

The Indian Express

Front Page

India joins G7, 4 others to protect free speech, ‘online and offline’ (Page no. 5) (GS Paper 2, International Relations)

India, along with G7 countries and four invited countries, Monday signed the ‘2022 Resilient Democracies Statement’ in which they committed to “guarding the freedom, independence and diversity of civil society actors” and “protecting the freedom of expression and opinion online and offline”.

A four-page statement, after Prime Minister Narendra Modi participated in the G-7 summit in Germany, said, “We, the Leaders of Germany, Argentina, Canada, France, India, Indonesia, Italy, Japan, Senegal, South Africa, the United Kingdom, the United States of America, and the European Union, affirm our commitment to strengthening the resilience of our democracies.”

“We hail all courageous defenders of democratic systems that stand against oppression and violence, and will step up international cooperation to improve the resilience of democratic societies globally,” it stated.

The signatories said that democracies enable “open public debate, independent and pluralistic media” and the “free flow of information online and offline”, fostering legitimacy, transparency, responsibility and accountability for citizens and elected representatives alike.

Editorial Page

Five year itch (Page no. 10)

(GS Paper 2, International Relations)

Five years after the shift to the Goods and Services Tax, the 47th meeting of the GST Council, scheduled to be held in Chandigarh on June 28-29, is expected to take up proposals aimed at plugging leakages and shoring up compliance.

It is also likely to consider measures for stricter scrutiny and verification of high risk tax payers, and take a call on the recommendation by the ministerial panel headed by Meghalaya Chief Minister Conrad Sangma to levy 28 per cent tax on online gaming, casino and horse racing. In addition to these, the Council will address several contentious issues.

It will not be easy, given that this meeting comes amidst growing tensions between the Centre and the states over the country’s fiscal architecture, and after a recent Supreme Court judgment which emphasised that decisions of the GST Council are not binding on states.

To begin with, the five-year GST compensation period — the framework designed to provide certainty to state finances as part of the grand bargain struck between the Centre and the states to push through GST — is coming to an end. Fearing a collapse in their revenues, states have repeatedly asked for an extension of this mechanism.

Their concerns appear legitimate. As reported in this paper, the all-India average shortfall between the protected revenues and the post-settlement gross state GST was 27.2 per cent in 2021-22, with only five states registering a revenue growth higher than the protected GST revenues.

However, so far, the Centre has shown no inclination to accede to the states request. While a few days ago, it did extend the compensation levy till March 2026, it is only to repay the loans taken over the past few years to compensate states for the shortfall in revenue during the Covid period — borrowings stood at Rs 1.1 lakh crore in 2020-21 and Rs 1.59 lakh crore in 2021-22.

The Idea Page

A skewed playing field (Page no. 11)

(GS Paper 3, Economy)

As technology flattens the world, the way we operate our daily lives — travel, entertain, educate, shop, communicate and even obtain food — is undergoing a radical change.

This has impacted a variety of stakeholders in the country differently – there are obvious winners and losers. The nature of our success in dealing with this change will lie in the ways in which we deal with the concerns of all players.

The proliferation of a wide range of e-commerce platforms has created convenience and increased consumer choice. But in hindsight, the initial cashback and deep discounts have turned out to be a forerunner to addiction.

The online aggregator platforms have also damaged large segments of small and medium businesses through their dominant position and the malpractices this position allows them to indulge in. There is a clear pattern that shows the domination of a few big platforms.

These companies resort to predatory pricing to acquire customers even as they suffer persistent financial losses — SEBI is rightly revisiting the valuation norms of such companies looking to list on the stock exchange.

They take away choice from suppliers and consumers. This, in the long run, can be viewed as an exclusionary practice that eliminates other players from the market.

The ultimate loss bearer is the consumer who will have a reduced bargaining position due to less competition and will be subject to the arbitrariness of monopolistic conduct.

On startups a, gravity check (Page no. 11) (GS Paper 3, Economy)

The cycle, however long, eventually turns. And turned it has, in India. The startup ecosystem which has been in overdrive for the past few years — propelled by a combination of factors, but largely, by the era of cheap money — is now showing signs of weakness.

And with this turn comes the realisation that many of the assumptions that underpinned the stratospheric valuations were unhinged from reality.

It was hard not to be swept by the allure and promise of the new age tech companies. Built on a compelling narrative — the combination of accelerated financial inclusion (bank accounts), ease of identification (Aadhaar) and connectivity (mobile phones) — it is ultimately a bet on the Indian consumer, and the economy, not on government regulations/policies.

In the era of cheap money and negative real interest rates, uncomfortable questions over the true market size and profitability were swept under the rug. High cash burn rates were the norm as both startups and investors sought growth by subsidising the customer.

But profitability is not just an arcane concept that belongs to another century. Among the startups that have gone public in recent times, Paytm's losses stood at Rs 2,396 crore in 2021-22, while for Zomato and PB Fintech (PolicyBazaar) losses were Rs 1,222 crore and Rs 832 crore respectively.

The seemingly inexhaustible source of cash that funds such losses is now being squeezed. Sure, investors will continue to pour money. Some early age start-ups will continue to be funded, as will some of the more mature ones.

But investors are likely to be more circumspect in their dealings. This will include the entire range — from early stage venture capitalists to institutional and retail investors — all of whom have made money, but have also burnt their fingers.

Express Network

Schools poor in digital learning, 180 districts score less than 10% (Page no. 14) (GS Paper 2, Polity and Governance)

As India entered the pandemic year, students in around 61 per cent districts of the country had very little exposure to digital learning due to limited availability of computers, Internet facilities and teachers trained to handle technological tools in schools.

The Performance Grading Index for Districts (PGI-D) for 2019-20 shows that schools across India performed poorly under the category of digital learning, which threw up the lowest scores compared to the other parameters which were considered while creating the index.

In the index, as many as 180 districts scored less than 10 per cent on digital learning, 146 districts scored 11 to 20 per cent, while 125 districts had scores between 21 and 30 per cent.

The report also underlines the clear rural-urban divide in the area of digital learning. For instance, while districts in cities like Chandigarh and Delhi scored between 25 and 35 out of 50, places like Bihar's Araria and Kishanganj scored as low as 2.

Explained Page

Iskander-M missile system Russia has promised to arm Belarus with (Page no. 16) (GS Paper 3, Defence)

Russia has promised its ally Belarus delivery of nuclear-capable missiles in the coming months to take on an “aggressive” West. Russian President Vladimir Putin made the announcement as Belarusian leader Alexander Lukashenko arrived in Moscow.

In a televised broadcast, Putin said: “In the coming months, we will transfer to Belarus Iskander-M tactical missile systems, which can use ballistic or cruise missiles, in their conventional and nuclear versions.”

Codenamed “SS-26 Stone” by NATO, Iskander-M is a term used by Russia to define both the transporter-erector launch system and the short-range ballistic missile (SRBM) it fires.

The system can also fire ground-launched cruise missiles (GLCMs) – the SSC-7 and the SSC-8.

The Iskander-M system has been exclusively used by the Russian military, whereas Iskander-E is the one meant for export.

Economy

NITI Aayog pitches for incentives to draw more women into gig economy (Page no. 17)

(GS Paper 3, Economy)

In an attempt to increase participation of women in the gig economy, the NITI Aayog has proposed fiscal incentives like tax breaks or startup grants for companies with about one-third of their workforce as women and people with disabilities (PwDs).

“Fiscal incentives such as tax-breaks or startup grants may be provided for businesses that provide livelihood opportunities where women constitute a substantial portion (say, 30%) of their workers.

Likewise, a platform with high accessibility or high degree of participation of PwDs too may be rewarded with fiscal incentives,” NITI Aayog said in a report titled ‘India’s Booming Gig and Platform Economy’.

Based on a survey conducted across urban centres of India, the report also said that women are more likely to take up platform jobs after their education and marriage.

The report also said that female labour force participation in India has remained low, oscillating between 16 per cent to 23 per cent in the last few years.

Similarly, persons with disabilities, who make up for 2.11 to 10 per cent of India’s population, have a labour force participation rate of 36 per cent. ‘Structural barriers like access to education and lack of skilling have hindered participation of the two demographic groups in the country’s labour force,’ the report said.

However, according to the report, platform companies offer flexibility and choice of labour to all workers in general, and women in particular, empowering them to monetise their idle assets when and where they want — a benefit missing in traditional employment sectors — making them an attractive opportunity for women and persons with disabilities.

India, EU resume FTA talks (Page no. 17)

(GS Paper 2, International Relations)

New Delhi: Senior officials from India and the European Union (EU) resumed the much-awaited negotiations for a proposed free trade agreement (FTA) after a gap of about nine years.

Both sides are set to focus on “deliverables” first during the course of the negotiations, before moving on to contentious matters, sources said.

Duty-free access to the EU market for labour-intensive industries, mainly textiles and garments, will be among India’s key demands. The negotiations restart at a time the US and the EU are staring at a recession.

Before the talks began, Commerce and Industry Minister Piyush Goyal met European Commission Executive Vice President Valdis Dombrovskis on June 17 and “discussed ways to fast track negotiations”.

Formal negotiations between the two sides for the FTA were stuck over stark differences after 16 rounds of talks between 2007 and 2013.