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Editorial Discussion & Analysis (EDA)

20th & 21st September 2021

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Note -

- **The Newspaper clippings pasted in PDF are important from Mains point of view as it contains the fodder material for Mains Answer Writing.**
- **Also watch DND video lectures everyday @ 4 PM on Sleepy's YouTube channel in order to understand how to get the most out of everyday's Newspaper .**

Click [here](#) to watch the following topics on YouTube

1. Indian Economy

1.1. City to Recover (Indian Express)

Author - Manish Sabharwal & Rajiv Mehrishi

- Context- India Needs “Good Urbanisation”
- **Urbanisation gets a bad name in rich and poor countries because megacities .**
- Cutting back on urbanisation would hurt the three transitions – farm to non-farm, informal to formal, and school to work.
- India’s problem is not land labour or capital, **Our challenge is the productivity upside of good urbanisation.**
- **50% of our population in rural areas generate only 18 per cent of the GDP.**
- **Tokyo has a third of Japan’s population**
- Planning and investments have ensured that **essential workers like teachers, nurses, and policemen don’t commute 2 hours.**

What are the shortcomings towards Urbanisation in India?

- **15th Finance Commission estimates our 2.5 lakh plus local government bodies only spend Rs 3.7 lakh crore annually.**
- **Lack of Financial Powers- only 13% and 44 % of the budget of rural and urban bodies was raised themselves.**
- Department of Local Self Government in the states has almost unlimited powers- Suspension/removal of mayors and other elected representatives has become a routine.
- **Due to Lack of power ambitious and talented individuals aren’t attracted to city leadership.**
- India inherited a nationally centralised structure and democracy didn’t evolve bottom-up with local government rolling up into state.

Way forward

- Empowering local governments has been seen as a “favour” that involves “sacrifice”. This mindset needs to change and power needs to be devolved further to attract talented individuals in municipal administration.
- **Good urbanisation is also crucial to delivering economic justice for women, children and Dalits.**
- Quality of both healthcare and education in cities remains better than villages by miles.
- **Good urbanisation is about getting power and funds to cities and this needs chief ministers to sacrifice self-interest.**

1.2. Relative Income & Subjective Well Being Connect (The Hindu)

Author - Varsha S. Kulkarni & Raghav Gaiha

- Context- Shared Growth Through Remunerative Employment

What is Subjective Well Being?

- Takes into account not just objective criteria such as income but also individual characteristics including age, gender, schooling, religion, caste, marital status, health, employment, social networks.
- These are influenced not just by objective criterion of income/expenditure but also by perceptions of individuals about their experiences of whether they are better-off, just the same or worse-of.
- Reference- A survey for **India Human Development Survey (IHDS)**, conducted by **National Council of Applied Economic Research (NCAER)** and University of Maryland, covering the years 2005 and 2012.

Highlights of the Survey

- **SWB and income/expenditure are positively related but at a diminishing rate.**
- Happiness varies directly with income both among and within nations, but over time, happiness does not trend upward as income continues to grow.
- **As a society becomes richer, average life-satisfaction remains stable despite income growth**
- Individuals adapt to material goods, and these goods yield little joy for most individuals.
- Increase in Income may have minor lasting effect because consumption of material goods has little effect on well-being above a certain level of consumption.
- **There may be some point beyond which money loses its power to improve well-being.**

1.3. The End of Doing Business Rankings (The Hindu)

Author - R. Nagaraj

- Context- The End of Doing Business!!

Concerns

- EDB index ranks countries by the simplicity of rules framed for setting up and conducting businesses
- Recently World Bank Group scrapped its flagship publication, the 'Doing Business' report.
- There were some Ethical issues raised in preparing the 2018 & 2020 editions of the EDB index.

- Kristalina Georgieva (MD-IMF and CEO World bank) is accused of having exerted pressure on the internal team working on the Doing Business report to falsely boost China's rank.
- It has been highlighted in the investigation that many countries use their influence to manipulate the Numbers of this report to promote an investment friendly climate & improved rankings.

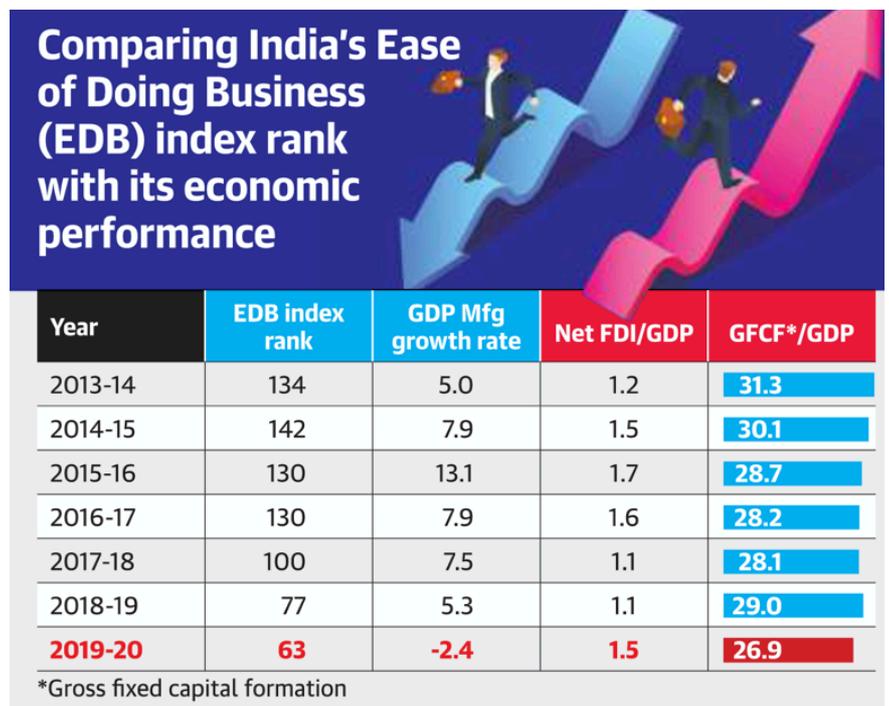
India & Ease of Doing Business

- PM wanted his administration to ensure that India breaks into the top 50 ranks of the EDB index. (Aspiration is not bad)
- **India ranked low, around 130-140, till 2014. However, it zoomed to the 63rd position in 2019-20.**
- India had attributed this success to it's flagship initiatives such as Make In India that had sought to raise the manufacturing sector's share in GDP to 25%.
- However, what appears in the rankings is in strike contrast to the ground reality which cannot be ignored!
- **The annual growth rate in GDP manufacturing (at constant prices) fell from 13.1% in 2015-16 to (-) 2.4% in 2019-20.**
- **Similarly, Chile's rank on the EDB index sharply rose when the conservative government was in power and went down when the socialists were ruling despite no changes in policies and procedure.**

- **There Can't be business without effective Labour Regulations**

✓To improve the rank in the EDB index, India MUST NOT whittle down labour laws and their enforcement and bring them close to the free-market ideal of 'hire and fire'

✓**Maharashtra for instance has rendered labour laws toothless and even outsourced annual inspection & certification to 3rd Party Pvt. Agencies.**



Source: National Accounts Statistics, RBI Handbook Statistics on Indian Economy, and DPIIT, GOI



- ✓ Abdication of the government's responsibility towards workers has reportedly affected industrial relations. **Ex; Workers' strike at Wistron's iPhone assembly factory in Karnataka last year.**
- ✓ Due to poor regulation there has been a rise in severe industrial accidents thereby damaging life and productive industrial asset.
- ✓ **Strong leaders end up using their clout to influence the rankings of such indexes made by World Bank.**
- ✓ **World Bank's decision to scrap its annual publication Doing Business report is welcome**

2. International Relations

2.1. Time for Realpolitik (Indian Express)

Author - Arun Prakash

- Context- Pragmatism Demands Convergence of Interests

What the Big Noise about AUKUS formation?

- These 3 nations are already allied to each other, in more ways than one – the US and UK are NATO allies, and Australia, New Zealand and the US are linked by the ANZUS pact.
- **Will QUAD be relevant in the future?**
- **United Kingdom, post Brexit has distanced itself from EU's position on China.**

What has been China's Reaction in last couple of years?

- China has expressed its unhappiness over QUAD as well as AUKUS.
- **China also apprehensive on the MALABAR naval exercises involving the QUAD nations.**
- China has proceeded to create artificial islands, and to convert them into fortified air bases, despite the UN Court of Arbitration's verdict not in China's favour.
- **China describes AUKUS as an "exclusionary bloc", saying that eventually QUAD will dissipate like Sea Foam.**

Why is there a concern for India?

- **India's failure to acquire any significant high technology from the US, in spite of bilateral ties improving post the Indo-US Civil Nuclear deal.**
- India has to show for its "strategic partnership," is approximately \$22 billion worth of military hardware purchased from US companies. **We need all the technologies being offered to Australia, in addition to "know-how".**
- India will need to seek external balancing. If realpolitik so demands, it must break old traditions and strike new partnerships.
- **What if QUAD becomes irrelevant tomorrow, how will India counter the hegemony from China then.**

2.2. Feud Among Friends (Indian Express)

Author - C Raja Mohan

- Context- How can India benefit from the divide created by AUKUS

India- France Historical Perspective

- Post India's 1974 Nuclear test, the USA ended its commitment to supply nuclear fuel for the Tarapur Atomic Power Station

- **However post 1981 when Ronald Regan came to Power, he was eager to mend this relation with India.**
- **USA's domestic laws prohibited to supply nuclear fuel supply to India, yet International rules did not**
- **It was Regan's administration which reached out to France to Supply Nuclear fuel supply to India.**
- **TaraPur Diplomacy- Win Win for all i.e India got to run Tarapur; the US stayed within the confines of its domestic law; and France got the contract**

How is this relevant to present context?

- There is concern that AUKUS could leave a deep scar on US-EU relations and the North Atlantic Treaty Organisation, and weaken the international coalition in the Indo-Pacific.
- How can Delhi act as a peacemaker here on the sidelines of Upcoming UN Summit to be held later this week.
- Delhi today is a part of a difficult conversation between the US, UK, France, Europe, and Australia points to the growing depth and diversity of India's relations with different parts of the West.
- India's reluctance to engage with the Anglo Saxon Powers because of colonial history is a matter of past now.
- Transformation of India's relations with Australia has occurred despite entrenched scepticism in the foreign policy

Way Forward for India

- **India needs to highlight that there is enough room for the US, UK, France, and Europe to collaborate with Indo-Pacific partners.**
- Objective is to ensure effective deterrence in the Indo Pacific.
- **India's interests lie in deeper strategic cooperation with France and Europe as well as the Quad and the Anglosphere.**
- No room for Rigid Non Alignment hangover while engaging with these countries so as India may meet its "strategic objectives".