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The essence of India's inflation problem

(The Hindu, 17-08-24)

What is the main suggestion made by the Economic Survey regarding inflation control?

- Remove food prices from the inflation target set for the Reserve Bank of India (RBI)
- Target 'core' inflation instead of 'headline' inflation
- This suggestion has significant implications for inflation control in India

Why is this suggestion problematic for India?

- Food accounts for nearly 50% of household expenditure in India
- High food share in expenditure indicates lower living standards and higher poverty
- Ignoring food price changes would neglect what matters most to a large section of the population
- Food price inflation in India has been consistently positive for the past 13 years

Can the RBI effectively control core inflation?

- Historical data shows RBI has rarely achieved its core inflation target
- Increasing repo rates may actually lead to a rise in inflation rate
- Food price inflation is a determinant of core inflation.
- Monetary policy via interest rate changes cannot control inflation as the central bank has no control over food prices.

What alternative approach does the article suggest for controlling inflation?

- Focus on supply-side measures to raise agricultural yield
 - Providing better quality seeds and fertilizers
 - Offering farmers education on modern agricultural practices
 - Investing in agricultural research and development
- Adopt a comprehensive approach to agricultural production
 - Considering the needs of different types of farmers (small, medium, large)
 - Incorporating climate change adaptation and mitigation strategies
 - Improving rural infrastructure (roads, storage facilities, etc.)
 - Enhancing market access for farmers
 - Promoting crop diversification to reduce risk
- Keep costs in check to ensure steady food prices as population and economy grow
- Avoid relying solely on income transfers to households, as this could strain the budget

Can you answer the following question?

Evaluate the proposal to exclude food prices from India's inflation target. Discuss the potential implications of this change on monetary policy effectiveness and the welfare of the general population. Suggest alternative approaches to managing inflation in the Indian context.

Ensuring social justice in the bureaucracy

(The Hindu, 17-08-24)

What issue did Rahul Gandhi raise in his parliamentary address?

- Lack of SC/ST officers among the 20 who assisted in framing 2024 Budget proposals
- Only one officer from minorities and another from OBC category involved
- Highlighted lack of representation from poor and deprived sections in crucial economic policy-making

Why is there a lack of SC/ST officers at senior levels in civil services?

- Out of 322 officers at Joint Secretary and Secretary level, only 16 SC, 13 ST, 39 OBC
- Continuing domination of upper castes at senior levels: Historical advantage and entrenched networks
- No reservation for promotions in Class A services → Limits upward mobility for SC/ST officers
- Later entry age for SC/ST candidates i.e Up to 37 years, compared to 32 for general category. Therefore, they retire at lower or middle levels before reaching top positions.
- Lack of mentorship and support systems → May hinder career progression for SC/ST officers
- Possible bias in performance evaluations → Unconscious biases may affect promotion decisions
- Educational disparities → May impact competitive exam performance and subsequent career growth
- Socio-economic factors → Limited access to resources for exam preparation and career development
- Limited networking opportunities → May affect access to key assignments and promotions
- Possible resistance to change from established power structures → Reluctance to alter status quo in higher bureaucracy
- Lack of role models in top positions → May discourage aspiring SC/ST candidates
- Insufficient focus on diversity in leadership development programs → May not adequately prepare SC/ST officers for senior roles

What are the consequence of not having adequate diversity (SC/ST officers) at senior levels in civil services?

- Limited perspective in policy-making
 - Lack of insights from diverse socio-economic backgrounds
 - Potential blind spots in addressing issues affecting marginalized communities
- Reduced representation of minority interests
- Perpetuation of social inequality
 - Reinforces existing power structures and hierarchies
 - Slows down social mobility and inclusive growth
- Lack of role models
 - Discourages aspiring SC/ST candidates from pursuing civil services
 - Reduces motivation for existing SC/ST officers in lower ranks
- Diminished trust in governance
 - Perception of bias or exclusion among SC/ST communities
 - Potential alienation of these groups from government institutions
- Reduced cultural competence in administration

- Lack of nuanced understanding of diverse cultural contexts
- Potential for culturally insensitive policies or practices
- Weakened democratic representation
 - Imbalance in the reflection of India's demographic diversity in governance
 - Potential for policies that don't adequately address needs of all sections of society

What solution does the article propose to increase SC/ST representation at senior levels?

- Departure from traditional concept of retirement age
- Fixed tenure of 35 years for all entrants, regardless of entry age
- Lower current age limits to ensure retirement by around 67 years
- Annual medical fitness examinations after 62 years

Can you answer the following question?

Critically examine the current representation of SC/ST and OBC candidates in senior positions of the Indian civil services. Suggest other measures that could be implemented to ensure greater social inclusivity in high-level policymaking.

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