ Keeladi) excavation site is a Sangam age settlement
- ✓ The settlement lies on the bank of the Vaigai River and it reflects the ancient culture of Tamil people.
- ✓ Kodumanal is a village located in the Erode district in the southern Indian state of Tamil Nadu. It was once a flourishing ancient trade city known as Kodumanam, as inscribed in Patittrupathu of Sangam Literature. Northern banks of Noyyal River, a tributary of the Cauvery.

Kerala Governor objects to re-promulgation of ordinances

‘SC had deemed it a subversion of legislative process’

SPECIAL CORRESPONDENT
THIRUVANANTHAPURAM

Kerala Governor Arif Mohammed Khan took exception to the State government’s move to re-issue ordinances instead of getting the executive orders ratified by the Assembly.

The government had sent Mr. Khan 11 ordinances for re-promulgation. They included the controversial Kerala Lok Ayukta, 1999, amendment ordinance, and the Kerala Cooperative Societies Act, 2022, amendment ordinance.

The Opposition had petitioned Mr. Khan not to sign the ordinances. It portrayed



Arif Mohammed Khan

the Lok Ayukta amendment as a “Machiavellian” bid by the government to “defang” the Ombudsman to forestall anti-corruption inquiries against Chief Minister Pinarayi Vijayan. Consequently, Mr. Khan purportedly dragged his feet on approving the ordinance until he got a clarification from the government.

Later, the Opposition asked Mr. Khan to refrain

from enacting the cooperative societies ordinance. It saw the executive order as a Left Democratic Front ploy to undermine the democratic functioning of cooperative societies with an eye on controlling Milma (Co-operative Milk Marketing Federation).

On Monday, Mr. Khan told reporters in New Delhi that the government should elaborate on the rationale for re-promulgating the ordinances repeatedly. The government had sent him a set of executive decrees to re-promulgate on the eve of his visit to New Delhi.

He said he would not rubber stamp the government’s demand blindly. “I have to apply my mind,” he said.

Mr. Khan also made the case that the Constituent Assembly had envisaged the

option of issuing an ordinance instead of passing a law as an emergency provision. The government could issue executive orders only when the Assembly was not in session. Hence, executive orders had an expiry date.

“The Supreme Court had ruled (in January 2017) that re-promulgation of ordinances tantamount to subversion of the democratic legislative process,” he said.

He said the administration was constitutionally bound to uphold the law-making function of the Legislature. “As Governor, I am oath-bound to ensure that the business of State is carried in accordance with the Constitution and law. I have to follow the principle in letter and spirit to insist others do the same,” he said.

ORDINANCE

- ✓ An ordinance is a law that is promulgated by the President and Governor only when the legislature is not in session.
- ✓ President and Governor promulgates an ordinance on the recommendation of the union cabinet.
- ✓ Article 213 deals with the power of the Governor to legislate through ordinances. His power of ordinance making is quite similar to the President's power which is given in article 123

TOPIC : MACROECONOMICS

Macrovariable projections in uncertain times

International factors and faulty data will impact India's projections of GDP, inflation and balance of payments



ARUN KUMAR

The Fed has raised its benchmark interest rate again by a whopping 0.75%. The Reserve Bank of India has also been forced to raise interest rates further but also take other steps. These decisions in the Monetary Policy Committee (MPC) meeting are based on what the members of the MPC see as the likely course of the economy in the months ahead. But, the trajectory of the world economy, and its likely impact on the Indian economy, is imponderable. So, Indian policymakers would face two crucial problems.

First, the main uncertainty is due to Russia's war on Ukraine and the resultant economic sanctions on Russia, as well as the zero-COVID-19 policy in China that repeatedly implements lockdowns leading to global supply bottlenecks. Second, policy has to base itself on data. If it is deficient, it introduces additional uncertainty, making projections for the future difficult and causing policies to fail. This will compound the problem that results from the global uncertainty.

Stagflation and disease

Since early 2020, the SARS-COV-2 virus has caused global uncertainty. Waves of COVID-19 have curtailed human activity with a consequent loss of production. Different countries have implemented lockdowns of varying severity leading to supply bottlenecks. In a globalised interdependent world, production was hit resulting in price rise (inflation) and loss of real incomes. This has resulted in decline in demand and, in a vicious cycle, a further slowing down of the economy. Predicting these declines has been difficult because

forecasting when another wave would strike and how much disruption would occur has been difficult. As prices have risen globally and economies slowed down, many countries have faced stagflation.

The uncertainty due to the novel coronavirus has declined in spite of waves of attack persisting because the impact of new virus mutants of the virus is milder and there is also immunity due to vaccination. Countries are not implementing lockdowns so vigorously now, in turn reducing adverse economic impact.

However, China is an exception with its zero-COVID policy. It has been implementing strict lockdowns in the last six months, even when only a few cases of the disease have been detected. Since China is now the manufacturing hub of the world, any disruption impacts supplies globally and causes bottlenecks to persist.

There is another issue now. Monkeypox virus has suddenly emerged and spread rapidly in the last few months to more than 80 countries where it is not endemic. The World Health Organization seems to be confident that this threat can be dealt with more easily than COVID-19. Yet, there is heightened concern and uncertainty.

The Ukraine conflict

The war in Ukraine and western sanctions on Russia have caused huge uncertainty since February 2022 (when Russia invaded Ukraine) and displaced the disease-related uncertainty, i.e., COVID-19. The reason is that the war is a proxy war between two powerful capitalist blocs. Both are militarily and economically strong. While Russia has attacked Ukraine, the western powers are supplying arms to prolong the war and weaken Russia. Also, sanctions against Russia are being used to weaken it economically.

Neither side can afford to be seen to be losing. Thus, the con-



GETTY IMAGES/ISTOCKPHOTO

ventional war may change to a different and more intense one. Thus, unless a solution is found soon, uncertainty will remain huge and possibly increase. There is needless continuing suffering of the people of Ukraine, with a bombardment of cities, and this could escalate.

The war and the sanctions have already affected the world economy and the Europeans in particular. The U.S. economy has entered technical recession with two quarters of GDP decline. Sri Lanka has been devastated and many other developing economies such as Pakistan and Nepal are in trouble. As supplies of critical items supplied by Russia and Ukraine have been hit, prices have soared. Europe, the United States and India have experienced or are experiencing high inflation.

The biggest disruption is in energy supplies from Russia, impacting production. The availability of food, fertilizers, metals, etc., have been hit as Ukraine and Russia are important sources. Thus, already prevalent high inflation due to the pandemic has been aggravated by the war and sanctions. Since the end of the war and sanctions are uncertain, these problems are likely to persist.

A new Cold war

Even if the war ends, a new Cold War between two big blocs has started, i.e., Russia and China on the one hand and the rich nations on the other. To weaken Russia, sanctions may be imposed on countries that carry out trade with

it. Many Indian entities may face the heat since India has increased its imports from Russia, which undermines sanctions. China may also face sanctions since it has increased trade with Russia and is backing it. China has little option but to go with Russia since the western powers have been trying to isolate it, fearing its global rise.

In brief, the global economy would continue to be hit in the foreseeable future due to the war, sanctions and the new Cold war between two big economic blocs.

Data-related worries

As if the uncertainty from global factors was not bad enough, Indian policymakers also face data-related issues. It is not only available with a big lag on most macroeconomic variables but for many variables, data are either not available or has huge errors.

Policymakers rely on high frequency data to proxy for actual data. For example, very little data are available for quarterly GDP data which is used to calculate the growth rate of the economy. First, except for agriculture, unorganised sector data is not available. Second, for the organised sector, very limited data are available. Third, projections from the previous year or proxies are used – both these introduce errors when there are repeated shocks to the economy, such as the pandemic and now the war.

Price data too are problematic. The services sector is under-represented. Prices of many services have risen and expenditures on them have increased dramatically, thus changing their weight in the consumption basket. For instance, health and education expenditures went up during the pandemic. Also, the impact of the black economy has not been factored in.

Further, the consumer price index is common for the upper classes and the poor. The former consume a small proportion of their income, so they hardly feel the pinch of inflation. The poor

consume almost their entire income and have no cushion to increase expenditures commensurate with price rise. Thus, they have to reduce their consumption. Earlier, there was a different index for various categories of people, which reflected the differential impact of inflation on people. This gave a truer picture of the economy and peoples' distress.

The unorganised sector, which employs 94% of the workforce, has been hit hard by a decline in incomes and a rise in prices in the last few years. It does not have the bargaining power to get its wages increased as prices rise and, therefore, loses purchasing power. The data does not reflect this and the unorganised sector becomes 'invisible'.

Policymakers using such faulty data invisibilise them. If the economy is growing at 7.5% and inflation is under the Reserve Bank of India's tolerance level of 6%, then policymakers assume all is well. Nothing specific needs to be done for the unorganised sector. But projections go wrong (as has happened in recent times) when policymakers have predicted an economic turnaround and lower inflation. Even faulty official data does not bear this out.

Indian policymakers face the unenviable task of predicting the course of the economy for the next few months and even the year (or years) ahead because of the shocks and faulty and inadequate data. The problem is compounded by international factors. Will the war on Ukraine end soon? And if not, will it intensify? Will sanctions be withdrawn? How intense will the new Cold War be? All this makes projections of macrovariables – GDP, inflation, balance of payments, etc. – well nigh impossible and makes policymakers akin to a pilot navigating in dense fog with faulty equipment.

Arun Kumar was Professor of Economics at the Jawaharlal Nehru University, New Delhi

WELFARE OF VULNERABLES

Launch a national tribal health mission

It can be the path to a peaceful health revolution for the 11 crore tribal people in India



ABHAY BANG

For the first time since independence, a tribal President has become a reality in India. This is a very positive signal given to the tribal people by the Narendra Modi government. On this International Day of the World's Indigenous Peoples, let us explore how this symbolic gesture can be turned into a health revolution for the tribal people of India.

Few people are aware that nearly 11 crore tribal people (enumerated as Scheduled Tribes (ST) in the Census of India (2011) live in India. They constitute 8.6% of India's population, the second largest number of tribal people in any country in the world. The Prime Minister and the national leadership of the Bharatiya Janata Party are aware of this fact, which is one of the reasons why they have chosen a tribal woman for the highest position in the country.

A study published in *The Lancet*, titled 'Indigenous and Tribal Peoples' Health' (2016), found that India held the inglorious distinction of having the second highest infant mortality rate for the tribal people, next only to Pakistan. This is not an honourable position.

Findings

On this day, in 2018, the first national report on the state of India's tribal people's health was submitted to the Government of India by the Expert Committee on Tribal Health. The 13-member committee was jointly appointed by the Ministry of Health and Family Welfare and the Ministry of Tribal Affairs, Government of India. I was the Chairman of this committee, with the Additional Secretary and Mission Director of the National Health Mission as the Member Secretary. It took five years of enormous work for the committee to dig out evidence and construct a national picture. The picture was both pathetic and promising. These were some of the few major findings.

Firstly, tribal people are concentrated in 809 blocks in India. Such areas are designated as the Sched-



Health department staff conduct vaccination drives in the Agency areas of Visakhapatnam district, Andhra Pradesh. — SPECIAL ARRANGEMENT

uled Areas. However, the more unexpected finding was that half of India's tribal population, nearly five and a half crore, live outside the Scheduled Areas, as a scattered and marginalised minority. They are the most powerless.

Second, the health status of tribal people has certainly improved during the last 25 years as seen in the decline in the under-five child mortality rate from 135 in 1988 in the National Family Health Survey (NFHS-1 to 57 in 2014 (NFHS-4). However, the percentage of excess of under-five mortality among STs compared to others has widened.

Third, child malnutrition is 50% higher in tribal children: 42% compared to 28% in others.

Fourth, malaria and tuberculosis are three to 11 times more common among the tribal people. Though the tribal people constitute only 8.6% of the national population, half of the total malaria deaths in India occur among them.

Fifth, while malnutrition, malaria and mortality continue to plague tribal people, gradually, the more difficult to treat non-communicable diseases such as hypertension and diabetes, and worse, mental health problems such as depression and addiction leading to cancer and suicide, are increasing. These threaten the health and survival of tribal adults.

Sixth, tribal people heavily depend on government-run public health care institutions, such as primary health centres and hospitals, but there is a 27% to 40% deficit in the number of such facilities, and 33% to 84% deficit in medical doctors in tribal areas. Government health care for the tribal people is starved of funds as well as of human resource. We found them demoralised and inefficient.

Seventh, there is hardly any participation of the tribal people - locally or at the State or national level - in designing, planning or delivering health care to them.

The official policy of allocating and spending an additional financial outlay, called Tribal Sub-Plan (TSP), equal to the percentage of the ST population in the State, has been completely flouted by all States. As estimated for 2015-16, annually ₹15,000 crore should be additionally spent on tribal health. No accounts or accountability exist on this. No one knows how much was spent or not spent.

These issues have persisted as there is no separate data on tribal people's health, or healthcare or on the money spent.

A road map

The committee was also asked by the Government of India to prepare a road map for the future, which it did.

This road map includes a large number of recommendations, but the three most important broad recommendations are the following. Firstly, launch a National Tribal Health Action Plan with a goal to bring the status of health and healthcare at par with the respective State averages in the next 10 years. Second, the committee suggested nearly 80 measures to address the 10 priority health problems, the health care gap, the human resource gap and the governance problems. Third, the committee suggested allocation of additional money so that the per capita government health expenditure on tribal people becomes equal to the stated goal of the National Health Policy (2017), i.e. 2.5% of the per capita GDP.

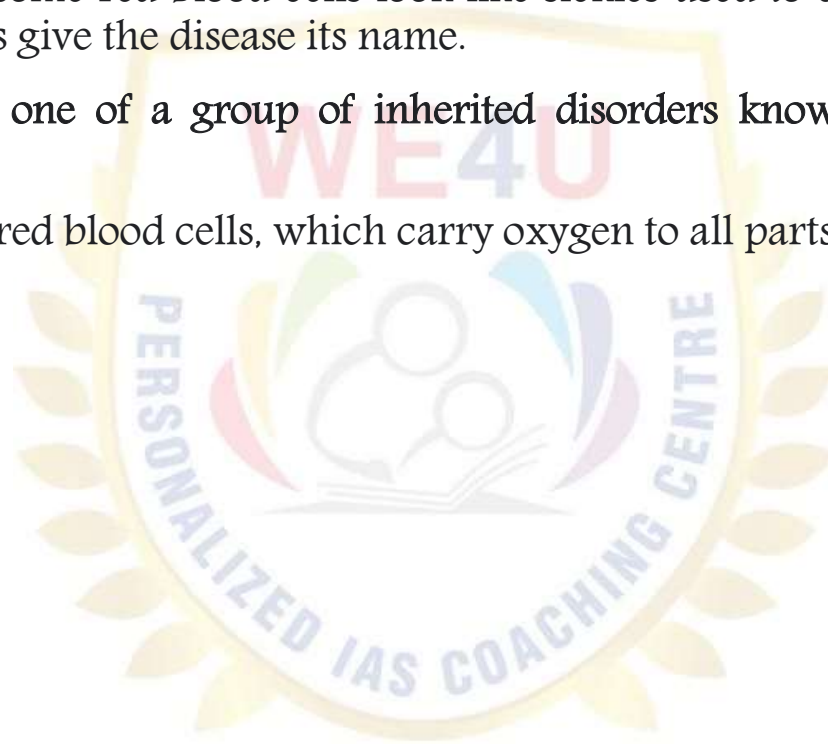
Four years have already passed. The committee presented its report on August 8, 2018, to J.P. Nadda (who was the Health Minister at that time), the Minister of Tribal Affairs, the Secretaries of the two ministries and the Director General of the Indian Council of Medical Research. Mr. Nadda promised that "this historic report will not lie on the shelf. This government will certainly implement it". The tribal people of India are waiting.

The Health Minister and the 10 States with a sizable tribal population should take the initiative. The Prime Minister has already signalled his intention by electing a tribal President of India. Let this massive need and the historic opportunity receive an appropriate response. A proposal currently being discussed involves addressing only one disease, the Sickle Cell Disease. Though needed, it will substantially help, at best, five lakh to 10 lakh sickle cell disease patients - merely about 0.5% of the tribal people. The tribal healthcare system is sick, and tribal people need more substantive solutions. We need to move from symbolic gestures to substantive promises, from promises to a comprehensive action plan, and from an action plan to realising the goal of a healthy tribal people.

If actualised, the Tribal Health Mission can be the path to a peaceful health revolution for the 11 crore tribal people. India needs to demonstrate to them that democracy offers a caring solution to their wounds.

Abhay Bang is Director, SEARCH, Gadchroli

- ✓ **In sickle cell anemia**, some red blood cells look like sickles used to cut wheat. These unusually shaped cells give the disease its name.
- ✓ Sickle cell anemia is one of a group of inherited disorders known as sickle cell disease.
- ✓ It affects the shape of red blood cells, which carry oxygen to all parts of the body.



Bill to set up carbon markets passed in LS

It mandates use of non-fossil sources

SPECIAL CORRESPONDENT
NEW DELHI

The Lok Sabha on Monday passed the Energy Conservation (Amendment) Bill, 2022, which provides for the establishment of carbon credit markets and brings large residential buildings under the energy conservation regime.

The Bill mandates the use of non-fossil sources, including green hydrogen, green ammonia, biomass and ethanol, for energy and feedstock, according to the statement of objects and reasons. The Bill amended the Energy Conservation Act, 2001, to establish carbon markets, enhance the scope of the Energy Conservation Building Code, amend penalty provisions and increase number of members in the governing council of the Bureau of Energy Efficiency.

While replying to the discussion on the Bill, Power and New and Renewable Energy Minister R.K. Singh clarified that the carbon credit would not be exported and would have to be used domestically. He said till India met the commitments made at COP21 and COP26, it would not allow export of credits. Responding to concerns of some MPs, Mr. Singh said India had not missed targets for reduction of emissions and increase in share of non-fossil energy sources. "We are ahead of the target," he said.

Speaking on the Bill, Congress member Adhir Ranjan Chowdhury said States, and not just Central agencies, should also be allowed to issue certificates of carbon credit in the "spirit of federalism". He said he was not against the Bill, but expressed concerns that the carbon markets would lead to a "revolving door" between the government, businesses and NGOs. "The government had failed to strengthen its capacity to produce domestic solar panels," he said, adding that cheaper panels from China

- ✓ 'Carbon Markets' has become a contentious issue at the Conference of Parties 25 (CoP 25), being held in Madrid (Spain) from 2nd-13th December, 2019.
- ✓ Carbon markets existed under the Kyoto Protocol, which is being replaced by the Paris Agreement in 2020.
- ✓ Carbon Markets
- ✓ Carbon Markets can potentially deliver emissions reductions over and above what countries are doing on their own.
- ✓ The Entity can make the investment, and then offer on sale the emission reduction, called carbon credits. Another party, struggling to meet its own targets, can buy these credits and show these as their own.

CENTRE STATE RELATION:

The fight for fiscal autonomy

The erosion of fiscal autonomy does not bode well for our federal structure and will thwart the growth of developed States



SALEM DHARANIDHARAN

In a recent debate between Union Finance Minister Nirmala Sitharaman and Opposition MPs on price rise, Ms. Sitharaman said the States should do more, ignoring the fact that the reduced fiscal autonomy of the States gives them little leeway to do much. Similarly, the increasing reliance of the Union government on indirect taxes such as the GST has directly contributed to price rise and inequality. But despite reduced fiscal autonomy, States such as Tamil Nadu and Kerala have contained price rise and inflation through targeted interventions.

Growing inequality

Adam Smith had argued that taxation per se is not bad, but should follow the principles of fairness. Fairness, in taxation, should be compatible with taxpayers' conditions, including their ability to pay in line with their personal and family needs. However, the Union government's increasing dependence on indirect taxes has removed any 'fairness' in taxation. The share of indirect taxes of the gross tax revenue in FY2019 increased by up to 50% compared to 43% in FY2011. Compare this with the OECD countries, where indirect taxes on average do not contribute to more than 33% of their tax revenue. Indirect taxes are regressive because they tax both the rich and the poor equally.

The poor get taxed a higher proportion of their income compared to the rich. For example, Indians on average spend 22% of their income on fuel, the highest in the world. Also, Union tax on diesel has increased by 800% since 2014, which, after recent reductions, stands at 300%. While indirect taxes have increased, direct taxes such as corporate tax have been reduced from 35% to 22%, leading to a loss of about ₹2 lakh crore to the exchequer. This over-reliance on indirect taxes not only hinders growth by thwarting demand, but can also lead to high inflation and high inequality, which again inhibit growth.

The reason for high inflation in India lies in the extremely high CPI index for food (over 15% in the recent past). Instead of making efforts to lower food prices, the Union government, via GST, increased taxation on basic food items such as rice and milk.

It is not a mere coincidence that India's increasing reliance on indirect taxes has coincided with rising inequality and lower growth. Over recent years, wealth has remained concentrated in the top echelons of society. According to the World Inequality Report 2022 report, the top 1% of India's richest held 22% of the total national income as of 2021 and the top 10% owned 57% of the income. The report also showed that India is one of the most unequal countries in the world. Furthermore, the World Poverty Clock identifies India as home to the second highest number of extremely poor people.

Tamil Nadu's performance Inflation, and predominantly rural inflation, has touched double digits in some States. Tamil Nadu and Kerala have been able to buck the trend of high inequality and inflation. To understand the low inflation rates in Tamil Nadu, one has to look at how inflation is calculated. Inflation is based on weighted average of components such as transport and food, which are given a weightage ranging from 6% to 10% basis points. Due to Tamil Nadu's efficient Public Distribution System and welfare schemes such as free bus travel for women, inflation or price rise has been negated to a greater extent. Apart from low inflation, Tamil Nadu and Kerala also occupy a leading position on several socio-economic indicators such as graduate enrolment ratio and female participation in the labour force. This was possible because these States had a head start in launching socio-economic programmes. It is the state that mostly implements schemes and provides basic necessities to the citizens. It is therefore the state which can improve the lives of citizens.

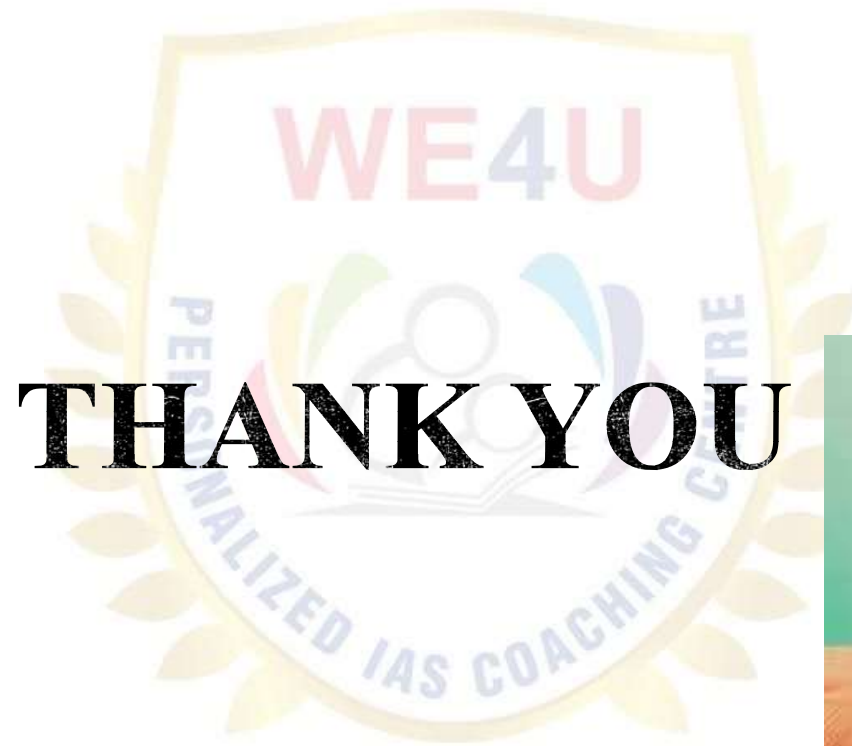
But States require fiscal autonomy to implement these programmes. There has been a substantial erosion in Tamil Nadu's fiscal autonomy in the last few years. While a developed State such as Tamil Nadu gets only 30 paise in return for every rupee it contributes to the Union, States such as Uttar Pradesh and Bihar get ₹2 to ₹3 for every rupee contributed. Arbitrary increases on cess and surcharge, which are non-divisible with States, have further reduced the individual States' fiscal resources. The share of cesses and surcharges in the gross tax revenue of the Union government has nearly doubled between 2011-12 and 2020-21. Such continuous erosion of fiscal autonomy does not bode well for India's federal structure and will only thwart the growth of developed States. The Union government should urgently initiate a course correction on its taxation policy and fiscal autonomy.

Salem Dharandharan is the spokesperson of the DMK and executive coordinator of the Dravidian Professional Forum

✓ **Canon of Equality:** Adam Smith argued that the taxes should be proportional to income, i.e. citizen should pay the taxes in proportion to the revenue which they respectively enjoy under the protection of the State

✓ **Corporate Tax** is a direct tax levied on the net income or profit of a corporate entity from their business, foreign or domestic.

✓ **A cess and Surcharge** is a tax on tax.



THANK YOU

