HINDU
EDITORIAL

15 TO 20TH JULY

UNION BUDGET

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The Problem with Karnataka Gig Workers Bill

The Karnataka Gig Workers Bill focuses on social welfare but fails to address essential employment relations and labor rights for gig workers.

Last month, Karnataka introduced the draft Karnataka Platform-based Gig Workers (Social Security and Welfare) Bill, 2024, aiming to provide social security for platform-based gig workers. This bill resembles Rajasthan's similar act but focuses on welfare without addressing employment relations, crucial for gig workers.With projections of 23.5 million gig workers by 2030, addressing employment relations is essential due to their significant role in the economy.Unlike traditional workers, gig workers' employment terms are set by aggregators. This model leaves gig workers seeking fair treatment and security.The UK Supreme Court ruled Uber as an employer, applying labor laws to gig workers, a precedent not fully adopted in India.The bill does not address minimum wages, working hours, or leave entitlements, focusing on welfare over legal employment rights.

The Karnataka Bill's failure to define employment relations and protective labor laws leaves gig workers without essential rights, similar to issues in Rajasthan's act. This gap in regulation affects their safety, wages, and overall job security, highlighting the need for more comprehensive legislation.

Union Budget: Key Issues

The upcoming Union Budget must address employment issues, support MSMEs, and focus on inclusive growth to meet the electorate's expectations and drive sustainable economic development.

Union Finance Minister Nirmala Sitharaman is set to present the Union Budget on July 23, which is highly anticipated as it reflects the policy and politics of the BJP-led coalition government, currently holding 240 seats in the Lok Sabha, down from 303 in 2019. The electorate has expressed dissatisfaction with the government's economic policies, making this Budget crucial. A significant election issue for 2024 is employment, with reports highlighting severe employment problems, including high levels of underemployment, especially among the youth. Real incomes have contracted due to informalization and poor job quality, while the incomes of casual labor have increased, likely due to programs like MGNREGA. Women's participation in the labor market remains low and largely informal. The MSME sector, vital for domestic consumption and low-income groups, has faced significant contraction, affected by demonetization, GST, and the COVID-19 lockdown. Previous budgets focused on CAPEX and startups but failed to address high-value and inclusive growth. This Budget must shift focus from growth for its own sake to generating employment and inclusive growth, with special attention needed for MSMEs and social sectors like education, health, and housing for the underprivileged. As India aims to become the third-largest economy, addressing joblessness and poor-quality employment is crucial, requiring a rethought approach to foster sustainable and inclusive economic growth.

SURPRISE ACCELERATION IN INFLATION

June saw an unexpected rise in inflation, driven mainly by food prices, complicating efforts to control economic stability amidst erratic rains and uneven crop production.

Erratic rains have made it more challenging to control inflation, with retail price gains showing a surprising acceleration in June. The provisional Consumer Price Index (CPI) indicated inflation snapping a five-month downtrend and quickening to 5.08%, up from 4.80% in May. The primary driver was food prices. The year-on- year food price inflation, measured by the Consumer Food Price Index (CFPI), rose by 67 basis points in June to 9.36%, marking the fastest sequential acceleration in 11 months. Notably, food prices increased by 3.17% from May, contributing significantly to the broader CPI rise of 1.33%.

This unpredictability in food price gains has concerned monetary policymakers, as reflected in RBI Deputy Governor Michael Debabrata Patra's emphasis on the persistent food price shocks during the Monetary Policy Committee meeting. The CFPI's nine sub-categories posted monthly gains, with vegetables showing the highest increases. Prices for potatoes, onions, and tomatoes saw significant year-on-year rises of 57.6%, 58.5%, and 26.4%, respectively.

The outlook for food prices remains grim, with Department of Consumer Affairs data

showing substantial year-on-year increases in retail prices for potatoes, onions, and tomatoes as of mid-July. Cereals also saw price hikes, with rice and wheat prices up by nearly 10% and 6%, respectively. The IMD data indicated a 2% deficit in nationwide precipitation since June, with 11 out of 36 meteorological sub-divisions classified as deficient. This situation, affecting key food-growing areas like Punjab, complicates efforts to slow the pace of inflation.

Arrest and Liberty

The Supreme Court of India raised concerns about the necessity of proving the need for arrest under the PMLA and the routine practice of higher courts staying bail orders.

The Supreme Court of India has recently made significant observations regarding personal liberty in the context of the Prevention of Money Laundering Act (PMLA). These observations focus on whether officers arresting individuals on money-laundering charges must demonstrate the necessity for arrest for it to be valid, and the ease with which courts stay bail orders. A Bench led by Justice Sanjiv Khanna granted interim bail to Delhi Chief Minister Arvind Kejriwal, questioning the legality of his arrest by the Enforcement Directorate (ED). The verdict raised the issue of whether the ED needs to prove the necessity to arrest someone under Section 19 of the PMLA, which requires officers to have "reason to believe" in the person's guilt before arresting them.

The PMLA mandates that officers record reasons for arrest and convey grounds to the accused. The Supreme Court emphasized that the decision to arrest should comply with statutory requirements and be subject to judicial examination. Arrests under the PMLA should not be arbitrary, and investigations should consider both incriminating and exculpatory evidence. Additionally, the Court criticized the frequent practice of higher courts staying bail orders, noting that such stays should be rare and based on clear grounds, rather than routine responses to prosecutorial pressure. These observations underscore the need to balance the enforcement of law with the protection of personal liberty.

Forest Resource Exploitation

Unchecked exploitation has led to significant global forest loss since the early 20th century.

The unchecked exploitation of forest resources has led to significant forest loss. The World Bank reports a loss of 10 million square kilometers of forests since the early 20th century. The United Nations declared 2021-2030 the Decade of Ecosystem Restoration, targeting the restoration of 350 million hectares of degraded land. Tree planting is a favored method due to its potential to combat climate change and support biodiversity. India's Van Mahotsava, initiated in 1950, exemplifies this long-standing effort.

Recent large-scale tree planting drives have faced criticism for limited community involvement, lack of post-planting measures, and promoting monoculture, which is less effective for carbon sequestration and biodiversity. These issues highlight the need for more localized and ecologically sensitive approaches.Studies indicate that planting in unsuitable areas, such as grasslands, can harm ecosystems, increase wildfire risks, and exacerbate global warming. Ensuring post-planting care and involving local communities are crucial for success.

India faces additional challenges, with significant forest areas under encroachment and degradation. Despite these issues, India's commitment to global climate goals remains strong. Recent policy changes emphasize the importance of community involvement, adequate financing, and technical considerations to enhance the effectiveness of restoration efforts and create resilient forests.

UNEMPLOYMENT IN INDIA

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Conflicting reports and data highlight challenges in measuring and reporting accurate employment statistics in India.

The article discusses the unemployment issue in India, highlighting conflicting reports and statements from various sources. Prime Minister Narendra Modi criticized the Opposition for spreading false narratives about unemployment, emphasizing infrastructure projects that will create jobs. The RBI's 'Data Manual' and KLEMS database describe methods for measuring productivity but not employment. The CMIE's data showed an unemployment rate of 7.8% in June 2024, with discrepancies in data from different sources such as ASUSE and government surveys. The organized and unorganized sectors have distinct challenges in data collection, with the unorganized sector's data being sparse and unreliable. Differences in definitions and data sources contribute to varying estimates of employment. The rural-urban ratio and shocks from events like the pandemic have further complicated the data. The article concludes that differing methodologies and data quality issues make it difficult to ascertain the true extent of unemployment, suggesting the need for better data collection and reporting practices. Public confusion is mainly due to the differences in how data are collected and reported across various platforms.