

## Gist of EPW December Week 3, 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. Rising Inequalities in Income in India

#### Introduction:

- According to a study by Lucas Chancel and Thomas Piketty (2017), the average annual real per adult income growth in India accelerated from 1.7% during 1951–80 to 3.3% during 1980–2015.
- However, for the bottom 50% income group, it decelerated from 2.2% to 1.9% over the same period, despite acceleration from 1.2% to 5.1% for the top 10% income group and from 0.2% to 6.6% for the top 1% income group.
- These growing income inequalities in India are part of a larger set of rising income inequalities in several parts of the world.
  - According to the World Social Report 2020 by the [United Nations](#), two-thirds of the world's population today lives in countries where income inequality has grown.

#### Avoidable Rise in Income Inequality post-Globalisation:

- Experiences of several countries that embarked upon globalisation while simultaneously pursuing policies to reduce inequalities showed that the rise in income inequalities post-globalisation was avoidable.
- Apart from globalisation and technical change, domestic factors and policies have also resulted in increased inequality.

- The influence of democratisation, the emergence of new social movements, the growth of social safety nets and educational opportunities, and favourable commodity prices are some of the political and economic causes of falling inequality.
- In general, two leading factors accounted for the decline in inequality:
  - A decrease in the earnings gap between skilled and low-skilled workers as a result of the expansion of basic education.
  - An increase in government transfers to the poor with the implementation of large-scale, conditional cash transfer programmes, linked mainly to the schooling of children.
- Achieving inclusive development depends on uniting like-minded political parties around demands for social justice and environmental protection, as seen by the experience of the nations that pursued globalisation alongside efforts to alleviate inequities.

### **Socio-Political Factors:**

- The prevailing inequitable socio-economic structure within the country and the influence exerted by the socio-economically privileged sections on economic policymaking and implementation may be responsible for the rise in inequality.
  - For example, in China, globalisation since the 1980s has led to high inequality. A study by the [International Monetary Fund](#) attributed this to unequal access to quality education in China in the post-globalisation period.
  - Further, the country's authoritarian political set-up could have resulted in special privileges being enjoyed by the limited groups having political clout.
- Recent evidence from the Organisation for Economic Co-operation and Development ([OECD](#)) showed a negative correlation between the income inequality within a region and the region's growth, which resulted from underinvestment in human capital by the lower-income groups.
- One of the emerging concerns about the dramatically rising inequality in countries like the US is that it results in an unbalanced distribution of political power, which reinforces inequalities and may have a corrosive effect on democracy by itself.
  - Voter apathy and the decline in voter participation are attributable to the decline in government expenditure on social development and welfare measures as a proportion of GDP since the late 1980s.
- A key challenge in countries across both the developing and the developed world, therefore, is how to harness collective action for reducing inequalities.

### **Inclusive Development in India:**

- In the post-reform period, India's poverty reduction was slower than expected and economic inequalities increased significantly with various deprivations, such as lack of adequate healthcare, education and undernutrition.

- The Twelfth Five Year Plan defined “inclusive growth” as the growth process that is broad-based and in which wider sections of the population, especially those excluded, participate.
  - This entails boosting the [GDP](#) growth rate in underdeveloped areas through the construction of necessary infrastructure, such as giving agriculture the proper priority because it contributes to food security and employs large portions of the population, as well as giving labour-intensive industries like manufacturing and construction high priority because they create more job opportunities and raise wages.

### Major Areas of Concern:

- ***Regional disparities in development:***
  - Growing interstate disparities in per capita gross state domestic product (GSDP) is a significant source of growing income inequalities at the aggregate national level in the post-economic reform period.
- ***Rural–urban disparities in income:*** The growing rural–urban disparity in income is another significant reason for the rise in income inequalities in the country.
- ***Inadequate public expenditure on education and healthcare:***
  - Lower public expenditure on education and the increasing privatisation of the sector in India has adversely affected all three major goals of education—namely access, equity, and quality.
  - Public expenditure on health in India is quite low at around 1% of the GDP. This accounts for only 30% of the total health spending, while more than 60% comprises out-of-pocket expenses. The predominance of high-cost private healthcare pushes millions towards poverty every year.
- ***Slow pace of social inclusion of marginalised sections:***
  - The incidence of poverty, or the proportion of people below the poverty line, is the highest for [Scheduled Tribes](#) among all social groups, with Scheduled Castes showing the next highest incidence of poverty.
  - With the growth and reduction in the incidence of poverty in the country, poverty is increasingly concentrated among SCs and STs.
  - Public expenditure on the social development of the marginalised sector has increased from 0.9% of GDP in 1990–91 to a mere 2.1% of GDP in 2016–17.
- ***Slow pace of empowerment of women:***
  - Discrimination against the girl child persists in India, as neonatal mortality for female children under the age of one is significantly higher for girls than for boys.
  - The child [sex ratio](#) in the country continues to show a declining trend.
  - Across India, over half of all women (53%) are undernourished and anaemic.

- The [labour force participation rate \(LFPR\)](#) for women is lower than for men. The LFPR for men in India fell by around 17% from the peak during 1993–94 to 2018–19, but the decline was higher for women at 33%.
- **Slow rise in tax revenues:** The growth in direct tax revenues over the post-reform period was sluggish and reached 7.4% of GDP in 2020–21.
- **Slow pace of decentralising development:**
  - The elected Panchayats have been deprived of necessary functions, finances, and functionaries. Further, certain state governments have been active in pursuing top-down development and governance by floating numerous schemes and parallel implementation structures, which cut at the very root of PRIs.

## 2. Impact of COVID19 on Gender Gap in India's Labour Market

### Introduction:

- The Indian economy is dealing with a unique dilemma, such that despite gains in female education and falling fertility rates, only about a fourth of Indian women participate in the workforce.
- COVID-19 has only worsened this situation, displacing millions of women from the labour force itself. Recent data shows that COVID-19-induced lockdowns have had a disproportionate impact on women's employment.
  - 37.1% of women compared to 27.7% of men lost jobs in April 2020 due to the lockdown.
- In January 2022, the women's labour force is 9.4% lower than in January 2020 versus 1.6% for men.
- Prevailing sociocultural factors such as the increased burden of unpaid domestic work, gender digital divides, mobility restrictions, and the lack of institutional support at workplaces are discouraging women's return to work.

### Long-term Trends in Female Labour Force and Work Force Participation:

- The difference between the proportion of men and women in the labour force has remained at around 40 percentage points over the last 40 years.
- India's female labour force participation rate (FLFPR) for those in the working age (15 years and above) declined steadily from 47.1% in 1987-88 to 23.3% in 2017-18.
  - In the last two [Periodic Labour Force Surveys](#) conducted by the National Sample Survey Organisation, the FLFPR has improved slightly, rising to 24.5% in 2018-19 and further to 30.0% in 2019-20.
- The exodus of rural women from the labour force has been a key driver behind falling FLFPR, especially since 2004. The rural FLFPR has remained constant at 20.5% since 2011-12, increasing marginally to 23.3% in 2019-20.

- Over the last 40 years, there was an increase in the proportion of employed women working as salaried or regular workers in urban areas.
  - The proportion of women in salaried work almost doubled from 25.8% to 54.2% between 1983-84 and 2019-20 in urban areas.

**Impact of COVID-19 on women’s work:**

- Women bore the immediate impact in all three waves of COVID-19 and the subsequent lockdowns.
  - Following the lockdown in March 2020, about 113.6 million workers lost their jobs between March and April 2020, out of which 15.4 million were women.
  - While the absolute fall in male employment was far greater, the proportionate fall for women was higher since 37.1% of women lost their jobs compared to 27.7% of men.
  - In the second wave, approximately 7.4 million people lost their jobs in April 2021, with 5.4 million women (12.9% of the female labour force) losing their jobs compared to 1.9 million men (0.5% of the male labour force).
  - In April 2021, the number of employed urban women grew from 9.3 million (in March 2021) to 9.5 million. On the other hand, 5.7 million rural women lost their jobs in April 2021 alone, thus resulting in a net job loss of 5.4 million for women.
- Women’s employment was slower to recover, as compared to men, with employment recovery for urban women being the slowest.

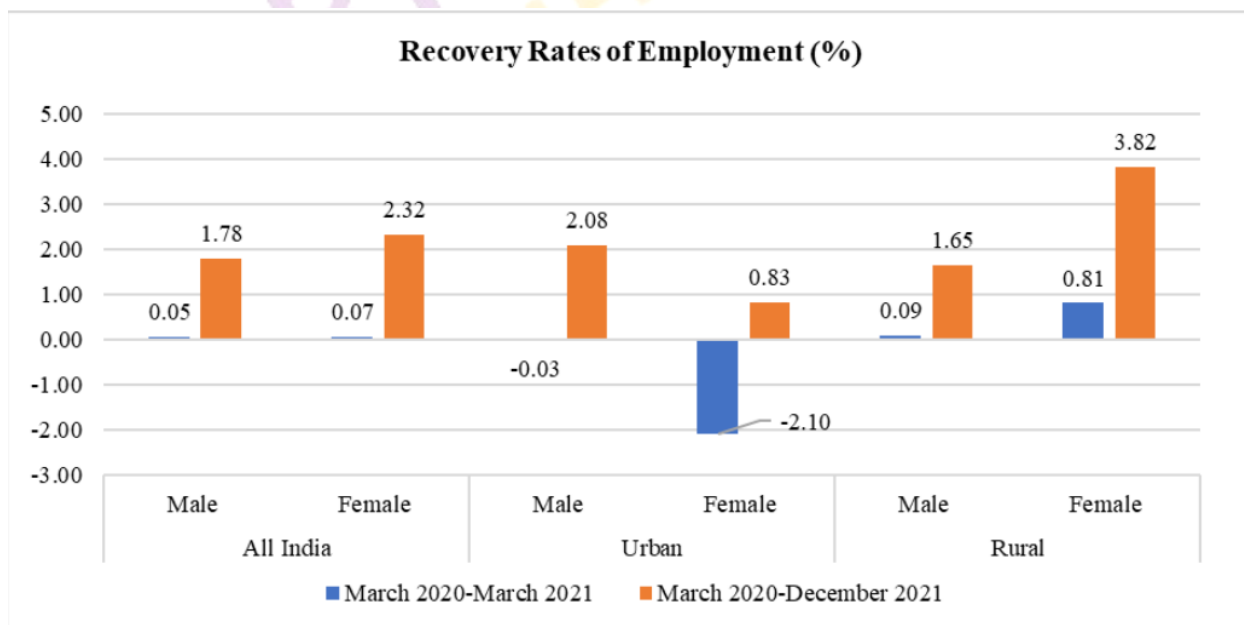


Image Source: EPW

- COVID-19 hampered income growth for women-led enterprises, signalling a long-term impact.

### **Sociocultural Factors driving the Trends in Women's Employment during COVID-19:**

- ***Increase in burden of unpaid work:***
  - Prevailing cultural norms expect women to prioritise unpaid domestic work, sacrificing paid work in favour of care responsibilities in the home.
    - There was an increase in the domestic workload for women since the start of the pandemic. This was largely driven by school closures, closures of childcare centres, an increase in elderly care, and the presence of husbands/male relatives for longer periods at home.
    - Even in pre-COVID-19, working-age women spent 5.6 hours on unpaid work versus 40 minutes for men.
- ***Gender Digital Divide:***
  - In India, there is a huge gender gap of up to 15% in mobile phone ownership and 20% in internet usage in 2020.
  - Adolescent girls were denied access to smartphones by their families, disrupting online schooling and/or skill training.

#### ***Mobility Restrictions:***

- Heightened mobility restrictions and disruption of public transport services lowered women's access to workplaces, hampering their ability to participate in the labour force and earn livelihoods.

#### ***Lack of Institutional Support in the Work Ecosystem:***

- Women working in both formal and informal set-ups faced worsening working conditions during COVID-19, prompting them to opt for changes in their job, or even exit the labour force altogether.

### **Way Forward:**

- Given the impact of COVID-19 on labour markets, the government can consider devising a short- to medium-term strategy for job creation, which is gender-sensitive, and has clear targets for the creation of women's employment in both urban and rural areas.
- States and the central government can work with small businesses to devise schemes which incentivise [micro, small and medium enterprises \(MSMEs\)](#) which hire a minimum proportion of women in the workforce.
  - Incentives can also be provided for retraining and upskilling activities of their women employees.
- The Government can expand the [National Rural Livelihood Mission](#) to assist women SHGs in scaling up to small enterprises and formalise, and pivot towards new businesses.

- Preferential procurement quotas for women-led enterprises for public sector contracts can also be reassessed and increased from the current 3%.
- Although roughly half of the applicants for the flagship [Prime Minister Kaushal Vikas Yojana \(PMKVY\)](#) for short-term skilling were women over the period of 2016 to 2020, they remained concentrated in conventional, "feminised" industries like beauty, clothing, and healthcare.
  - The Government of India could incentivise skill training institutes to increase women's representation across trades, and create gender-sensitive infrastructure at skilling institutes.
- Increase compensation of [ASHA](#) and Anganwadi workers.
  - In line with the recommendations of the Parliamentary Standing Committee on Labour (2020), ASHAs and AWWs should be recognised as employees, not volunteers, making them eligible for fixed monthly income and social security benefits.

### 3. Fertilisers

**Context: Overuse of fertilisers has transformed into a condition of exploitation of the soil.**

**Detail:**

- At the time when India got independence we were a country with limited food stock to meet the needs of our population. This had forced Indians to plead with other countries for supply for foodgrains in order to feed our population. Moreover, multiple wars with neighbouring countries and two consecutive droughts (in 1965–66 and 1966–67) further increased food security concerns in India during the 1960s.
- As a result, increasing our food grain production has become a very earnest task for our policy makers.
- This task of increasing the foodgrain production was envisaged through the dedicated programme called Green revolution. It propagated the idea of using a **high yielding variety of seeds, fertiliser application, and sufficient irrigation**.
- In the first phase the green revolution took place in Punjab, Haryana, and western Uttar Pradesh.
- With the spread of the green revolution to other parts of the country, the use of fertilisers increased exponentially.
  - According to the data released by the government, more than **three-fourths of the gross cropped area (GCA)** in the country is currently under the influence of chemical fertilisers.
  - In order to release nutrients into the soil as chemical fertilisers, a much higher quantity (in the range of 12 to 40 times) of organic fertilisers (crop residues, composts, animal wastes, etc) has to be applied.

## Soil quality and fertiliser Application

- Generally, fertiliser application depends upon soil quality and nutrient requirement of the crops. Specific doses of fertilisers are recommended to replenish the soil with necessary micronutrients and macronutrients.
- Nitrogen is the most important macronutrient for the cultivation of paddy and wheat.
  - More than **80% of soil samples in India reported very low to low nitrogen content.**
  - More than half of the soil samples reported **medium to high phosphorus content** and more than three-fourths of the samples reported medium to high potassium content.
  - In India, only 3% of the soil samples are neutral, while an overwhelming 71% are moderately alkaline.
  - It has been estimated that **28 kilograms (kg) of nitrogen is removed from the soil to produce 1 tonne of wheat.**
  - In India, urea is the most extensively used nitrogenous fertiliser because of its low cost. Globally also, urea **accounts for 56% of nitrogenous fertilisers used in cultivation.**
  - There has been a general perception that more application of ureas would lead to an increase in crop production. However, studies have indicated that no such correlation exists, and the optimum usage varies depending upon agro-ecological factors.
  - It has been estimated that **half of the nitrogen used for crop production is lost into the environment, with serious environmental implications.**

## Fertilisers policy in India:

- With the adoption of a new agricultural strategy (green revolution) in the late 1960s, demand for fertilisers began to rise, and providing affordable fertilisers became a crucial policy concern for the government.
- A retention price scheme was introduced in 1977, to increase investment in fertiliser production. It basically functioned as a **subsidy scheme for factories producing fertilisers.**
- It was only in **1992 that prices of phosphorus- and potassium-based fertilisers were decontrolled for the first time**, while urea and other nitrogen-based fertilisers continued to enjoy the subsidy.
- **Subsidy on urea continued even after 2010**, when the country shifted to a nutrient-based subsidy scheme. It was only in 2015 that improving fertiliser quality was accorded due recognition even though price subsidy in urea continued.



- Urea prices in India are roughly **one-third of world prices**, Urea prices have been kept artificially low by subsidising both indigenously produced as well as imported urea. While prices of DAP and potassium-based fertilisers have increased significantly.
- This skewed policy has resulted in a disproportionate increase in fertiliser use.

#### **Effect of high nitrogen usage:**

- When nitrogen-based fertilisers are applied, they are partly absorbed by the crop, a part is retained by the soil, and the rest is washed away by running water, polluting both the surface and groundwater.
- Washed away fertiliser results in a **higher-than-permissible quantity of nitrogen (45 mg/lit) in the water**. In India, approximately **400 districts are affected by excessive nitrogen in the surface and groundwater**.
- Overuse of urea has contributed to this contamination and has resulted in the soil becoming acidic in areas where it is naturally alkaline.

#### **Way forward:**

- It is important to rationalise the use of fertilisers for environmental sustainability and for maintenance of the ecosystem.
- Use of neem coated urea and nono urea should be popularised through **awareness generation and community discussion**.
- Crop rotation is another important way of maintaining balance in the soil nutrient level. Steps must be taken to promote crop rotation.
- Efforts must be made to disperse the knowledge gained by scientific institutions regarding soil science to the farmers of the country. It will encourage them to make judicious use of fertilisers.

## **4. Food Security**

### **Context: Importance of food security for inter-state migrant workers.**

#### **Detail:**

- According to **the Food and Agriculture Organisation's State of Food Security and Nutrition in the World (SOFI) 2022**, the India-specific figure for severe food insecurity is 307.7 million people, or 22.4 per cent.
- In 2020, India **accounted for 973.3 million out of the 1,331.5 million people** who could not afford a healthy diet in South Asia.
- Internal migrants in the country are more than external migrants. As a result, migrant labour constitutes the majority of the hungry people in the country. Therefore, in order to meet [Sustainable Development Goals](#) it is pertinent that the food security of the migrants is taken care of.

- In order to address this food crisis for migrant labour, the **“One Nation One Ration Card”** (ONORC) scheme was envisaged.

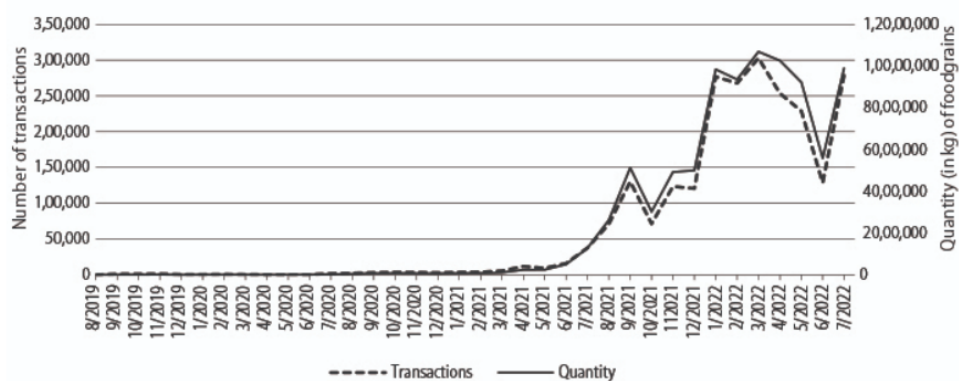
### What is the One Nation One Ration Card Scheme?

- It is a national ration card that will enable migrant workers and their families to access the public distribution system (PDS) benefits from any fair price shops across the country.
- The **Ministry of Consumer Affairs, Food and Public Distribution** rolled out a pilot scheme titled, One Nation One Ration Card Scheme.
- It was reported by the Central Government that about **86% of beneficiaries under the NFSA** were brought under the One Nation One Ration Card plan.
- In this scheme, beneficiaries can lift their entitled foodgrains from any **electronic point of sale (ePoS) enabled FPS** in the country through portability.
- Aadhar Cards will be seeded with ration cards which will help beneficiaries get the ration using the same ration card.

### State of One Nation One Ration Card (ONORC):

- With India and the world facing a resurgence of food inflation driven by several contemporaneous supply shocks, it is important to assess whether the ONORC programme is serving the purpose of food security.
- The core idea behind the ONORC is to make **food entitlements portable across the country**.
- After linking one’s Aadhaar and ration card, buyers can visit any FPS and demand their monthly entitlement. At the back end, this required the **end-to-end digitisation** of the PDS and some reallocation of foodgrain supplies from migrant sources to host states.
- Moreover, **out of the 4.88 lakh ration shops with point of sale (POS) machines, a mere 34,538 sold foodgrains** to an interstate migrant in the last three years.

**Image: Monthly transactions and quarterly transactions by inter-state migrants**



Source: EPW

- More than **90% of purchases were made by migrants from just two states, UP and Bihar**, even though they account for only **37% of interstate migrants as per Census 2011**.
- Ration card portability features are used very rarely by migrant labourers.
- Around **28% of cardholders from UP and 25% of cardholders from Bihar** purchased grains only once in three years, while this figure stands at close to **40% for migrants from other states**.
- Clearly, interstate migrants do **not buy food grains at nearly the same frequency as intra-state migrants or fixed consumers**. This can be either because they **frequently migrate back to their home states**, or more concerningly, because the **dealers are reluctant** to sell to them.
- Only **8% of FPS conducted 80% of the transactions** involving interstate migrants.
- Dealers are especially reluctant to sell to migrant workers because they fear running out of grains for their regular customers.

Various data suggest that while almost all states have instituted the one nation one ration card scheme, not all migrants seem to be benefiting from it. Therefore, it is imperative that loopholes existing in these schemes need to be eliminated for greater inclusion and last-mile connectivity.