



CURRENT AFFAIRS



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Date -13 April 2024

INFLATION IN INDIA

THIS ARTICLE COVERS 'DAILY CURRENT AFFAIRS' AND THE TOPIC DETAILS "THE RECENT FOOD INFLATION IN INDIA AND THE BASICS RELATED TO THE INFLATION". THIS TOPIC IS RELEVANT IN THE "ECONOMY" SECTION OF GS3 IN THE UPSC CSE EXAM.

WHY IN THE NEWS?

- In March, India's retail inflation eased to its lowest level in 10 months, registering at 4.85%, down from February's 5.1%. However, **food inflation persisted at a high level**, staying nearly unchanged at 8.52% compared to the previous month's 8.66%. This was driven by accelerated price increases in cereals and meat, while double-digit inflation persisted in vegetables, pulses, spices, and eggs.
- In March, **urban consumers** saw a significant decrease in inflation, dropping from 4.8% in February to 4.14%. However, rural consumers faced a slight increase, experiencing a higher inflation rate of 5.45% compared to 5.34% in the previous month.
- This divergence was also noticeable in food price trends. Food inflation accelerated from 8.3% in February to 8.6% in March for rural India, while urban areas witnessed a decline from 9.2% to 8.35% during the same period.

PRELIMS BITE

IMPORTANT REASONS FOR FOOD INFLATION

There can be several reasons for Food inflation;

- **Supply and Demand Imbalance:** If the demand for food exceeds the available supply, prices tend to rise. Factors such as adverse weather conditions, pest infestations, or disruptions in transportation and distribution channels can lead to a shortage of food supply.
- **Cost of Production:** Increases in the cost of inputs like seeds, fertilizers, labor, and fuel can raise the cost of producing food. These increased production costs are often passed on to consumers in the form of higher prices.
- **Government Policies:** Government policies such as trade restrictions, export bans, import tariffs, and subsidies can influence food prices. For example, restrictions on exports or hoarding of essential commodities can lead to domestic shortages and price hikes.

- **Exchange Rates:** Fluctuations in currency exchange rates can affect the prices of imported food items. A weaker domestic currency can make imported food more expensive, leading to higher prices for consumers. For example rate hikes by U.S.A federal bank has a negative impact on Indian markets.
- **Consumer Behavior:** Changes in consumer preferences or dietary habits can affect food prices. For example, increased demand for certain types of food, such as organic or specialty products, can lead to higher prices.
- **Global Factors:** Events or trends in the global economy, such as changes in oil prices, international trade agreements, or geopolitical tensions, can impact food prices worldwide. For example, Russia- Ukraine war.
- **Climate Change:** Long-term shifts in weather patterns and extreme weather events due to climate change can disrupt agricultural production, leading to crop failures and decreased food supply, which in turn can drive up prices.

BASICS OF INFLATION

- **Inflation** is the persistent increase in the general price level of goods and services over time, leading to a decrease in the purchasing power of money. Conversely, deflation represents a decline in prices, while disinflation refers to a slowing down of the rate of inflation.
- **Creeping** inflation is a gradual increase in price levels over time, which is generally considered beneficial for the economy. Bottleneck inflation, or structural inflation, arises from a significant decrease in supply coupled with unchanged demand levels.
- **Skewflation** occurs when the rise in prices primarily affects specific commodities or a small group of goods. Galloping inflation denotes very high inflation rates, often reaching double or triple digits, while hyperinflation involves extremely rapid and accelerating inflation, exceeding 50% per month.
- **Inflation** tax refers to the loss of purchasing power experienced by holding cash during times of high inflation. The Phillips Curve illustrates the inverse relationship between inflation and unemployment, suggesting that as unemployment declines, inflation tends to rise.
- In terms of origin, inflation is categorized into **cost-push and demand-pull**. Cost-push inflation results from increases in the prices of production factors such as raw materials, labor, and utilities. Demand-pull inflation occurs when demand rises due to excess money supply without a corresponding increase in supply.
- Inflation rates are typically measured using price indices, which gauge the average level of prices across various goods and services. Inflation is assessed on a point-to-point basis, comparing prices in the current month with those from the corresponding month in the previous year.

CONSUMER PRICE INDEX AND WHOLESALE PRICE INDEX

- The **Consumer Price Index (CPI)** stands as a crucial indicator for tracking shifts in the prices urban consumers pay for a designated basket of goods and services over time. This index holds significant importance as it offers insights into inflationary patterns within the economy, serving as a key reference point for policymakers, economists, and investors alike to assess changes in the cost of living for citizens.
- The computation of the CPI in India falls under the responsibility of the **Central Statistics Office (CSO)**, an integral part of MoSPI. Drawing from a predetermined assortment of essential items, the CPI **reflects the evolving prices of goods and services crucial to daily urban life**. This selection encompasses a diverse range of necessities, spanning from food essentials and housing costs to **transportation expenses**, medical services, educational fees, and other vital expenditures.

WPI:

- The **Wholesale Price Index (WPI)** stands as a critical indicator for monitoring changes in the average prices of goods at the wholesale level over time. This index serves as a valuable tool for assessing inflationary patterns within the economy and is extensively utilized by policymakers, economists, and businesses to analyze shifts in production costs and overall price levels.
- Administered by the **Office of the Economic Adviser** under the Ministry of Commerce and Industry, the WPI encompasses a **wide array of commodities** traded in bulk, spanning raw materials, intermediate goods, and finished products. Unlike the Consumer Price Index (CPI), which focuses on retail prices paid by consumers, the WPI primarily **reflects price movements occurring at wholesale level**.

PRELIMS QUESTION

Q. Which index measures changes in the average prices paid by urban consumers for a designated basket of goods and services, providing insights into the cost of living?

- A) Consumer Price Index (CPI)
- B) Wholesale Price Index (WPI)
- C) Producer Price Index (PPI)
- D) Gross Domestic Product (GDP)

Correct answer: A) Consumer Price Index (CPI)

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NEED OF WOMENOMICS IN INDIA

THIS ARTICLE COVERS 'DAILY CURRENT AFFAIRS' AND THE TOPIC DETAILS OF " Need of Womenomics in India". THIS TOPIC IS RELEVANT IN THE " SOCIAL ISSUES" SECTION OF THE UPSC CSE EXAM.

Why in the News?

The rate of women participating in the workforce in Japan saw a significant boost, climbing by ten percentage points from 2013 to 2023, reaching 75.2%. This surge represents the most rapid increase in Japan's workforce participation in recent years and positions Japan at the top among G7 nations in the past decade. These positive results were achieved through the reforms carried out during Abenomics (During Shinzo Abe period).

What is Womenomics?

"**Womenomics**" refers to an economic concept and strategy that focuses on increasing women's participation and advancement in the workforce as a means to drive economic growth and development. Originally popularized in Japan, where it was recognised as a response to the country's ageing population and labour shortages, Womenomics aims to leverage the talents and skills of women to boost productivity and innovation. This approach involves implementing policies and initiatives that support gender equality in employment, such as promoting flexible work arrangements, providing childcare support, and addressing gender-based discrimination in the workplace.

Japan's Womenomics Reforms-

- ❖ **Expansion of Creche Capacity:** The Japanese government's investment in increasing daycare capacity from 2.2 million in 2012 to 2.8 million in 2018 effectively reduced lengthy waiting lists for daycare placements. In 2023, Japan announced an additional investment of \$26 billion for childcare initiatives spanning 2023 to 2026.
- ❖ **Gender-neutral Parental Leave:** Initially, Japanese parents were entitled to year-long partially paid parental leaves, with women receiving 58 weeks and men 52 weeks. However, in 2022, amendments were made to allow greater flexibility in paternity leave, including shortened notice periods and the option for men to split their paternity leave. Additional measures included mandatory disclosure of paternity leave uptake, promotion of flexible work arrangements, and encouragement for companies to ensure paternity leave does not hinder career advancement. These efforts contributed to a significant increase in paternity leave uptake, rising from 2 per cent in 2012 to 17 per cent in 2023.
- ❖ **Effective implementation of Promotion of Women's Participation and Advancement in the Workplace, 2016 Act:** This legislation mandated the disclosure of diversity action plans and diversity data, fostering the introduction of the "Eruboshi" certification—a five-star rating system recognising companies committed to workforce diversity. The certification has garnered

significant attention among Japanese firms, with the number of certified companies growing from 815 in 2019 to 1905 in 2022.

- ❖ **Gender Gaps in Unpaid Care:** In comparison to other G20 countries, India and Japan exhibit the widest gender gaps in unpaid care work. Women in India perform approximately 8.4 times more unpaid work, valued at 15 to 17 per cent of GDP, while in Japan, women perform 5.5 times more unpaid work, valued at about a fifth of GDP.

What India can learn from Japan-

- ❖ **Addressing Gender Disparities in Domestic and Care Work:** Interventions aimed at bridging gender gaps in domestic and care responsibilities have a notable impact on Women's Labor Force Participation Rate (WLFPR). Japan witnessed significant increases in WLFPR when it made sustained public investments in care infrastructure and services, particularly in childcare. As per the **PLFS(Periodic labour force survey) report**, the participation rate of women in the labour force in India surged from 23.3% in 2017-18 to 37.0% in 2022-23. Despite this growth, India's female labour force participation rate remains at approximately 25%, significantly lower than the global average of 47%.
- ❖ **Shifting Social Attitude:** Altering societal perceptions of traditional social norms is equally crucial alongside the implementation of progressive policies. Japan's experience demonstrates that merely granting legal entitlement to gender-neutral parental leave is insufficient. Encouraging men to take parental leave requires employers to lead initiatives that challenge gender stereotypes associated with caregiving.
- ❖ **Investment in Care Infrastructure:** Investing in a diverse range of care infrastructure and services is vital, covering childcare, elder care, domestic assistance, and long-term care for individuals with significant dependencies, ultimately reducing reliance and tapping into the potential of the ageing population. Japan, for instance, has engaged in partnerships with the private sector to invest in affordable senior living and care services.
- ❖ **India's Growing Need for Elder Care:** With India's elderly population projected to double by 2050, prioritising investments in elder care infrastructure and services is vital. This will mirror the approach taken by Japan to support women's workforce participation.

Challenges for India-

- ❖ **Cultural Barriers:** India faces cultural obstacles wherein traditional gender roles limit women's participation in societal contributions.
- ❖ **Relationship between LFPR and Women's Education:** The pattern of Women's Labor Force Participation Rate (LFPR) exhibits a U-shaped relationship with education. Initially, as women attain higher education levels, LFPR declines due to societal constraints that confine them to domestic roles.
- ❖ **Absence of Social Welfare:** A considerable number of women engage in low-productivity employment, often devoid of social benefits. Factors such as a scarcity of suitable job opportunities and inadequate marketable skills deter women from entering the workforce.

- ❖ **Inadequate Care Infrastructure:** The burden of childcare, eldercare, and housework often falls on women, hindering their ability to work outside the home.
- ❖ **Gender Pay Gap:** Women often receive lower wages than men for similar work, making work less financially attractive. There is a huge wage disparity between the two sexes in India.

Initiatives taken by the Government to bridge Labour Force Participation-

- ❖ **Maternity Benefit Act, 2017-** The legislation increased the paid maternity leave entitlement for female employees to 26 weeks, more than doubling the previous duration. Additionally, it introduced the possibility of working remotely after this period, subject to mutual agreement between the employer and the employee. Furthermore, the act mandated the provision of childcare facilities, such as crèches, for organisations employing 50 or more female workers.
- ❖ **The Sexual Harassment of Women at Workplace Act, 2013-** This act aims to safeguard women from experiencing sexual harassment in their workplace.
- ❖ **Stand up India-** The program enables individuals from Scheduled Castes (SC), Scheduled Tribes (ST), and women to obtain bank loans for initiating new ventures in manufacturing, services, agricultural-related activities, or trading. It offers loan amounts ranging from INR 10 lakh to 1 crore.
- ❖ **Anganwadi centres-** These centres ensure maternal and child nutritional well-being, promote a hygienic and secure environment and offer early childhood education. Consequently, they support women in resuming work after giving birth.

Way Forward-

Five-Pronged Approach to Exploit Business Prospects in India's Care Sector

- Policies ensuring gender-neutral and paternity leave
- Subsidies to facilitate access to/provision of care services
- Increased investments in care infrastructure and services from both public and private sectors
- Training programs aimed at enhancing the skills of care workers
- Implementation of quality standards to ensure excellence in care services and infrastructure.
- A sustained emphasis on the care economy is essential to harnessing #NariShakti for the realization of a developed India by 2047.

Prelims based Question-

Q1. Consider the following statements with reference to the Female labour force participation rate in India:

1. India's female labour force participation rate is lower than the Global average.
2. It is currently lower than the Male force participation rate.

Choose the correct answer using the codes given below:

(a). 1 Only

(b). 2 Only

(c). Both 1 and 2

(d). Neither 1 nor 2

ANSWER: C

Mains based Question-

Critically evaluate the effectiveness of government initiatives and policies aimed at increasing the Female Labor Force Participation Rate (FLFPR) in India. Discuss the strengths and limitations of existing schemes and suggest innovative strategies to promote women's workforce participation.

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