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தினம் ஒரு குறள்

குறள் எண் **431**

குற்றங்கூறாமை

செருக்குஞ் சினமும் சிறுமையும் இல்லார்
பெருக்கம் பெருமித நீர்த்து.

தான் என்னும் அகங்காரம், கோபம், பெண்ணாசை என்னும் சிறுமை இவை இல்லாத ஆட்சியாளர்களின் செல்வம் மேன்மையானது.

— சாலமன் பாப்பையா

New horizons

Developing countries must take the lead in addressing the climate crisis

The 30th edition of the Conference of Parties (COP) has begun in Brazil's Belém. Coming 10 years after the historic Paris Agreement, when all signatory members of the United Nations Framework Convention on Climate Change (UNFCCC) committed to a common goal of keeping temperatures below 2°C and "as far as possible below 1.5C", this would have been an ideal platform to take stock of the achievements so far and ramp up ambition. Instead, there is a visible sense of disarray. The United States has, yet again, withdrawn from the Paris Agreement (though not the UNFCCC) and from 2017, this break seems decisively more hostile. Wielding threats on tariffs and brinkmanship, the U.S. Administration seems actively committed to derail steps toward emission cuts, newer ways to fund adaptation and adopting clean technology. For instance, it has played a major role in recent months in scuttling a resolution by members of the International Maritime Organization (IMO) into transitioning the shipping industry away from fossil fuel use. Following Bill Gates's shift from being a vocal advocate of curbing emissions to one who no longer sees climate change as an existential threat, Mr. Trump announced it as a "vindication" of his position. There is a case that the U.S.'s isolationist policy is of diminishing relevance in an era when global investments in clean energy outpace fossil fuel investment and that businesses globally have seen the writing on the wall. But as the IMO example states, the U.S.'s abilities as a destabilising force remain formidable. That must be at the back of negotiators' minds when they began the 12-day deliberative sprint.

This COP is one of 'implementation', as the Brazil Presidency has emphasised. While the world's collective action is far short of what the Paris goals require, there is palpable optimism that the tenor of discussions from now on will visibly shift toward ironing out financial mechanisms for adaptation, preserving forests and strengthening carbon credit markets. It is likely that there will be a renewed discussion on how to make the United Nations' multilateral process more effective at delivering decisive outcomes and, perhaps, a debate on the creation of a 'climate council', as Brazil proposed earlier this year. All of this promises fresh energy and verve to a process that has come to be seen as ineffective in addressing the climate crisis. However, this is also an opportunity for the large developing economies – India, China, Brazil, and South Africa in particular – to stake claim to leadership. This might require a greater display of ambition and recalibration of past positions, particularly on financial contributions. Sans fireworks, India must begin an internal dialogue to place itself favourably for this nebulous future.

Topic: COP30 – A Call for Developing Nations' Leadership in Climate Action

Source: *The Hindu Editorial*

Relevance: Climate Change | Global Governance | India's Role in Climate Diplomacy

Linked Topics:

Paris Agreement | UNFCCC | Climate Finance | Climate Justice | Energy Transition | Global South Cooperation

Context:

The 30th Conference of Parties (COP30) to the UNFCCC has begun in Belém, Brazil. Ten years after the Paris Agreement, instead of unity and ambition, the global climate framework is facing disarray due to the U.S.'s renewed withdrawal and disruptive stance, while developing countries are being called upon to lead the implementation phase of global climate action.

Curiosity Question:

Can developing countries such as India and Brazil redefine global climate leadership amid waning trust and finance gaps in the post-Paris climate regime?

Analytical Overview:

- COP30 marks the "Implementation COP," focusing on translating commitments into tangible outcomes in areas such as adaptation finance, forest protection, and carbon markets.
- The U.S.'s withdrawal and obstructionist stance have weakened global consensus, yet the momentum in renewable energy investment shows that non-state actors and markets are moving toward decarbonization.
- Developing countries now have both the moral and strategic opportunity to shape the next phase of climate governance. India, China, Brazil, and South Africa can push for inclusive climate finance mechanisms and equitable technology transfers.

- .Brazil's proposal for a *"Climate Council"* could re-energize the multilateral process and enhance coordination under the UNFCCC.

Constitutional / Policy Linkages:

- Article 48A – Protection and improvement of environment.
- National Action Plan on Climate Change (NAPCC).
- India's NDCs under the Paris Agreement.
- Panchamrit commitments at COP26 (Glasgow).

Way Forward / Recommendations:

- Strengthen Global South coalitions to negotiate fair climate finance and technology access.
- India should initiate internal policy recalibration on financial contributions and emission targets to position itself as a climate leader.
- Institutionalize transparent carbon markets and green budgeting mechanisms.
- Push for an empowered *Climate Council* to enhance global coordination and accountability.

Prelims Pointers:

- COP30 Venue – Belém, Brazil.
- Paris Agreement adopted – 2015 (COP21).
- Global stocktake – every 5 years under Article 14 of Paris Agreement.
- IMO – International Maritime Organization (focus on decarbonizing shipping).

Mains Keywords: Climate justice, Implementation COP, Global South leadership, climate finance, Paris Agreement, just transition, green diplomacy

Mains Practice Question:

"In the context of COP30, discuss how developing nations like India and Brazil can take the lead in implementing global climate goals while balancing their developmental imperatives."

Dimensions:

(i) Climate finance and technology access

(ii) Equitable emission targets

(iii) Institutional reforms under UNFCCC

(iv) India's policy recalibration

One Line Takeaway:

COP30 offers a turning point for developing nations to shift from being climate negotiators to climate implementers, redefining leadership in the global green transition.

What South Asia wants from COP30

A decade after the Paris Agreement, the climate crisis has only intensified. South Asia bears the brunt as monsoon floods, landslides and heatwaves. These shocks unfold amid a fractured global order – multilateralism under strain, climate pledges weakened, and trade protectionism rising. The withdrawal of the United States from the Paris Agreement, yet again, has tested the credibility of global processes. Yet no single actor, however powerful, can halt collective action. Others must and are stepping forward.

Small island-states, emerging economies and coalitions of the willing have taken the lead. Increasingly, this mantle is passing to South Asia, home to nearly two billion people facing an extraordinary diversity of climate risks. Inaction is not an option.

There have been wide consultations (as COP30 Special Envoy for South Asia) with government and civil society representatives across Bhutan, Nepal, the Maldives, Sri Lanka and Bangladesh. We have listened to localised concerns, recognised many areas of convergence for messages that negotiators are taking to COP30 in Brazil, and identified several opportunities for regional climate cooperation.

South Asia's concerns and priorities

We realised that South Asia's response is pragmatic and collaborative: regional coalitions, investment in renewable energy, climate-resilient agriculture and integration of climate adaptation into development planning. Its climate leadership may be emergent, but it is driven by necessity, experience and the moral imperative to protect its people and signal to the world that action cannot wait. The discussions yielded five concerns and priorities of South Asian countries.

First, implementation remains the Achilles heel of climate action. The gap between what is promised in action and finance, and what is delivered, is glaring. Whether it is in implementing the Nationally Determined Contributions (NDCs) or delivering finance, the challenge remains. So far, only 65 countries have submitted enhanced NDCs. Further, a recent study by the Council on Energy, Environment, and Water (CEEW) revealed that out of the 203 initiatives assessed (launched since 2015), approximately 5% of the initiatives have achieved their stated goals. This underscores the need for the Global South to harness regional cooperation to create impactful and targeted initiatives.

Climate pledges require robust governance, including a clear plan and timeline for reporting progress. Willing countries can, first, strengthen a regional forum to build a common stance and advance shared action that can be recognised at platforms such as the G-20, the The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), and BRICS. Moreover, ensure governance structures are inclusive, giving voice to the underrepresented, such as subnational governments, local communities and women. Also, strengthen regional cooperation by sharing knowledge, aligning priorities and scaling technology solutions across borders. Initiatives such as India's Coalition for Disaster Resilient Infrastructure (CDRI) and Nepal's Sagarmatha Sambaad focused on mountain vulnerabilities, show how focused partnerships can advance both national and regional goals.

Arunabha Ghosh

is Special Envoy to COP30 representing South Asia, and the CEO, Council on Energy, Environment and Water (CEEW)

Jhalak Aggarwal

is Programme Associate, Council on Energy, Environment and Water (CEEW)

There is a need for mutual clarity, mutual cooperation and mutual implementation on climate action, as consultations across South Asia — a region that is bearing the brunt of the climate crisis — show

Second, climate adaptation must stand shoulder-to-shoulder with emission mitigation. According to the ADB, South Asia could experience an increase in days exceeding 35°C – from around 100 to approximately 200 annually – by 2100. The region-specific economic and non-economic impacts are diverse – Nepal's glacial lake outburst flood, coastal threats in the Maldives, India facing sweltering heatwaves, and Sri Lanka's emerging drylands and water stress.

The support that is needed

What is required is adequate technical, institutional and financial support to develop and implement plans domestically. Mainstreaming locally-led adaptation practices can also complement scientific innovation and strengthen local ownership. Internationally, deliberations must proceed to reach consensus on fundamental, simple, and non-burdensome indicators under the Global Goal on Adaptation. These indicators must be multi-dimensional and adaptable for use at regional and national levels, focusing on tracking progress rather than penalising countries with limited capacity.

Third, ambitious action must begin by investing in trust. The past is marred by delayed finances, broken promises and diluted commitments from developed countries. The current geopolitics is not conducive to an ambitious climate outcome. Further, an easy exit from a climate agreement not only leads to increased emissions but also undermines trust in the process. Analysis by the CEEW shows that developed countries are not on track to meet their 2030 NDC target. Hence, developed countries must fulfil their existing pledges and build momentum with ambitious NDCs aligned with 1.5°C, reinstating faith in multilateralism.

Fourth, deliver climate finance that is predictable (sustainable funding), adequate (meets the needs and balanced with mitigation), fairly distributed and accessible (easy, low-transaction cost access with priority for vulnerable countries), and non-debt inducing (grants and highly concessional financing instruments).

For this, the Baku to Belém Roadmap to 1.3T ($1.3 trillion) must be underpinned by clear pathways: who delivers, how much, by when, and with what accountability. Without clarity, the $300 billion adaptation target by 2035 is meaningless. South Asian countries, particularly the Least Developed Countries, must call for a tripling of adaptation finance with operational clarity. And, South Asia's needs are urgent. Dedicated regional allocations from multilateral funds such as the Green Climate Fund, the Loss and Damage Fund, and the Adaptation Fund can simplify and amplify access to predictable finance. Most importantly, design and launch a 'South Asian resilience finance facility' to mobilise and channel innovative finance to support domestic priorities and fast-track nature-based solutions.

Fifth, climate transition cannot be left to nation-states alone; non-state actors must become engines of scale. Non-state actors such as sub-national entities, the private sector, civil society, youth, academic institutions, as well as businesses can supplement state efforts toward enhancing ambition. The private sector can unlock finance. Sub-national entities can align with domestic goals and deliver. Civil society can conduct independent assessments to expedite the process of bridging domestic capacity gaps and, regionally, develop a regional compendium to share promising traditional knowledge, practices, and systems across the region. Youth can mobilise urgency, innovation and intergenerational equity into climate solutions. Businesses can mainstream sustainability into markets and value chains. If done rightly, it can reinforce a cycle of verified action that builds trust and accountability within the multilateral climate governance.

Cut off from technology flows

Ultimately, transformation hinges on the convergence of finance, technology and innovation. There are several examples of innovative solutions being deployed; however, fewer examples demonstrate their ability to deliver systemic transformations. Most of the South Asian countries are still largely excluded from international technology flows. A recent report by the CEEW shows fewer than one in three initiatives focus exclusively solely on Africa, Asia, or Latin America – most span multiple regions or are often clubbed with countries in the Global North. Financially, it is imperative to channel capital towards the climate agenda through blended finance instruments, debt-for-nature swaps and market mechanisms with an explicit focus on vulnerable regions. Digital innovation, including artificial intelligence, big data, digital public infrastructure (DPI), blockchain and remote sensing, can unlock new forms of data cooperation and efficiency.

The time for promises is now over. Delivery will be the only currency of trust at COP30. That delivery must rest on three mutuals: mutual clarity (about responsibilities and pathways), mutual cooperation (that recognises both vulnerabilities and opportunities), and mutual implementation (turning promises into practice, across borders and sectors). South Asia is leading, innovating and demanding that multilateralism be restored to credibility through delivery.

The views expressed are personal

Topic: What South Asia Wants from COP30

Source: *The Hindu (Special Envoy to COP30)*

Relevance: Climate Diplomacy | Regional Cooperation | Global Governance | Sustainable Development

Linked Topics:

COP30 | Global Goal on Adaptation | Climate Finance | Paris Agreement | Global South | BIMSTEC | BRICS | Climate Justice

Context:

A decade after the Paris Agreement, climate impacts in South Asia — floods, heatwaves, and glacial risks — are worsening even as global cooperation weakens. With the U.S. withdrawing again from the Paris deal, South Asia must step up as a collective regional voice at COP30 in Belém, Brazil, focusing on actionable climate implementation, regional cooperation, and equitable finance.

Curiosity Question:

Can South Asia turn its climate vulnerability into collective leadership by forging a regional model of cooperation, finance, and adaptation at COP30?

Analytical Overview:

- **Implementation Gap:** Only ~5% of global post-2015 climate initiatives achieved stated goals. South Asia stresses implementation over pledges, calling for inclusive governance and regional coalitions through BIMSTEC, BRICS, and G20.
- **Adaptation Priority:** With rising heat days and diverse risks (floods, glacial bursts, droughts), South Asia urges equal emphasis on adaptation alongside mitigation, with flexible and locally suited Global Goal on Adaptation indicators.
- **Trust Deficit:** Broken promises by developed nations and the U.S. withdrawal erode faith in multilateralism. South Asia calls for renewed ambition from developed nations, aligned with 1.5°C targets.

- **Climate Finance:** The $300 billion adaptation goal must be backed by clarity on delivery and accountability. South Asia demands predictable, non-debt-inducing, and regionally targeted finance — proposing a *"South Asian Resilience Finance Facility"* and dedicated allocations from global funds.
- **Non-State Actors' Role:** Civil society, youth, businesses, and local governments can drive innovation, transparency, and accountability. The private sector can unlock blended finance and green technology adoption.
- **Technology and Innovation Gap:** South Asia remains cut off from global technology flows; hence, it calls for digital innovation partnerships, debt-for-nature swaps, and regional sharing of traditional and modern adaptation practices.

Constitutional / Policy Linkages:

- Article 48A – Environmental protection.
- India's National Action Plan on Climate Change (NAPCC).
- National Adaptation Fund for Climate Change (NAFCC).
- Panchamrit Goals (Net Zero by 2070).
- BIMSTEC and CDRI initiatives for regional climate resilience.

Way Forward / Recommendations:

- Institutionalize a **South Asian Climate Cooperation Mechanism** for knowledge, finance, and technology exchange.
- Push for a **tripling of adaptation finance** under clear and transparent global pathways.
- Strengthen inclusion of women, local communities, and sub-national actors in climate governance.
- Advance digital public infrastructure (DPI) and AI-driven monitoring tools for regional adaptation tracking.
- Restore **trust in multilateralism** through mutual clarity, cooperation, and implementation.

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Prelims Pointers:

- COP30 Venue – Belém, Brazil.
- Baku-to-Belém Roadmap – Plan to mobilize $1.3 trillion climate finance by 2035.
- Global Goal on Adaptation (GGA) – To define metrics for resilience.
- CDRI – Coalition for Disaster Resilient Infrastructure (India-led initiative).
- Sagarmatha Sambaad – Nepal's dialogue platform on mountain vulnerabilities.

Mains Keywords: South Asian resilience, Global Goal on Adaptation, climate finance, regional cooperation, trust deficit, Global South leadership, sustainable transition, multilateralism, blended finance

Mains Practice Question:

"Discuss how South Asia can collectively address the climate crisis through regional cooperation, finance innovation, and adaptation-focused leadership at COP30."

Dimensions:

(i) Regional coordination
(ii) Adaptation finance
(iii) Role of non-state actors
(iv) Technology and innovation
(v) Restoring multilateral trust

One Line Takeaway:

At COP30, South Asia seeks to move from climate victimhood to leadership — demanding finance clarity, regional cooperation, and collective implementation to restore global trust in climate multilateralism.

Capital owners gain, workers lose: the widening wealth gap

Between 1990 and 2024, the capital share of national income increased in 56% of countries

DATA POINT

The Hindu Data Team

According to the Global Inequality Report, 83% of countries experience high income inequality, representing 90% of the world's population **(Chart 1)**. A high level of income inequality corresponds to a Gini coefficient above 0.4. A Gini coefficient of 0 indicates perfect equality, while a value of 1 represents perfect inequality.

One of the main reasons a large share of the global population continues to live in highly unequal countries is the rising share of national income accruing to capital (through profits, rents, and dividends) compared to labour (through wages and salaries). Between 1990 and 2024, the capital share of national income increased in 56% of countries, covering 74% of the world's population. **Chart 2** shows the capital and labour share of the national income, globally.

Capital ownership itself is highly unequal. An estimated 85% of the world's population derives no income from capital. **Chart 3** shows the share of the population living in households with less than $100 in annual capital income per person. In India, 97% of the population falls within this category. Even labour income is highly unequal. Between 2019 and 2024, average global CEO pay increased by 50%, while average worker's pay rose by less than 1%.

Because of this unequal accumulation of wealth, private wealth has far outpaced public wealth. As a result, several governments face significant net debts **(Chart 4)**.

Such economic inequality also leads to social inequality within and across nations. For instance, in the U.S., African American women are more than twice as likely to die in pregnancy or childbirth than white women, or women in Kerala in India **(Chart 5)**.

Workers fall behind

Data for the charts were sourced from the G20 Extraordinary Committee of Independent Experts on Global Inequality report

Chart 1: High, medium and low inequality countries

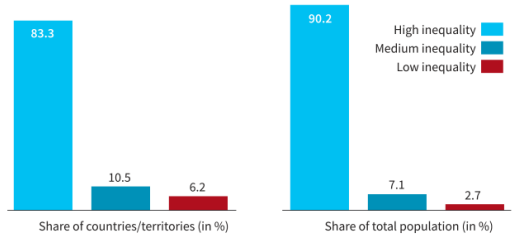


Chart 2: Capital and labour share of national income, 1980-2024

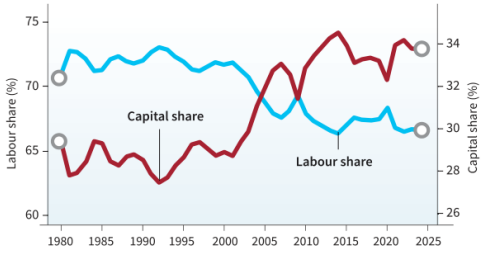


Chart 3: Percentage of population living in households with less than $100 in capital income (including private pensions) per person, annually

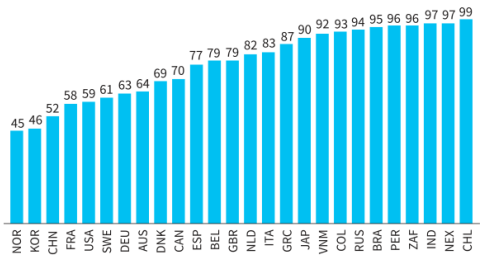


Chart 4: Public and private wealth, 1980-2024

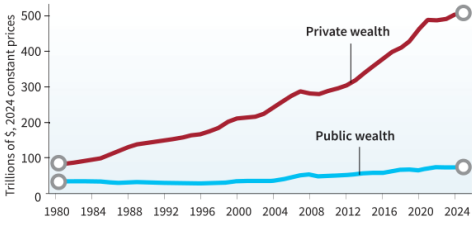
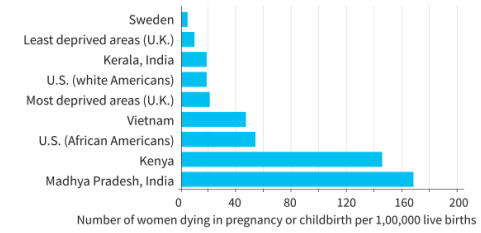


Chart 5: Maternal mortality across racial, regional, and economic groups



Topic: Capital Owners Gain, Workers Lose – The Widening Wealth Gap

Source: *The Hindu – Data Point*

Relevance: Inequality | Inclusive Growth | Labour Economics | Globalisation | Development Policy

Linked Topics:

Gini Coefficient | Wealth Distribution | Labour vs Capital Income | Public vs Private Wealth | Global Inequality Report | Sustainable Development Goals (SDG 10)

Context:

The *Global Inequality Report 2024* highlights a growing concentration of income and wealth among capital owners worldwide. Between 1990 and 2024, the capital share of national income increased in more than half of all countries, leading to deepening income inequality, wage stagnation, and weakening public finances.

Curiosity Question:

Why is global wealth increasingly concentrated in the hands of capital owners, and how does this trend threaten economic stability and social equity?

Analytical Overview:

- **Rising Inequality:** 83% of countries (representing 90% of the global population) now have a Gini coefficient above 0.4, indicating high inequality.
- **Shift from Labour to Capital:** The capital share of income (profits, rents, dividends) rose in 56% of countries from 1990–2024, covering 74% of the world's population, while the labour share (wages, salaries) has declined.
- **Skewed Capital Ownership:** 85% of people globally earn *no* income from capital; in India, 97% of people live in households earning less than $100 per year from capital.
- **Wage Disparities:** From 2019–2024, global CEO pay increased by ~50%, while average worker pay rose by less than 1%.

- **Private vs Public Wealth:** As private wealth expands, many governments now face net public debt — reducing fiscal space for welfare spending.
- **Social Impacts:** Economic inequality translates into social inequities — e.g., in the U.S., African American women face maternal mortality rates more than twice those of white women or women in Kerala, India.

Constitutional / Policy Linkages:

- **Article 38 & 39 (Directive Principles):** Mandate the State to reduce inequalities in income and wealth.
- **Sustainable Development Goal 10:** Reduce inequality within and among countries.
- **India's Policy Measures:** PM–Jan Dhan Yojana, MNREGA, PM-KISAN, and labour code reforms aim to promote equitable growth.
- **Global Context:** Aligns with debates on *inclusive capitalism*, *wealth taxation*, and *universal basic income (UBI)*.

Way Forward / Recommendations:

- Implement **progressive taxation** on wealth, inheritance, and capital gains.
- Expand **universal social protection** and public services (education, healthcare, housing).
- Support **collective bargaining and fair wage reforms** to boost labour's share of income.
- Encourage **inclusive financial systems** to improve capital ownership among lower-income groups.
- Strengthen **public wealth** through sovereign wealth funds, green investments, and debt restructuring.

Prelims Pointers:

- **Gini Coefficient:** Measures inequality (0 = perfect equality, 1 = perfect inequality).
- **Capital Income:** Profits, rents, dividends, interest.
- **Labour Income:** Wages, salaries, pensions.
- **Private vs Public Wealth:** Net worth of households vs net worth of the government.
- **India's Capital Inequality:** 97% of Indians earn < $100 annually in capital income.

Mains Keywords: Gini Coefficient, income disparity, capital concentration, inclusive growth, wealth inequality, fiscal imbalance, public debt, labour productivity, social justice

Mains Practice Question:

"The growing concentration of capital income is deepening inequality and weakening state capacity. Discuss the causes and implications of this global trend, with reference to India."

Dimensions:

(i) Global shift in income distribution
(ii) Labour market dynamics
(iii) Fiscal implications
(iv) Policy tools for redistribution (v) Social justice outcomes

One Line Takeaway:

The 21st century's defining economic divide is between owners of capital and workers — widening wealth inequality is eroding public wealth, social equity, and the foundation of inclusive growth.

What is the role of a pay commission?

How have public sector compensation systems evolved over decades? When was the first Central Pay Commission constituted? What are the different terms of reference? What are international practices? How can the government attract and retain talent?

EXPLAINER

Rangarajan R.

The story so far:

The Central government has constituted the 8th Central Pay Commission (CPC) with retired Justice Ranjana Prakash Desai as the Chairperson. It also consists of Professor Pulak Ghosh, faculty at IIM Bangalore, as a part-time member and Pankaj Jain IAS, Secretary to the government of India, as member-secretary. It will submit its report within 18 months.

What is a pay commission?

Pay commissions are set up in India by an executive order based on a Cabinet decision. The role of the CPC is to go into various issues of salary structures, retirement benefits and other service conditions of Central government employees, including defence personnel, and make suitable recommendations on the changes required. The first CPC was set up in 1946.

What are its terms of reference?

The Terms of Reference (TOR) of the pay commissions are finalised by the Union Cabinet. The TOR of the 8th CPC requires it to consider certain factors while making its recommendations. They include economic conditions of the country and the need for fiscal prudence; need to ensure adequate resources for developmental expenditure and welfare measures; unfunded cost of non-contributory pension schemes; impact of recommendations on State government finances that usually adopt the recommendations of the CPC; and the prevailing emolument structure and working conditions available for central public sector undertakings and private sector employees.

What are the international practices?

Globally, till the 1970s, the compensation system for the public sector was aimed at achieving equity by benchmarking them with similar roles in the private employment market. In the 1980s, efficiency replaced equity as the key principle in determining compensation. Starting with the 1990s, performance and incentives became the key principle while balancing them with affordability. At present, public sector compensation systems are evolving to recruit and retain individuals with appropriate competencies and skills, while attempting to contain the total cost to the public exchequer.

As per global standards the key characteristics of fair compensation in the public sector are clear philosophy, ability to attract talent, internal equity, external competitiveness and clarity. In India while internal equity is given adequate weightage, external competitiveness lags behind when it comes to compensation for top positions.

It is interesting to note some comparative data for large democracies on certain parameters of public sector employment summarised in Table 1. It can be observed that while the general perception in our country is that public sector employment and wages are gargantuan with limited efficiency, it is lesser in almost all parameters when compared to other major democracies.

Table1: Comparison of public sector employment and expenditure

Country	Public sector wage bill (% of GDP)	Public sector wage bill (% of total expenditure)	Public sector employment (% of total employment)
India	**5.48**	**17.70**	**8.5**
U.S.	9.50	20.58	12.9
U.K.	10.20	20.29	29.0
France	13.37	21.43	31.5
Germany	8.51	16.46	22.4
Brazil	10.65	24.92	12.5

Source: World Bank – World Bureaucracy Indicators - 2022

What next?

There are certain key aspects of the TOR that require attention. First, the TOR requires the CPC to compare the pay structure of the public sector with the private sector. This has been addressed even in earlier pay commissions. Entry level posts in the public sector have significantly higher salaries than their private counterparts while it is the opposite for higher posts and specialist roles. The compression ratio, that is, the ratio of lowest to highest salaries in the Central government has been fixed at 1:12.5 in the seventh CPC. Privileges and perks coupled with job security is a significant intangible that makes up for lower salary packages in top government posts. However, this needs to be revisited with respect to certain top posts and specialist roles in order to attract and retain talent. Second, intangibles like learning and development, training, and work environment including flexible working and health promotion are not part of the TOR. It may be expected that the Commission will address these issues in its final report.

Finally, the 8th CPC has been mandated to consider economic conditions, need to ensure adequate resources for welfare, and unfunded cost of non-contributory pension schemes. The pension bill for the year 2025-26 is estimated at ₹2.76 lakh crore out of the total revenue expenditure of ₹39.44 lakh crore of the central government. The impact of non-contributory pension schemes on the government exchequer needs to be borne in mind while making recommendations. However, welfare measures are political decisions that keep evolving. New schemes are announced by the Centre from time to time. Considering these factors, a commission with members from the judiciary, academia and bureaucracy may not be equipped to assess the impact. There may also be a case for broad basing the commission with finance and human resource professionals to bring in diverse opinions.

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THE GIST

- Pay commissions are set up in India by an executive order based on a Cabinet decision.
- At present, public sector compensation systems are evolving to recruit and retain individuals with appropriate competencies and skills, while attempting to contain the total cost to the public exchequer.
- First, the TOR requires the CPC to compare the pay structure of the public sector with the private sector.

Topic: Role of the Pay Commission and Evolution of Public Sector Compensation in India

Source: *The Hindu*

Relevance: Governance | Public Administration | Fiscal Policy | Civil Services Reform | Labour Economics

Linked Topics: 8th Central Pay Commission | Bureaucratic Reform | Fiscal Prudence | Public Sector Compensation | Pension Liabilities | Human Resource Management in Government | Administrative Efficiency

Context:

The Government of India has constituted the **8th Central Pay Commission (CPC)** under retired Justice **Ranjana Prakash Desai**, with Prof. Pulak Ghosh (IIM Bangalore) and IAS officer Pankaj Jain as members. The Commission will submit its report within 18 months. The CPC's mandate is to recommend revisions in pay, allowances, and pensions for Central government employees and defence personnel.

Curiosity Question:

Can India's pay commissions balance fiscal prudence with the need to attract and retain top talent in public service?

Analytical Overview:

- **Origin and Role:**
    - Pay Commissions are established by **executive order based on a Cabinet decision**.
    - The **1st CPC was set up in 1946** to rationalise pay structures for government employees.

    - Their core role is to examine salary, pension, and service conditions of Central government staff and recommend fair revisions.
- **Terms of Reference (TOR) of the 8th CPC:**
    - Economic conditions and need for **fiscal prudence**.
    - Ensure resources for **development and welfare**.
    - Consider **unfunded pension liabilities**.
    - Assess **impact on State finances**, as States often adopt CPC recommendations.
    - Compare emoluments with **public sector undertakings and private sector**.
- **Evolution of Global and Indian Pay Systems:**
    - **Pre-1970s:** Focus on *equity* — parity with private sector roles.
    - **1980s:** *Efficiency* became key — emphasis on cost-effectiveness.
    - **1990s onward:** *Performance-based pay* and affordability were prioritised.
    - **Present:** Balance between *competence-based recruitment*, *skill retention*, and *fiscal sustainability*.
- **Current Indian Scenario:**
    - **Compression ratio** (lowest to highest salary) fixed at **1:12.5** under 7th CPC.
    - **Entry-level salaries** in the public sector are often higher than private equivalents, but **top and specialist posts** lag behind.
    - **Job security, perks, and privileges** compensate for lower top-end pay, but this is no longer sufficient to attract domain experts.
    - **Non-contributory pension** schemes add fiscal stress — projected **₹2.76 lakh crore pension bill in 2025–26**.
- **Concerns & Recommendations:**
    - Include **finance and HR professionals** in CPC for balanced expertise.

- Review **intangible benefits** — training, flexibility, health, and work environment.
- Revisit **specialist pay** and **performance-linked incentives**.
- Develop a **competency-based pay system** for key technical and managerial posts.

Constitutional / Policy Linkages:

- **Article 309:** Regulates recruitment and conditions of service of government employees.
- **FRBM Act:** Enforces fiscal prudence — relevant for CPC recommendations.
- **DPSP Articles 38 & 41:** Promote social and economic justice, including fair employment.
- **Good Governance Goals:** Efficiency, equity, and accountability in public administration.

Way Forward / Recommendations:

- Introduce **rationalised, performance-based pay structures**.
- Integrate **competency mapping** in recruitment and promotions.
- Move towards **contributory pension schemes (NPS)** to reduce fiscal burden.
- Adopt **international benchmarking** for top-level posts.
- Ensure **regular periodic reviews** instead of once-in-a-decade revisions.

Prelims Pointers:

- **First CPC:** 1946
- **8th CPC Chairperson:** Justice Ranjana Prakash Desai
- **Compression Ratio (7th CPC):** 1:12.5
- **Estimated Pension Bill (2025–26):** ₹2.76 lakh crore
- **Key TOR Factors:** Economic condition, fiscal prudence, impact on States, comparison with private sector

Mains Keywords: Fiscal prudence, public sector efficiency, performance-linked pay, administrative reform, wage structure, pension liability, equity vs efficiency, HR management in governance

Mains Practice Question:

"The periodic constitution of Pay Commissions reflects the State's effort to balance employee welfare with fiscal discipline. Critically examine the evolution of India's public sector compensation system in this context."

Dimensions:

(i) Historical evolution
(ii) Role of CPCs
(iii) Fiscal implications
(iv) International benchmarking
(v) Future reform trajectory

One Line Takeaway:

India's 8th Pay Commission faces the twin challenge of ensuring fiscal prudence and making public service competitive enough to attract and retain the best talent.

Why access to knowledge is crucial for innovation

How will restricting free flow of information hamper innovation and growth in economies?

Rahul Menon

The current Nobel Prize in Economics has been given to three economists – Joel Mokyr, Philippe Aghion, and Peter Howitt – who have studied the role of technological change and creative destruction in economic growth. While the work of the latter two would be more readily recognisable to the modern economist, Mokyr adopts a historical lens to study the relationship between knowledge, ideas and economic growth.

What was Mokyr's model?

Mokyr's model makes a distinction between two kinds of knowledge: propositional and prescriptive. The former is knowledge about scientific phenomena and principles, while the latter concerns knowledge about techniques. Economic growth occurs with an increase in both kinds of knowledge, where societies possess not just scientific or theoretical knowledge, but also the knowledge of techniques to put them into use. What is important to understand is that it is not enough for society to merely possess knowledge; what matters is that a majority of members are able to access this knowledge, and that social norms promote the sharing of knowledge and free exchange of ideas. Technological progress is not merely an economic process, but a social and cultural outcome regulating the spread and sharing of knowledge amongst society.

Mokyr tells us the importance not just of generating new ideas, but of sharing and communicating these ideas. Free markets do not automatically guarantee growth, and state intervention does not ensure negative growth prospects. Instead, anything that restricts the free flow of information directly hampers innovation and growth. In that respect, one can point to certain social institutions in India that have hampered growth – such as caste – while being aware of the potentially negative effects of job polarisation and automation in restricting the spread of knowledge amongst theorists and practitioners.

Does the caste system stop growth?

The social institution of caste in India has ensured that knowledge was the preserve of an elite minority, with violence being used to restrict access. Following Independence, policy proposals such as reservations have been introduced to rectify this balance. However, access to high quality education still remains out of reach for many, while the slow retreat of the public sector ensures quality education once again remains the preserve of the elite.

Mokyr's work shows us the dangers of not ensuring universal access to quality knowledge. What matters is not just the extent of knowledge accumulated by a society, but whether enough individuals have access to it in order to use it to tinker, experiment, and devise new techniques to introduce economic innovations. The existence of knowledge but with no meaningful access to it is as good as a society that possesses no knowledge at all. The extreme fragmentation of caste implies that not only is education restricted, but rigid conventions that ensure communities do not meaningfully interact further restricts innovations.

In this regard, one can see the importance of breaking down caste barriers, and improving educational access as well as ensuring quality education for all. This is of relevance given the slow retreat of the state in education and the rise in private universities. Much of the population may be unable to access quality education owing to high fees and lack of reservations in private universities.

What about automation?

Current labour markets have been thrown into disarray and profound uncertainty with the introduction of automation driven by AI.

The threat of job displacement is serious, but there is another, deeper question: what happens to the sharing of practical knowledge about capital and techniques when fewer individuals have access to it? Automation brings with it the problem of job polarisation, where much of routine work is performed by machines and/or AI, with humans in either highly skilled tasks or performing service occupations, such as in restaurants. This could potentially reduce the share of workforce who actually have knowledge of modern techniques. The transmission of knowledge about techniques of production requires long periods of familiarising oneself with the methods of operation, through personal contact, training and hands-on experience. Automation can have significant productivity effects, and might even prove to raise growth over time. But what happens to the sharing of knowledge of techniques if much of the labour force does not even have access to these new techniques?

If inaccessible education and restrictive social institutions keep propositional knowledge restricted, and job polarisation and automation ensure prescriptive knowledge is out to reach, economy-wide innovation is bound to suffer. The transformation of knowledge into innovations and growth depends on the cultural and social norms determining the costs of access to knowledge. Democratisation of education, far from being inimical to economic efficiency, is actually an important condition to ensure faster growth.

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Topic: Why Access to Knowledge is Crucial for Innovation

Source: *The Hindu*

Relevance: GS Paper 3 – Inclusive Growth | Innovation & Technology | Education | Society & Development

Linked Topics:

Technological Change | Creative Destruction | Knowledge Economy | Caste & Education | Automation | Job Polarisation | Human Capital Formation

Context:

The 2024 Nobel Prize in Economics was awarded to **Joel Mokyr**, **Philippe Aghion**, and **Peter Howitt** for their work on the role of technological change and creative destruction in driving economic growth. The article explores Mokyr's historical model linking access to knowledge, social structures, and innovation, and examines its relevance to India in the context of inequality, caste, and automation.

Curiosity Question:

How does limiting access to knowledge — through social barriers or automation — directly restrict innovation and long-term economic growth?

Analytical Overview:

- **Mokyr's Model:**
    - Distinguishes between **Propositional Knowledge** (scientific/theoretical) and **Prescriptive Knowledge** (technical know-how).
    - Growth occurs when both forms of knowledge increase and are **widely accessible**.
    - Innovation is a **social and cultural process**, not purely economic.
    - Free exchange of ideas is essential for creativity and progress.

- **Barriers to Knowledge in India:**
    - The **caste system** historically restricted education and knowledge to elites.
    - Even post-Independence, **quality education remains inaccessible** to many due to inequality and costly private education.
    - Despite reservation policies, elite capture of educational resources persists.
- **Automation and Knowledge Sharing:**
    - **Automation and AI** cause job polarisation — eliminating routine jobs and widening skill gaps.
    - When fewer workers engage in production processes, **technical knowledge diffusion declines**.
    - Innovation slows if only a narrow elite understands or operates advanced technologies.
- **Key Idea:**
    - A society's progress depends not only on the amount of knowledge it has, but **how widely it is shared**.
    - Knowledge without access is equivalent to having no knowledge at all.
    - Democratisation of education is crucial for sustained innovation and inclusive growth.

Constitutional / Policy Linkages:

- **Article 21A:** Right to Education.
- **Directive Principles (Articles 38, 39, 41, 45):** Promote social and economic justice, and equitable access to education.
- **NEP 2020:** Emphasises universal access, flexibility, and holistic learning.
- **SDG 4:** Quality Education and lifelong learning opportunities for all.

Way Forward / Recommendations:

- Promote **universal and affordable access** to quality education, including in private universities.
- Encourage **inter-community learning and inclusivity** to dismantle caste-based knowledge barriers.
- Introduce **vocational and experiential learning** to preserve practical knowledge amid automation.
- Balance automation with **reskilling programmes** to ensure equitable access to technical knowledge.
- Foster a **culture of openness, collaboration, and free information flow** in research and innovation systems.

Prelims Pointers:

- **Nobel Laureates (2024 Economics):** Joel Mokyr, Philippe Aghion, Peter Howitt.
- **Mokyr's Key Concept:** Propositional vs Prescriptive Knowledge.
- **Caste Impact:** Restricts access to learning and social mobility.
- **Automation Risk:** Job polarisation and loss of skill diffusion.
- **Policy Reference:** National Education Policy (NEP) 2020.

Mains Keywords: Knowledge economy, innovation ecosystem, inclusive growth, social capital, automation, caste inequality, education access, creative destruction, technological diffusion

Mains Practice Question:

"Economic growth depends not merely on the creation of knowledge but on its equitable access and diffusion." Discuss in the context of India's social structures and the rise of automation.

Dimensions:

(i) Mokyr's theory

(ii) Access vs accumulation of knowledge

(iii) Caste and educational inequality

(iv) Impact of automation

(v) Policy measures for inclusivity

One Line Takeaway:

Innovation flourishes only when knowledge is freely shared; restricting access — through social or technological barriers — hampers both creativity and economic growth.