

Gist of EPW September 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. Expansive Social Security Programmes a Top Priority

Context: This article examines the extent of coverage of various social security programmes in India and compares it with the rest of the world.

Background

- The spending on and allocation for social security programmes across the world have witnessed a huge growth post the world wars.
- The social security policies or programmes have largely been centred around extending benefits for old-age (elderly individuals) and universal health coverage (UHC).
 - At present, over 75% of the global population receive old-age benefits and about 66% enjoy UHC.
- Other key social security programmes include
 - Welfare of mothers with newborn children - 44.9%
 - Compensation for work injuries - 35.4%
 - Initiatives for disabled - 33.5%
 - Pensions for the workforce - 32.5%
 - Initiatives for vulnerable sections of populations - 28.9%
 - Children oriented - 26.4%
 - Security against unemployment - 18.6%
- The proportion of the population covered by a minimum of one social security programme is in the 70% to 90% range in BRIC (Brazil, Russia, India, and China) countries.

- However, it is about 75% of the population in the US and close to 100% in countries like Germany and France.

Programmes that have been accorded top priorities in India

- In India, programmes related to universal health coverage (UHC) have received the highest coverage with over 55%.
- UHC is followed by benefit programmes for elderly individuals with 42.5% and benefits for mothers with newborns with about 41.5%.
 - This is because high maternal and infant mortality rates are a key challenge in the country.
- Another key area of social security coverage has been protection from work injuries.
 - At present, over 33% of the population in the country is provided with some sought of protection from work-related injuries.
 - The extent of coverage in this area is better than the global average and other upper and middle-income countries.
- Social security programmes for children have also attracted top attention in the country with about 25% coverage which is close to the global average and better than most of the lower and upper-middle-income countries.
 - The successful implementation of the [Mid-day meals programme](#) has also contributed in this regard.

Social security programmes that are lagging behind in India

Currently, India lags behind in providing social security benefits in various key areas such as:

- **Unemployment:** Benefits for unemployed individuals are completely absent (0%) in India as compared to advanced and developed economies where unemployment benefits are available to over 50% of their population.
- **Social security benefits for the disabled:** The coverage of the disabled under various social security programmes is extremely low in India (5.6%).
- **Pensions for the workforce:** India's percentage of coverage (15.5%) in this area is less than half of that of the global average and is also very low compared to other lower and middle-income countries.
- **Aid to vulnerable persons:** The share of social security currently extended to vulnerable persons such as fisherfolk and migrants is also very less in India (16.4%).

Key concerns

- The reports of the [International Labour Organization \(ILO\)](#) have highlighted the level of social security deficit in India.

- Studies show that the share of Indians who enjoy at least one social security benefit was just 24.4%.
- The numbers are less than that of the Asia-Pacific region average of 44.1% and the global achievement of 46.9%.
- Even countries like Malaysia, Indonesia, Bangladesh, Sri Lanka, the Philippines, Vietnam, and Thailand have performed much better.
- The low coverage in pensions for the workforce is a key cause for concern because of the huge share of the informal sector workforce and the increasing number of elderly in India.
- The low coverage of social security programmes among the vulnerable sections has also become a key challenge in the wake of the disruption of livelihood activities due to the [COVID pandemic](#).
- Further, inadequate funding for various social protection programmes is said to be the key reason for the limited coverage of social security programmes in India.
- As per the ILO estimates, the total expenditure on social security in India was seen to be only 1.4% of the GDP, while another 1% of the GDP was spent on improving healthcare.
- Social security spending was seen to be 12.9% of the global GDP.
- Countries like Brazil, Russia and China have spent about 15.7%, 13.4%, and 7.2% of their GDP respectively and countries like the US, Germany and France have spent 18.9%, 19.4% and 23.9% respectively.
- Further, India has spent only 0.3%, 0.3%, and 0.1% of its GDP respectively on social security programmes for old-age citizens, working-age populations and children as compared to the global average of 7%, 3.6% and 1.1% of global GDP respectively.
- The lack of budgetary allocations for social protection programmes is a key challenge and can impact the ability to tackle economic and natural crises.

2. Sri Lanka–China Relations

Background Details:

- The Sri Lankan foreign policy choice to maximize its benefits can be attributed to multiple factors like:
 - Its geostrategic location is in the Indian Ocean.
 - Sri Lanka's aspiration of infrastructure development.
 - Proximity to India.
 - Development assistance by China.
- China's increasing involvement in Sri Lanka forces the Indian government to overlook the interest of domestic electoral voters so that it can keep China away from itself in the

Indian Ocean. Meanwhile, China wants to engage with the island nation so that it can protect and expand its commercial as well as security interests in the region.

China-Sri Lanka Relations:

- Even though Sri Lanka and China don't have a common border, their relationship is said to be thousands of years old, as evident from the ancient scriptures and books like the Book of Han Dynasty and ancient Roman history books.
- The interaction between China and Sri Lanka in historical times is also evident from:
 - Travel journals of the Chinese monk Faxian.
 - Inscriptions on a stele (referred to as Galle Trilingual Inscription) about the visit of Chinese sea voyagers, etc.
- Sri Lanka recognized the People's Republic of China in 1950, after its independence from Britain in 1948. Sri Lanka and China established their full diplomatic relations in 1957.
- Moreover, China's interest in Sri Lanka has increased because of its geostrategic position in major sea lines of communication (SLOC).
- The 1963 maritime agreement between China and Sri Lanka facilitated the most favoured nation treatment for both countries' commercial vessels that were engaged in passenger and cargo services between both countries.
- Furthermore, Sri Lanka is highly dependent on the [Belt and Road Initiative \(BRI\)](#) for funding its developmental and infrastructural needs. Thus, the Maritime Silk Road Initiative (MSRI) is crucial for Sri Lanka to emerge as an important player in developing trading ports in the Indian Ocean. Sri Lanka formally accepted the BRI in 2015.
- China does not have a specific policy for South Asia, instead follows the approach of "neighbourhood diplomacy." It is believed by many Chinese scholars that the strategic location of Sri Lanka on the important sea routes between the Western world, Africa, West Asia, and the Far East, makes it a very important country in the Indian Ocean region.
- The relations between the two countries are developing at a rapid pace. Even though there is no [free trade agreement \(FTA\)](#) between the two, the ratio of Chinese imports to Sri Lanka's gross domestic product (GDP) has increased from 2.6% in 2005 to 4.8% in 2019.
- China's direct investment in Sri Lanka has increased from nearly \$16.4 million in 2005 to \$338 million in 2015. The overall value of Chinese infrastructure investment in Sri Lanka amounts to \$12.1 billion between 2006 and 2019.
- But various experts are of the view that Sri Lanka's ongoing economic troubles can be attributed to the "debt trap diplomacy" of China. However, this view is often countered by many experts from both Sri Lanka and China often highlighting that:
 - Sri Lanka's external debt from China is less than Japan, the World Bank, and the [Asian Development Bank](#).

- Sri Lanka's internal structural imbalances like fiscal expenditure and debt management are majorly responsible for the foreign exchange crisis.

Strategic options available for Sri Lanka in 1948:

- Sri Lanka's decision to become an independent member of the [Commonwealth](#) and sign defence agreements with Britain was majorly driven by the fear of being absorbed by India and India's ambition to become a dominant country in the South Asia region.
- The majority of the Sri Lankan scholars are of the view that the greatest international security threat for Sri Lanka is India because of its size, large population, geographical proximity, and technological and military capabilities.
- The following strategic options were suggested for Sri Lanka post its independence in 1948:
 - Formulating a foreign policy that would not favour any particular country and was either isolationist or would build friendly relations with all countries at an equal level
 - Aligning with a stronger potential adversary - India
 - Implementing a foreign policy that would hedge between India and other regional powers
 - Building relations with a strong and established power could mitigate the uncertainty of Sri Lanka because of its close proximity to India
- The first two options were implemented by Sri Lanka at an early stage but changing regional environment, development needs, and ambition to put Sri Lanka on the trading map forced the country to adopt the last two options available.
- However, it was also cautioned that the adoption of any strategy that challenges India's security and power could be a potential disaster for Sri Lanka.

India's Perspective:

- India is also trying to build relations with Sri Lanka through terminals and port developments to counter the Chinese presence in the region. New Delhi is also pushing for the Economic and Technology Cooperation Agreement (ETCA) to expand the FTA of the two countries to trade in services and the service sector.
- India is not satisfied with China's growing footprint in the region and the responses of Sri Lanka. India is developing its own projects in collaboration with Japan.
- Balancing the domestic electoral in South India and the increasing China challenge in Sri Lanka has put India into a dilemma. The Indian community is of the view that Sri Lanka's ambitions to become a commercial, maritime, energy, and knowledge hub thereby connecting Asia, Africa, and Europe are pushing Colombo towards China, which is against Indian interests. And thus India is forced to give more importance to foreign affairs rather than domestic aspirations.

For more on India-Sri Lanka relations, read here: [India - Sri Lanka Relations for UPSC](#)

China's Perspective:

- China and Sri Lanka signed an agreement “Action Plan of the People’s Republic of China and the Democratic Socialist Republic of Sri Lanka on Deepening Strategic and Cooperative Partnership” in 2014.
- Sri Lanka wishes to use Colombo and [Hambantota](#) as wings of economic expansion. Colombo will be used as a political, commercial, tourism, and cultural centre whereas Hambantota will be a centre for aviation, port logistics, international shipping, and industry.
- China’s accessibility to a transportation hub in the Indian Ocean will ensure developing economic and commercial cooperation with Africa and Europe. It should be noted that more than sixty percent of China’s oil imports come from West Asia and Africa, making the Indian Ocean extremely important for the energy security of China.
- China views India as a dominant player in the South Asian region and thus seizes every opportunity with Sri Lanka and other countries in the region to balance India.
- Moreover, China is also apprehensive of the United States and India pushing for an Indo-Pacific policy.

Way Ahead:

- Many Chinese experts favour the “China–India plus” approach in Sri Lanka, as both Sri Lanka and India are important allies for China in the South Asia region. They also suggest that building a strategic cooperative partnership with India will bring peace and prosperity to the region characterized by friendship and mutual assistance.
- India, China and Sri Lanka can explore the trilateral mechanism.
- India must also forge a strategic alliance with Sri Lanka to persuade the leaders and citizens of the country about its good intentions. It would leverage navigation and strategic manoeuvring in the Indian Ocean region.

Conclusion

- The ever-increasing strategic partnership between China and Sri Lanka serves the interests of both countries. FDI and financial assistance are critical for sustained growth rates in Sri Lanka. However, Sri Lankan experts have also highlighted that China may not be the ideal counterbalance to India.
- For China, Sri Lanka offers a foothold in the Indian Ocean to offset sea lines of communications and expand its share of influence in international politics.
- From India’s perspective, New Delhi is suspicious of the increasing Chinese involvement with Sri Lanka. India is proactively engaging with Sri Lanka because of its deteriorating

mutual trust and heightened border tension, thereby securing its interests in the region and countering assertive China.