

Gist of EPW July Week 2, 2022

The Economic and Political Weekly (EPW) is an important source of study material for [IAS](#), especially for the current affairs segment. In this section, we give you the gist of the EPW magazine every week. The important topics covered in the weekly are analyzed and explained in a simple language, all from a [UPSC](#) perspective.

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1. India's Share of Global FDI Inflows Shrinks Sharply

Context

Release of the World Investment Report 2022.

World Investment Report

- The [UN Conference on Trade and Development \(UNCTAD\)](#) publishes the World Investment Report every year.
- The key focus of the Report is on trends in **Foreign Direct Investments (FDI)** at the global, country and regional levels.
- The Report also analyses the global value chains and the operations of multinational enterprises, with special attention to their development implications and discusses various measures for further development.
- The report contains:
 - Analysis of the trends in FDI
 - Ranking of the largest transnational corporations
 - Policy analysis and recommendations
 - Statistical annexe

Foreign Direct Investments (FDI)

- FDI refers to a substantial investment made by a company or an individual in one country into business interests located in another country.
- It involves acquiring a significant amount of stake in a foreign business or buying it completely to expand the company's operations to a new region.
- FDIs are generally made in open economies that have a skilled workforce and good growth prospects.
- FDIs not only help in infusing capital into an economy but also skills, technology and knowledge.

Key Findings of World Investment Report 2022

- The 2022 edition of the Report highlights that the structure of global FDI flows has been altered remarkably by the COVID-19 pandemic.
- The COVID-19 pandemic resulted in a record level of shrinkage in the share of FDI inflows to developed economies.
 - The key reason for such a reduction in the share of FDI inflows to developed economies is the decline of inflows into the European Union (EU) for two continuous years.
- Developing countries are now reaping a higher share of benefits of global FDI inflows with their share crossing that of developed countries both in 2020 and 2021.
 - FDI inflows to Africa increased by two times in 2021
 - FDI inflows to South America grew by 75%
 - FDI inflows to Asia surged by about 20%
- The report also notes that after a 35% fall in FDI inflows in 2020, the global FDI posted a recovery in 2021, increasing by nearly 64.3%.
- The recovery in the FDI inflows is mainly on account of increased outflows of FDI from developed countries.
- The US has emerged as the largest source of FDIs and accounts for about 25% of total global FDI outflows.
- One of the most important findings of the report is that the disruption of global supply chains and the barriers to globalisation during the COVID pandemic seem to have had no significant impact on the geographical distribution of FDI inflows.
- Despite various countries across the world having promised to reduce their dependence on China, the FDI inflows to China have increased to 20.3% in 2021 from 14.5% in 2020.

FDI Inflows to India

- According to the World Investment Report 2022, **India has improved one position to 7th rank**

among the top 20 host economies for 2021.

- FDI inflows to the **services sector** that include finance, banking, insurance, research and development **increased by about 25%**.
- FDI equity inflow to the **Manufacturing Sectors also has increased by 76%** and is mainly attributed to automobiles, drugs and pharmaceutical sectors.
- The top 5 source countries for FDI inflows in India and their share are:
 - **Singapore - 27.01%**
 - **USA - 17.94%**
 - **Mauritius - 15.98%**
 - **Netherlands - 7.86%**
 - **Switzerland - 7.31%**

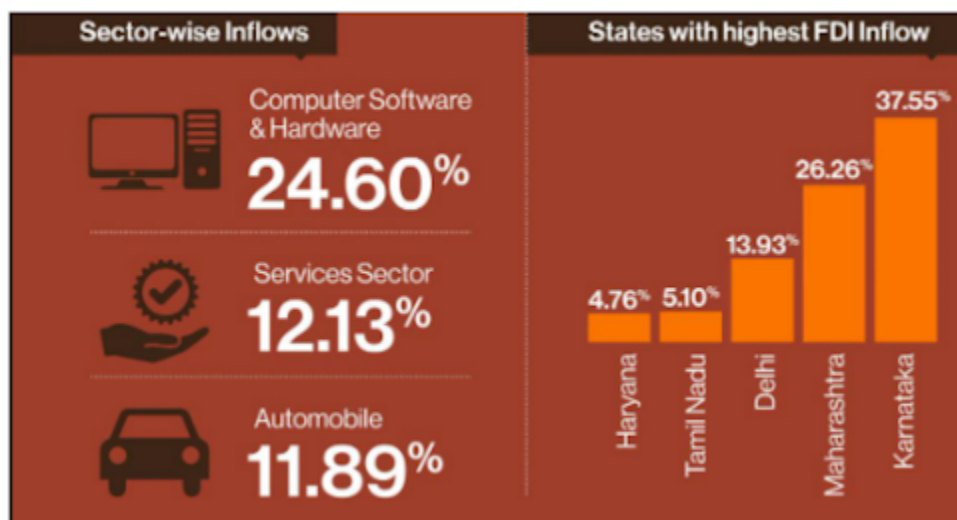


Image Source: BussinessToday.in

Decline in FDI Inflows to India

- However, the **total share of FDI inflows to India is said to have reduced from 3.4% in 2020 to 2.8% in 2021.**
 - Even the Government data on the FDI suggests that equity inflows have reduced by nearly 20% to \$51.3 billion in 2021.
- The major share of the decline in FDI flows in 2021 was because of a **drop in the investments in the computer software and hardware sector** which is the biggest segment.
- FDI inflows have also experienced a **dip in the infrastructure and construction sectors.**
- Experts opine that the **decline of FDI outflows from the EU is a major setback for India.**

Conclusion

The overall drop in the share of FDI inflows into India needs immediate attention of the government,

experts and enterprises. India must try to take advantage of the new opportunities offered by the pandemic to the developing countries. This requires India to reduce its dependence on China and tap the overall potential of increasing inflows from the US, which is now the largest source of FDI.

2. Politics of Knowledge

Context

This article talks about the politics of changing curriculum and structure in the education system.

Details

- Since the start of 2022, the curriculum in various state education boards and at a national level has undergone various changes.
- In Karnataka, the state government had reiterated that all students must adhere to the uniform dress code which was reinforced by the department of education and even by the court.
- In Gujarat, the state government introduced two changes:
 - Teaching in the English language from Classes 1 and 2
 - Inclusion of Bhagavad Gita in the curriculum from Class 6 upwards.
- The Central Board of Secondary Education (CBSE) also disclosed that a few topics from the political science syllabus have been dropped.
- The [University Grants Commission](#) also made an announcement regarding the Common University Entrance Test (CUET) for all central universities.
- Haryana government declared that it will replace grants to universities with loans.

Politics around education at state levels

- Experts believe that key decisions and changes in the educational system are politically important.
- Provincial politics has a large amount of influence on the structure of education at the state level.
- Critics feel that most often the important decisions on education are usually introduced at the time of elections or close to the end of the term.
- Changes in financial allocations for different sectors of education indicate the state's overall views and objectives.
- There have been instances where the government in the states try to change the curriculum to align it with the political ideology of the ruling party.
- Introduction and elimination of religious teachings and preachings into/from the curriculum have also been controversial.
 - This provides momentum to the debate on whether religious teachings can be included in the curriculum of state-supported schools.

- The language used for the medium of instruction in provincial or state boards has also been subjected to various controversies.
- These politically motivated decisions are widening the existing centre-state disparity in terms of quality and standard of education.
 - This impacts the ability of learning and also the cultural and ideological grooming of the students studying in state board schools.

The state of central boards and universities

- Central educational boards and universities are said to have better standards and are comparatively not much influenced by politics.
- The Kendriya Vidyalayas and the CBSE from their initial days have maintained higher standards.
- These schools and institutions were managed at the central level to facilitate continuity in the curriculum of the children of central government employees who are often transferrable throughout India.
- However, the curriculum and the structure of these boards and universities are also being changed in recent years.
 - This can be seen in the decision of CBSE to drop certain topics from the curriculum.
 - Critics feel that such changes are diluting the autonomy of institutions and teachers.
- There have also been instances where central board schools and institutions have silently complied with the unnecessary changes introduced by the respective state governments.

Conclusion

Keep in mind the words of Dr. APJ Abdul Kalam who said “when learning is purposeful, creativity blossoms; when creativity blossoms, thinking emanates; when thinking emanates, knowledge is fully lit; when knowledge is lit, economy flourishes”, it is important to create an environment wherein there is very little to no influence of political parties on the education system in India.