

CURRENT AFFAIRS

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TOPIC:INFLATION

‘Monetary tools alone can’t tame inflation’

Growth impulses also need to be ‘unfettered’ in current situation, says Finance Minister Sitharaman

VIKAS DHOOT
NEW DELHI

In a barely veiled signal to the RBI, Finance Minister Nirmala Sitharaman said on Thursday that monetary policy tools like interest rate increases deployed by several central banks would not suffice to cool inflation and suggested that the Reserve Bank of India need not synchronise its actions ‘as much’ with its counterparts in developed countries.

While monetary policy as a solution for containing inflation had been considered ‘sacrosanct’, the minister indicated that growth needed attention too, while countries that had been exponents of the monetary policy theory that only increasing interest rates could rein in inflation, had been totally ineffective in managing price



Indian recipe: If you talked to people on the ground, they would stress the need for growth, says FM. ■SUSHIL KUMAR VERMA

rise, Ms. Sitharaman said.

“Why does one country in that network have a 79% [inflation] and why [does] some country, which is the fountainhead of such theory, have the highest inflation in 40 years,” she noted rhetorically. “Why would other

members of that clique of nations also [look] at 8%-9% [inflation],” she asked.

India’s experience in handling inflation showed that many different factors needed attention and while the central bank and its instruments like interest rates

form a ‘very critical part of it’, they could not be the only one, the minister observed.

“I say it with a sense of responsibility... yes, it is one of the tools, but sometimes, for instance in India, if you were to leave the policy makers and talk to people on the ground, they would say, particularly in the situation we are in now, where economic growth would have to be unfettered,” she said.

‘Not prescribing’

“The Reserve Bank will have to synchronise somewhat, may not be as much synchronised as the other western developed countries would do. I am not prescribing or giving a forward direction to the RBI, let me be careful here,” she said at a meet on ‘Taming Inflation’.

“But... India’s solution to

handling the economy, part of which is handling inflation also, is an exercise where the fiscal and monetary policy have to work together. It can’t be singularly left to monetary policy which has proved totally ineffective in many countries whose structure, whose economy’s profile forms the basis of monetary policy theory to rivet everything on interest rate and say that’s the one and only potent tool to manage inflation,” she asserted.

“India’s inflation management is an exercise of so many different activities, majority of which are outside the monetary policy in today’s circumstances,” Ms. Sitharaman said, stressing that such an assertion from a country’s Finance Minister would have been considered ‘sacrilegious’ earlier.

INFLATION

What is Inflation?

- ✓ In economics, inflation (or less frequently, price inflation) is a general rise in the price level of an economy over a period of time.
- ✓ When the general price level rises, each unit of currency buys fewer goods and services; consequently, inflation reflects a reduction in the purchasing power per unit of money – a loss of real value in the medium of exchange and unit of account within the economy.
- ✓ As per RBI, an inflation target of 4 per cent with a +/-2 per cent tolerance band, is appropriate for the next five years (2021-2025).

Types of Inflation

1. Demand-Pull Inflation
2. Cost push Inflation

Measures → central Bank → Monetary Policy

Interest Rate Increase



TOPIC : FUNDAMENTAL RIGHTS

- **Detention** in its simplest sense means to curb the liberty of an individual
- ✓ There are 2 types of Detention:
 - * Preventive Detention
 - * Punitive Detention
- **Preventive detention**
 - ✓ Preventive detention refers to taking into custody an individual who has not committed a crime yet but the authorities believe him to be a threat to law and order.
- **Article 22** of the Indian Constitution provides protection against arrest and detention in certain cases.

UAPA, PMLA, Section 153A: What's the common link?

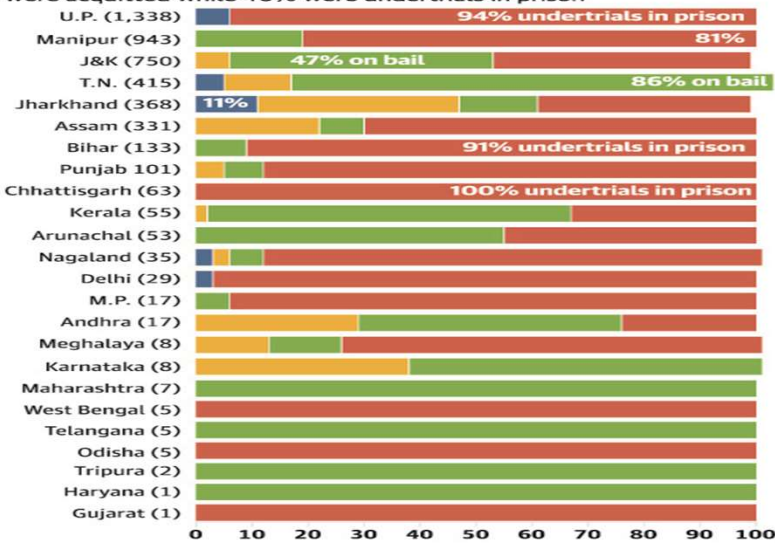
The Unlawful Activities (Prevention) Act (UAPA), Prevention of Money Laundering Act (PMLA), and Section 153A of the Indian Penal Code (promoting enmity between different groups on grounds of religion, race, place of birth, residence) have a common link. In recent days, cases filed under these laws and section are rising, while convictions have remained poor. Under the UAPA, 4,690 persons were arrested between 2018 and 2020, but only 3% were convicted. Till March 2022, 5,422 cases were recorded under the PMLA, but only 23 resulted in convictions. The conviction rate under Section 153A in 2020 was just 20.2%. Moreover, under the UAPA and PMLA, getting bail is tough, and so the accused spend most of the trial period inside prison. For instance, of the 1,338 persons convicted under the UAPA in U.P. between 2018 and 2020, only 6% got convicted, while none of the other 94% got bail. By **Vignesh Radhakrishnan**



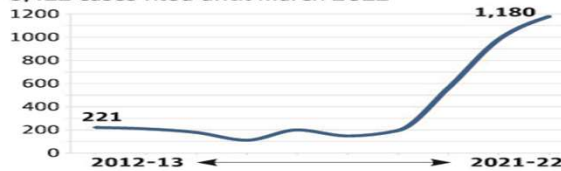
1 Arrests under UAPA | The chart shows the number of people arrested under the UAPA between 2018 and 2020, and the number of people who were convicted, acquitted and got bail



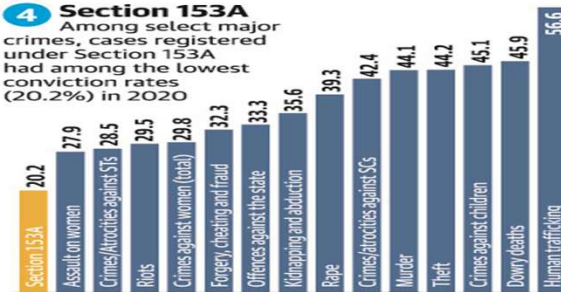
2 UAPA data, State-wise | The chart shows the share of people who were convicted, acquitted, got bail and undertrials in prison, among those arrested under the UAPA between 2018 and 2020. For instance, of the 750 persons arrested (in brackets) in J&K, none were convicted, 47% were on bail, 6% were acquitted while 46% were undertrials in prison



3 Arrests under PMLA | The chart shows the number of cases filed under the PMLA. The case count has increased sharply in recent years. Only 23 have been convicted in the 5,422 cases filed until March 2022



4 Section 153A Among select major crimes, cases registered under Section 153A had among the lowest conviction rates (20.2%) in 2020



Scan the QR code to watch the Data Point video on the issue



Source: Lok Sabha, Rajya Sabha, NCRB

TOPIC : ENVIRONMENT

Odisha govt. cancels shrimp culture leases inside Bhitarkanika

Bhitarkanika National Park

- ✓ Odisha. It is the second largest Mangrove ecosystems of India.
- ✓ The National Park is essentially a network of creeks and canals which are inundated with waters from rivers Brahmani, Baitarani, Dhamra and Patasala forming a unique ecosystem.
- ✓ It is the breeding place for the Salt Water Crocodiles.
- ✓ The Gahirmatha Beach which forms the boundary of the sanctuary in the east is the largest colony of the Olive Ridley Sea Turtles.

TOPIC:HEALTH

The outline of an essential global pandemic treaty

A treaty under the umbrella of the World Health Organization would build coherence and avoid fragmentation



AMAR PATNAIK

COVID-19 would count as being among some of the most severe pandemics the world has seen in the last 100 years. An estimated 18 million people may have died from COVID-19, according to various credible estimates, a scale of loss not seen since the Second World War. Further, with over 120 million people pushed into extreme poverty, and a massive global recession, no single government or institution has been able to address this emergency single-handedly. This has given us a larger perspective of how nobody is safe until everybody is safe.

Widespread health inequity

Health-care systems have been stretched beyond their capacity and gross health inequity has been observed in the distribution of vaccines, diagnostics, and therapeutics across the world. Now, with the World Health Organization (WHO) having declared the monkeypox outbreak as a Public Health Emergency of International Concern (PHEIC) with over 32,000 cases from over 80 countries (August 2022), the world faces the risk of another health crisis.

While high-income economies are still recovering from the after-effects, the socioeconomic consequences of the novel coronavirus pandemic are irreversible in low and low middle-income countries. The monopolies held by pharma majors such as Pfizer, BioNTech, and Moderna created at least nine new billionaires since the beginning of the COVID-19 pandemic and made over \$1,000 a second in profits, even as fewer of their vaccines reached people in low-income countries. As of March 2022, only 3% of people in low-income countries had been vaccinated with at least one dose, compared to 60.18% in high-income countries. The international target to vaccinate 70% of the world's population against COVID-19 by mid-2022 was missed because poorer countries were at the "back of the queue" when vaccines were rolled out.

Even six to eight weeks after the PHEIC declaration, countries, except for Asia, did not take the requisite precautions. Similarly, when world leaders pledged €7.4 billion (\$8.07 billion) in a digital fundraiser for developing a coronavirus vaccine and treatments, the United States did not send any representative. Thus, inequality has also been prolonging the course of the pandemic. And, it is in this backdrop that the creation of a Global Pandemic Treaty was proposed at the Special Session of the World Health Assembly



GETTY IMAGES/STOCKPHOTO

(WHASS). The underlying logic was that as global governance had failed during the pandemic, we needed political commitment to mitigate future challenges.

India's lead role

India's response to the COVID-19 pandemic and reinstating global equity by leveraging its own potential has set an example to legislators worldwide. India produces nearly 60% of the world's vaccines and is said to account for 60%-80% of the United Nations' annual vaccine procurement – "vaccine diplomacy" or "vaccine *maitri*" with a commitment against health inequity.

India was unfettered in its resolve to continue the shipment of vaccines and other diagnostics even when it was experiencing a vaccine shortage for domestic use. There was only a brief period of weeks during the peak of the second wave in India when the vaccine mission was halted. As of 2021, India shipped 594.35 lakh doses of 'Made-in-India' COVID-19

vaccines to 72 countries – a classic example of global cooperation. Among these, 81.25 lakh doses were gifts, 339.67 lakh doses were commercially distributed and 173.43 lakh doses were delivered via the Covax programme under the aegis of Gavi, the Vaccine Alliance. Further, the long tussle with the pharma majors over vaccine patents, especially in the African countries, held back the global vaccination drive. But India stood as a global leader, moving a proposal with South Africa in October 2020 to ask the World Trade Organization (WTO) 'to allow all countries to choose to neither grant nor enforce patents and other intellectual property related to COVID-19 drugs, vaccines, diagnostics and other technologies for the duration of the pandemic, until global herd immunity is achieved'. Even though this proposal was stonewalled by some of the leading countries, it was only in June 2022, that the WTO finally decided to water down intellectual property restrictions in manufacturing COVID-19 vaccines after rigorous efforts.

Lessons learnt, path ahead

In the COVID-19 pandemic, we have seen a multitude of initiatives to address the pandemic and to do better in the future such as the Vaccine Alliance. These are all valuable, but a treaty under the umbrella of WHO would, as highlighted by the journal *BMJ*, build

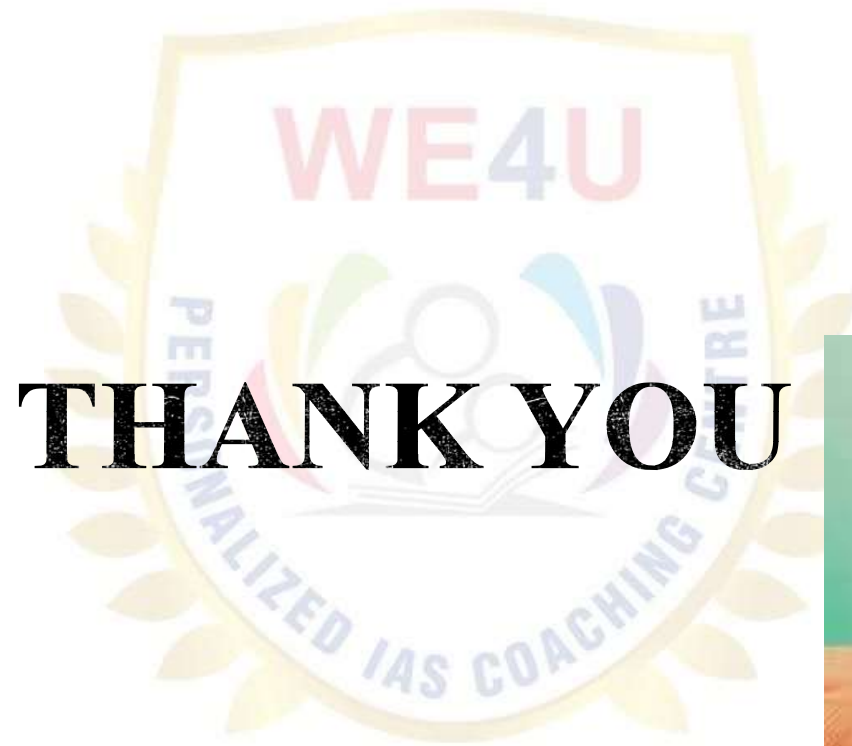
coherence and avoid fragmentation. For example, as a document by the University of Groningen shows, among high-income countries and low- and middle-income countries, while the difference between the number of reported cases was relatively similar until late March 2021 (65.3 and 61.2 million, respectively), high-income countries shared on average 16.5-fold more sequences per reported case (1.81% and 0.11%, respectively).

Thus, as mentioned in the *BMJ*, such a treaty should cover crucial aspects such as data sharing and genome sequencing of emerging viruses. It should formally commit governments and parliaments to implement an early warning system and a properly funded rapid response mechanism.

Further, it should mobilise nation states to agree on a set of common metrics that are related to health investments and a return on those investments. These investments should aim to reduce the public-private sector gap.

Finally, a global pandemic treaty will not only reduce socioeconomic inequalities across nation states but also enhance a global pandemic preparedness for future health emergencies. India must take the lead in this.

Amar Patnaik is a Member of Parliament, Rajya Sabha from Odisha, a former Principal Accountant General, and currently, an advocate



THANK YOU

