

Gist of EPW May Week 3, 2021

Falling behind the Curve is not an Option

Context

The article highlights the centre-state conundrum we see today in India and the aftermath of challenges it brings.

Introduction

- India has become the global epicentre of the pandemic as the second wave of Covid hits the country's daily new COVID-19 transmissions above the 4-lakh mark.
- The political rift between the Centre and States has been seen now, more than ever.
- The union government assured the [Supreme Court](#) that adequate stocks of oxygen and vaccines were available, as state chief ministers were clamouring for more vaccines.
- Later, the Supreme Court was forced to set up a committee to oversee the distribution of oxygen supplies and is now reviewing vaccine policies to accelerate vaccinations.
- Alongside the covid combat, the most worrying fact is that instead of discarding long-held unbridled free-market policies and opting for larger government investments in every major segment of the economy, like most countries are currently doing, India is not doing so.

Conventional Economics in Present Times

- The [National Democratic Alliance](#) government, in its second term, seems set to increase the country's dependence on the private sector.
- The private sector services are generally limited to the top end of the economy and society.
- In such times, even the most free-market economies are resorting to jettison economic orthodoxies.
- The United States, the largest of the free-market economies is increasing corporate tax rates and raising sufficient revenues to adequately invest in public goods and respond to the crisis.
- The US President pointed out that the pandemic has cost 20 million working- and middle-class Americans their jobs even while 650 billionaires added \$1 trillion to their net wealth.
- Some major European economies have come out in support of the US moves on higher corporate taxes and on waiving patent restrictions on vaccines.
- India, with its limited fiscal space, cannot match the US that wields far greater resources to protect lives and livelihood during this wave of the pandemic.
- The sharp reduction in fiscal support and the wilful neglect of the informal sector and migrant workers in this year's union budget show ignorance and negligence.
- They account for a substantial part of the Indian labour force.

- The states also require substantial help to boost the overstretched health infrastructure and overworked personnel.
- The limited foreign assistance leaves the central government with no option but to jettison its orthodox economic policies and substantially boost public spending to provide immediate relief.

Conclusion

- India needs to stand together, keeping aside all the centre-state rifts as the second wave of covid comes out to be even more challenging.
 - The Good Old Economic Policies of Public Spending might offer the help India needs today.
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