



## OPINION

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{ OUR TAKE }

## Need to reflect on WTO's mandate

It is increasingly failing to make the global trade regime equitable and rules-based

The 13th Ministerial Conference of the World Trade Organization (WTO) has ended without an agreement on any of the major issues. Among the items which prevented a decision — they are only taken when there is unanimity — are issues central to Global South such as agriculture, fisheries, taxing of global e-commerce giants and areas where advanced countries have precipitated matters such as the body's dispute-resolution mechanism. To be sure, WTO has always been a bargaining table for the Global North and South to balance their interests without jeopardising rules-based global trade. But, its members are finding it more and more difficult to arrive at a common ground on many issues.

What does it mean for India and, more importantly, the global trade order? The Narendra Modi government has done well to safeguard some of India's core concerns, such as the legitimacy of our procurement-driven food security programme, at WTO. In other areas such as fisheries, stonewalling decisions that are against India's poor have perhaps come at the cost of allowing the status quo in areas such as taxing e-commerce giants that work to India's disadvantage.

However, there is a more macro and provocative question waiting to be asked. Is WTO, in its present form, capable of making the global trade regime more equitable and even keeping it rules-based? These are the two key promises on which the idea of WTO itself was sold to the world, and especially the Global South.

The answer, if the past couple of ministerial conferences are any indication, is increasingly tending towards a no. The reason is not to be found in the working of the WTO secretariat or officials. The crisis of WTO is pretty much a reflection of the churn in global capitalism, characterised by a growing populist, even autarkic, turn in advanced economies, the rise of emerging market economies such as China and India, which are competing with the developed countries in many sectors but also have a large population that faces third-world problems, and the persistence of extreme vulnerabilities in large parts of the Global South.

This is a very different landscape from what existed when WTO came into being. Fixing WTO's conundrum cannot be done without acknowledging this fundamental shift.

## Can't let war become work for Indian youth

The Russian army hornswoggling Indians to serve in combat roles in the Ukraine war while telling them they were being recruited for non-combat roles certainly merits the Centre's attention. New Delhi has sought early discharge of some 20 recruits after they contacted the Indian embassy in Moscow, but many more remain stuck. The focus has to be on bringing them back home safely as early as possible.

That said, an apple farmer, an out-of-work graduate, and a former airline-catering employee, among several others, rushing for jobs in a conflict zone points to a deeper problem — the lack of jobs that pay competitive salaries. The unemployment rate stood at a high 8% at the end of February, as per data from the Centre for Monitoring Indian Economy. Read against the impressive Gross Domestic Product (GDP) growth showing, this raises jobless-growth concerns. Rural wages have stagnated, as farm growth has been anaemic. Such factors are leading to desperate choices, reflected in the willingness to join a war, albeit in supposedly non-combat roles. Spurring job creation needs a clutch of fixes, including the implementation of liberalised labour Codes.

An immediate step to prevent such recruitment, though, is stricter enforcement of the Emigration Act, under which agents recruiting Indians for work overseas must register with the Protector General of Emigrants. Also important is to relook at the exemption criteria for ECNR (Emigration Check Not Required) status: Anyone who has passed matriculation is eligible for ECNR exemption. This is simply not enough given how even jobless graduates sought the Russian military gig.

# Consumption trends and monetary policy

The falling share of food in households' spending will help, given food inflation also drives inflation expectations

Consumption is the mainstay of India's aggregate demand, constituting around 60% of its Gross Domestic Product (GDP). Therefore, it is important to understand consumption behaviour at a disaggregated level periodically to gauge any changing patterns. The Household Consumption Expenditure Survey (HCES) for 2022-23 was released recently — the last such exercise was conducted in 2011-12. HCES 2022-23 has undergone some changes as compared to the previous surveys. These, among others, include enlarged coverage of items, changes in the questionnaire, multiple visits as against the single visits in earlier surveys, and changes in the mode of data collection. Owing to these differences, the results of HCES 2022-23 are not strictly comparable with those of the previous surveys. But then, that is generally the case with any two surveys conducted after a long time gap. At times, however, a comparison with the previous data series becomes unavoidable — though we need to be careful while interpreting the results.

The survey data suggest some interesting trends. Average monthly per capita consumption expenditure

(MPCE) was ₹3,773 in rural India and ₹6,459 in urban India in 2022-23 as against ₹1,431 in rural India and ₹2,629 in urban India in 2011-12. Since the last survey, rural consumption expenditure has grown at a compound annual growth rate (CAGR) of 9.2% and urban consumption expenditure at 8.5%. However, these rates were sharply lower than the 10.3% and 10.8% recorded for rural and urban India, respectively, between 1999-2000 and 2011-12.

At a broad category level, non-food expenditure has grown at a much higher rate (CAGR) than food expenditure, both in rural and urban India. Non-food expenditure in rural India grew at a CAGR of 10.5% as compared with food expenditure CAGR of 7.9%. Non-food expenditure in urban India also grew at a higher rate of 9.1% relative to 7.7% food expenditure. Significantly, both food and non-food expenditure in rural India grew at a higher rate vis-à-vis urban India, though the gap between the two in non-food expenditure was much larger relative to food expenditure.

Currently, the weight of food in the CPI consumption basket is 45.9%, based on 2011-12 data. However, there has been a decline in the share of food in average MPCE, both in rural and urban India — the decline in the share of food in average MPCE in rural India was much sharper (to 46.4% in 2022-23 from 59.4% in

1999-00) compared with urban India (to 39.2% in 2022-23 from 48.1% in 1999-2000). In fact, the decline in the share of food in average MPCE in the last 12 years (2009-10 and 2022-23) of almost 10 percentage points in rural India was twice the decline in urban India. Therefore, if the weights based on the latest round are applied, the weight of food items will decline accordingly. A decline in the relative significance of food expenditure relative to non-food over time is a natural outcome of economic progression and, hence, it is only to be expected.

Large disparities exist between consumption expenditure in rural India vis-à-vis urban India. The ratio of rural and urban consumption expenditure remained in a very narrow range, between 0.52 to 0.58, in the last 23 years. The ratio at 0.58 in 2022-23, though marginally higher than that of 0.54 in the 68th round (2011-12), was not much different from the ratio of 0.56 in the 55th round (1999-2000). Thus, in the last 23 years, there has been no significant change in the overall rural-urban consumption pattern on a per capita basis, with rural India spending little more than half of what urban India spends on consumption.

Disparities in consumption expenditure exist not only between rural and urban India but also within rural and urban India. The ratio of average consumption spend of the top 5% of India's rural population



The overall rural-urban consumption expenditure pattern has remained broadly unchanged in the last 23 years

and the bottom 5% was 7.6 as compared with 10.4 in urban India. Thus, the disparities in urban expenditure were larger than those in rural areas.

From the above analysis, the following four points emerge. First, overall consumption has slowed down between the last two rounds of surveys (2022-23 vis-à-vis 2011-12), compared with the consumption expenditure growth between 1999-00 and 2011-12. Second, the slowdown in consumption expenditure has been more pronounced in urban India than in rural India. Third, the overall rural-urban consumption expenditure pattern has remained broadly unchanged in the last 23 years, with rural consumption expenditure constituting a little more than half of urban consumption expenditure. Therefore, any slowdown in urban consumption would impact overall demand much more severely than a similar slowdown in rural demand. Fourth, the share of food expenditure has declined, while that of non-food has increased, and this trend has been more pronounced in rural India than in urban India.

Of the four trends outlined above,

the last trend (the rise in the share of non-food vis-à-vis food) augurs well for monetary policy. Prices of food items are driven by supply-side factors and hence more volatile and are not amenable to monetary policy, which is essentially a tool to contain demand-side pressures. In the recent period and on several occasions in the past, food inflation has been the main factor behind the elevated headline inflation and inflation expectations. If high food inflation persists, there is always a risk of it spilling over to the generalised inflation through the wage-price spiral. Therefore, the lower weight of food in the CPI basket, as and when it is made effective, should provide the RBI greater manoeuvrability in the conduct of monetary policy. Since inflation expectations are also driven largely by food inflation, lower food inflation (due to the lower weight of food) should also have a salutary effect on inflation expectations and actual inflation.

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Janak Raj

## Realising the essence of the Sarvodaya ideal

Jyotibhai Desai, veteran Gandhian worker, was living proof of the truth that freedom always is. He found countless ways to defy the constraints imposed by soulless systems by creating alternative paths that gave meaning and joy to a wide range of people — from political activists to children and ex-dacoits in prison.

Jyotibhai, who passed away last Tuesday in Baroda, would have scoffed at anyone who lamented his departure or called it the passing of an era. Indeed, the most powerful way to honour his memory is to recognise and celebrate how his creative defiance lives on — both inspiring and provoking those who sometimes feel overwhelmed by the darkness of our times.

Born in 1926, Jyotibhai grew up in what was then Bombay. As a teenager he began going to the local RSS *shakha* and soon rose to become *shakha sanchalak*. Throughout his life Jyotibhai remained grateful for what he learnt in the *shakha's* community — live frugally and work for the good of the nation. Then one day, sometime in the early 1940s, Jyotibhai was invited to attend a private talk by Vinayak Damodar Savarkar.

During the talk, Savarkar said that Muslims must leave India. Jyotibhai immediately raised his hand and asked how this could be? After all, in the *shakha*, the teenager had been told that all are welcome. Jyotibhai's intervention enraged Savarkar and led to an uproar in the gathering. Fearing a violent reprisal, Jyotibhai fled from the meeting. He never went back to work in the *shakha*.

As the struggle for freedom gathered momentum, Jyotibhai became a *satyagrahi*, joining the Quit India movement and embracing Gandhi's philosophy and ideals. In free India, the young Jyotibhai became a full-time worker of the Sarvodaya movement and also qualified to become a teacher-trainer. Above all, for more than half a century, he was a mentor, supporter and

inspirer to a wide range of people of all ages. This was primarily because he marched to the sound of his own conscience, not the drummer whom the crowd was following.

In the late 1980s when many of Gujarat's Gandhian-Sarvodaya leaders opposed the Narmada Bachao Andolan (NBA), Jyotibhai doggedly supported this movement. He did this not only because the homes and lives of over a million people were at stake, but also because he felt the NBA was necessary to challenge the definition of development which, in an outdated and short-sighted manner, equated big dams with progress.

Through the 1990s he was an active member of various activist networks striving for a more humane and ecologically sustainable form of development. His calm, smiling presence in these forums brought a unique quality of wisdom and dry humour. Countless younger friends and admirers benefited from Jyotibhai's confidence in himself and the values he had tried, tested and proved as a practitioner of Gandhi's *Nai Talim* (new education). His own learnings will remain true across the ages.

One, true education is a process of self-discovery. Thus, the purpose of a teacher is to foster self-confidence in the student rather than focusing on the accumulation of information or knowledge.

Two, it follows that no one can be taught. All a teacher can do is to enable pupils to tap their inherent strength within. As Jyotibhai liked to say — a mother does not teach a child to walk, it happens on its own though she gives a finger to hold or a helping hand.

Thus, inevitably, Jyotibhai never saw a person's character as being something fixed or unchangeable. He was always seeking to know the other person in all their changing colours and as yet unexpressed potential. Sometime in the 1960s, Vinoba Bhave tasked Jyotibhai with teaching dacoits, who had surrendered, how to reintegrate into society. Jyotibhai bluntly refused. After all, he had an inkling of how complex and difficult the dacoits' lives had been. Who was he to tell them what to do? What I will do, he told Vinoba, is go and spend time with them in jail — let's see what happens. For several years, every summer, Jyotibhai and his BEd students spent several weeks getting to know the imprisoned former dacoits. The result was a process of mutual discovery and the forging of bonds that, in some cases, became lifelong.

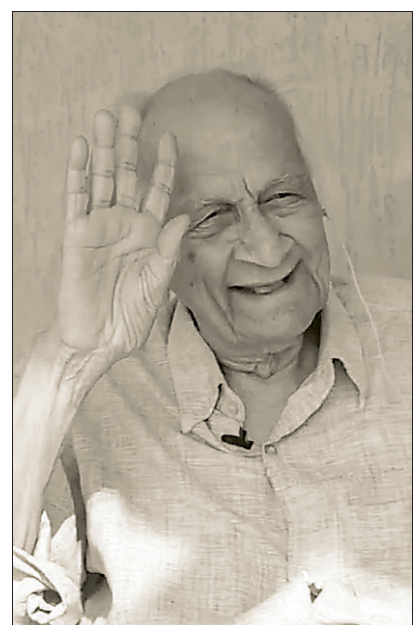
All this was possible because Jyotibhai knew that it is not enough to raise a challenge, one must have faith that a change of heart in the other is possible. Non-violence, he often said, is not an inborn quality of anyone's character, it can be cultivated. It is the courage and capacity to say no to that which harms other living beings.

Jyotibhai remained engaged in resisting hatred and violence that became pervasive in his twilight years. His doing so till the very end leaves behind a wealth of confidence and inspiration. Honouring such a life means remembering that, regardless of disappointments, the capacity of living beings to care for other beings is ever alive.

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Rajni Bakshi



Jyotibhai had been a firm practitioner of Gandhi's *Nai Talim* all his life

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Shashi Shekhar



## Congress must mend ways to stay in the fray

A twin blow to the already enfeebled Congress party has come from Himachal Pradesh. First, the party's Rajya Sabha candidate, Abhishek Manu Singhvi, suffered a shocking defeat; and second, Vikramaditya Singh, son of former chief minister Virbhadra Singh who had long been the face of Congress in the state, resigned. In the Rajya Sabha election, six MLAs had crossed the floor in support of the Bharatiya Janata Party (BJP) candidate. For now, the party has persuaded Singh to withdraw his resignation, but the six cross-voting MLAs have been disqualified. Even if the Congress weathers this storm, it will find no respite from the political forces bent on proving that the party is now a relic of its past. They forget that politics is like a game of snakes and ladders, not a fairy tale.

Let me rewind 40 years, to 1984. In the elections held that year, the Congress won 414 seats, while the BJP won only two. Had anyone predicted then that Atal Bihari Vajpayee, who faced criticism from all around, would become the country's prime minister within 12 years, while Rajiv Gandhi, who shone like a star, would lose his aura in just four? Morarji Desai and Chaudhary Charan Singh, who were pushed by Indira Gandhi to form a party of their own, also got a chance to serve as prime ministers. Neelam Sanjiva Reddy, who felt offended during Indira's early days, became president of the country. Also, VP Singh, whom Rajiv Gandhi had insulted and removed from the party, was elected prime minister right after the latter.

Now, let's talk about the Congress. The party's vote bank has been mostly dwindling since 1989, but it is still in power in three states. It is a stakeholder in the Jharkhand government and, until two months back, had a say in the ruling alliance of Bihar. It is the largest opposition party in 13 states. Though the party is antiquated, its organisation exists in every district of the country. The party has more than 650 MLAs around the country, and about 120 million voters supported it in the previous Lok Sabha elections. It was ranked second among the 196 Lok Sabha seats. Do you still believe the Congress is out of the game?

As far as Rahul Gandhi is concerned, he is still the most powerful and popular leader of the Congress. But if the Congress's run of

defeats continues, the party will either disintegrate or will have to find a new leader. The Nehru-Gandhi family will need to overcome their historical vulnerabilities to avoid this. They will have to find a fresh way of communication and new messengers. In Indira's time, the Congress was a party of powerful satraps. It had powerful leaders in every state who could manage both power and organisation. Her descendants are becoming victims of the heroism Indira pioneered.

Rahul, like his father, was a hesitant entrant to politics. He was expected to make a serious attempt to fix this. He couldn't. When the party won power in the Madhya Pradesh (MP) assembly polls, Jyotiraditya Scindia should have been appointed chief minister, but the elderly Kamal Nath got the position instead. He couldn't finish his term. Rajasthan was in a similar state. Along with MP, the Congress party won the elections in Rajasthan. Sachin Pilot was the president of the state Congress committee back then. He was marginalised and power was handed over to Ashok Gehlot, who was doing excellent work as Congress general secretary in New Delhi. The tragedy did not end here. The two elders were made faces in recent elections, and the party suffered a deadly blow shortly before the Lok Sabha elections. Rahul still has time to rid the party of "old loyalists" and appoint new commanders.

The BJP does this without reluctance. The saffron party's guts compelled the former Maharashtra CM Devendra Fadnis to accept the position of deputy chief minister to gain power. Nitish Kumar is the next in the series. The Congress attempted a similar experiment in Telangana and was successful in obtaining power. Why doesn't Rahul bet on more leaders like Revanth Reddy?

As far as coalitions are concerned, the party will need to be flexible at times. The BJP had a tradition of not appointing outsiders as chief ministers. Nonetheless, rather than sticking to this tradition, the party backed Himanta Biswa Sarma and Eknath Shinde, when it was needed to do so. If the Congress corrects its current flaws, it may have better days in the future. However, now it is too late for the Lok Sabha election.

Shashi Shekhar is editor-in-chief, Hindustan. The views expressed are personal