



**TATHASTU**  
Institute of Civil Services

# DAILY CURRENT AFFAIRS



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S.NO.	TOPIC
1.	Should doctors be kept out of the Consumer Protection Act?
2.	Rising debt strains household savings
3.	The 'Oslo trap'

## SHOULD DOCTORS BE KEPT OUT OF THE CONSUMER PROTECTION ACT?

### Should doctors be kept out of the Consumer Protection Act?

Context

PARLEY

Earlier this month, the Supreme Court ruled that advocates cannot be held liable under the Consumer Protection Act, 1986, for deficiency in service. The Court also indicated that its 1995 decision that held medical professionals accountable under the Act may need to be revisited. It suggested that the definition of the term 'services' under the Act, which includes the medical sector, be re-examined. The issue will be placed before a larger Bench. Should doctors, like lawyers, be kept out of the Consumer Protection Act? Rajeshwari Sekar and Saroja Sundaram discuss the question in a conversation moderated by Aroon Deep. Edited excerpts:

**Is it appropriate for patients to take recourse to the Consumer Protection Act?**

**Rajeshwari Sekar:** It is a welcome decision by the Supreme Court to revisit the facts of the 1995 case; it will give a better explanation for the word 'services'. *Indian Medical Association v. V.P. Shantha* was a landmark case which decided that doctors, medical professionals, and hospitals do come under the Consumer Protection Act as service providers. Doctors are highly qualified professionals who provide a service to the people. They are highly specialised. This cannot be equated with any other [profession] because human bodies react differently in different situations. A lot of work and research goes into medical practice. Many surgeries are high tech. Patients have to be carefully taken care of.

But there are people who misuse the Act. They don't want to pay the doctor's fee or the hospital fee. They create a ruckus and file a case under the Consumer Protection Act. This turns into a harrowing experience for doctors and hospitals. When things go well, a patient is happy, but when things go wrong, the patient blames the doctor and the hospital. This is dangerous. Doctors order a bunch of medical tests to protect themselves against these complaints. And that increases the cost of procedures. Everything has to be on record, so that if there is a dispute, they can prove that they were correct in doing whatever they did.

**Saroja Sundaram:** I think it is appropriate for patients to take recourse under the Consumer Protection Act because without the Consumer Disputes Redressal Commissions, the affected patients will not have an effective adjudicating body to get their grievances redressed. The Indian Medical Council Act, 1956, may define



An operation theatre. GETTY IMAGES/ISTOCKPHOTO

misconduct and take action on erring doctors, but how will it benefit the affected patient or family? I don't think the National Medical Council has the powers to award compensation to patients for the injuries they sustained. There may be provisions in civil and criminal law, but criminal law may be brought into effect only in case of death of patients. We all know that while there is a remedy available in civil law, it is a long-winded trial with elaborate rules of procedure, fees, and delays. This deters an aggrieved patient or family from approaching courts. The Consumer Protection Act is a benevolent legislation enacted with the main objective of protecting the rights of consumers, and we all know who a consumer is. When a person buys a product or a service for a consideration, they are a consumer as defined under the Act. As for the medical profession, it is not a business per se, but a service rendered that is often associated with a cost.

The judgment in the *V.P. Shantha* case clearly explained the relationship between a doctor and patient as a contract for service and said that it (the medical service) would come within the purview of the Act. I think this judgment should stand good because it benefits the affected consumers, who are the affected patients. Otherwise, where will patients seek solace?

**What are the problems and opportunities in using the Consumer Protection Act as the pathway for patients to challenge adverse outcomes?**

**RS:** In some cases, we find there is gross negligence [on the medical professionals' part]. In such cases, following the legal process is okay. But what about people who have done a good job and yet a shadow of doubt is cast on them? Patients go to court and file a case, then they go to the district forum, then to the State



Action against malpractice is one thing, but to compensate an aggrieved consumer is another. As we have an ombudsman for the insurance, banking, and electricity sectors, maybe we should have an independent authority to deal with these issues in the medical sector too.

SAROJA SUNDARAM

Commission on appeal, and then to the National Consumer Disputes Redressal Commission. It takes 10 harrowing years to prove that you are innocent. It's an experience that really takes the spirit out of doctors. The doctor is rendering a service. He is highly qualified, just like an advocate. He is ready to help the patient. But these are the problems – delays and frivolous litigation. And there are people who just don't want to pay doctors, so they come up with some case to cause trouble. It takes a toll on doctors.

If doctors' associations themselves have an authority who can view these cases with expert medical knowledge and act, that would be sensible, instead of a person approaching the court and going the long way. The courts cannot decide by themselves anyway; they have to get an expert opinion from a group of doctors. So, that can be avoided.

**SS:** I think largely it [the 1995 judgment and the Consumer Protection Act] gives an opportunity for patients to challenge malpractice and seek redressal. The remedies provided under the Act are quite advantageous to the patient. In all these years I don't think we will be able to point out any case of an unfair or incongruous judgment rendered by the redressal agencies under the Act. Expert opinion is sought if the issue is complex; only then are cases decided.

As for consumers, I think it is time to do a study to see how many frivolous cases have been filed over the years. In most cases it would be a genuine case of malpractice, or the patient or the family would have been made to strongly believe that they were wronged by the doctor. Non-provision of adequate information on time is one of the main reasons for this. The delay in consumer commissions is an issue that needs to be dealt with definitely because 10-12 years of delay in handling cases undermines the objective of the Act, which is to provide speedy redressal to complaints.

**What would an alternative mechanism look like if consumer forums are deemed to be an**

**inappropriate way of dealing with medical complaints?**

**SS:** Action against malpractice is one thing, but to compensate an aggrieved consumer is another. As we have an ombudsman for the insurance, banking, and electricity sectors, maybe [we should have] an independent authority to deal with these issues as a first step. The consumer should always have the option to file a case before the consumer courts. But as a first redress, we could have a body where the matter could be taken to first. Similarly, we have the option of mediation under the Consumer Protection Act. As of now, medical negligence is not covered under it. That is something we could work on.

**Do grievance redressal forums actually draw a distinction between explicit malpractice and adverse outcomes that follow a risk that was present in some way or the other? How can physicians safeguard themselves against litigation in cases where they genuinely did everything that they could to prevent a specific outcome?**

**RS:** What is needed is a very strong regulatory authority which can monitor medical professionals' activity, but they should also have powers to control what is happening.

There is medical indemnity insurance that a lot of doctors subscribe to in order to be safe if they get into any problem. But it is a difficult process if they have to go to court regardless.

**SS:** If you go through the judgments, there are several which have been decided against the consumers as well. It's not like every doctor is framed and that every case found ends up in favour of the consumer. The Commissions have handled the cases quite diligently, I would say.

Diligent service delivery, maintaining proper records about the patient's history, taking proper consent for treatment will safeguard a doctor's interest. Following the checklist protocols required for maintaining proper medical records is important. Communicating clearly about the risks [before procedures or treatment] and outcome of the procedure/treatment, and timely referral of the patient in case of complications help physicians safeguard themselves against such litigation.



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### Points To note from this News →

- Consumer Protection Act
- who are covered under it
- Definition of consumer
- Judgements wrt Consumer Protection Act
- Case of Doctors → whether they should be covered under it or not



### Consumer Protection Act, 2019

- ❖ The Consumer Protection Act (CPA) is legislation in India that was enacted in 1986 to protect and promote the interests of consumers. The Act aims to provide consumers with effective and speedy redressal of their complaints against unfair trade practices and defective goods or services.
- ❖ The Consumer Protection Act has been amended several times since its inception to keep pace with changing times and emerging issues.
- ❖ The latest amendment to the Act, Consumer Protection Act, 2019 came into effect in July 2020, introducing several key changes to strengthen the Act and enhance consumer protection.

### Salient features of the Consumer Protection Act, 2019

- ❖ Definition of Consumer
  - ☛ A consumer is defined as a person who buys any goods or avails a service. It excludes persons who buy a good/service for resale or for commercial purposes.
  - ☛ It covers transactions through all modes i.e. offline, and online through electronic means, teleshopping, multi-level marketing or direct selling.
- ❖ Consumer Rights
  - ☛ The definition of a consumer right is the 'right to have information about different aspects of a good or service such as its quality, quantity, potency, purity, price and standards.
  - ☛ Some consumer rights have been defined in the Bill. These are as follows:
    - be protected against the marketing of goods and services which are hazardous to life and property
    - be informed of the quality, quantity, potency, purity, standard and price of goods or services
    - be assured of access to a variety of goods or services at competitive prices
    - seek redressal against unfair or restrictive trade practices.
- ❖ Consumer Protection Council
  - ☛ The Bill has mandated the central government to establish Consumer Protection Councils known as Central Councils.
  - ☛ It has also mandated the state government to establish Consumer Protection Councils in states and districts as State Councils and District Councils respectively.
  - ☛ These are advisory bodies which will advise on the promotion and protection of consumer rights. It will be headed by the respective ministers of consumer affairs at the central and state levels. It will be headed by the District Collector at district levels.
- ❖ Central Consumer Protection Authority
  - ☛ The bill establishes the Central Consumer Protection Authority [CCPA] to protect and enforce the rights of consumers. It will regulate matters related to:
    - i violation of consumer rights
    - ii unfair trade practices
    - iii misleading advertisements.
  - ☛ It can also file cases before the Consumer Disputes Redressal Commission.
  - ☛ It will have a separate investigation wing to investigate cases under the Act.



- ☛ It will also have the power to issue directions and penalties against false or misleading advertisements.
- ☛ The Authority can issue safety notices to alert consumers against dangerous or hazardous goods or services.
- ❖ Consumer Dispute Redressal Commission
  - ☛ The bill sets up a 3-tier consumer disputes redressal commissions/consumer courts at district, state and national levels. Complaints to consumer courts can be filed electronically and from the place where the complainant resides.
  - ☛ A consumer can file a complaint with CDRCs in relation to:
    - (i) unfair trade practices;
    - (ii) defective goods or services;
    - (iii) overcharging or deceptive charging; and
    - (iv) Selling of goods or services which may be hazardous to life and safety.
  - ☛ Complaints against unfair contracts can be made only at the centre and state consumer disputes redressal commissions.
  - ☛ The final appeal against the order of the national commission shall be made in the Supreme Court.
- ❖ Mediation
  - ☛ The bill provides for an Alternate Dispute Resolution Mechanism through mediation.
  - ☛ A grievance can be referred for mediation by the Consumer Forum if it is satisfied that the scope for early settlement by mediation exists.
- ❖ Product Liability
  - ☛ A manufacturer/service provider/product seller will be held responsible to provide compensation for any damage caused by a defective product or deficient services.
  - ☛ Compensation may be obtained if the complaint for product liability satisfies any of the following conditions :
    - Manufacturing defect
    - Design defect
    - Deviation from manufacturing specifications
    - Not conforming to express warranty
    - Lack of adequate instruction for correct use
    - Faulty services.
- ❖ Penalties
  - ☛ A penalty can be imposed by the CCPA on a manufacturer or an endorser of up to Rs 10 lakh and imprisonment for up to two years for a false or misleading advertisement.
  - ☛ In case of a subsequent offence, the fine may extend to Rs 50 lakh and imprisonment of up to five years.



**Practice is Necessary:**

**Q. Consider the following statements:**

1. Consumer Protection Act, 2019 establishes consumer protection councils to protect the rights of the consumers at both the national and state levels.
2. Central Consumer Protection Authority (CCPA) is responsible for protecting consumer privacy and preventing data breaches. .

Which of the statements given above is/are correct?

- [A] 1 only
- [B] 2 only
- [C] Both 1 and 2
- [D] Neither 1 nor 2

**Answer: A**

**Notes:**

Explanation –

- ❖ Statement 1 is correct. The Consumer Protection Act, 2019 establishes three-tier consumer protection councils at the national, state, and district levels. These councils are responsible for protecting the rights of consumers and promoting consumer awareness.
- ❖ The Consumer Protection Act, 2019 repeals and replaces the Consumer Protection Act, 1986. The new Act aims to provide a more comprehensive and effective framework for consumer protection in India.
- ❖ Statement 2 is incorrect. The CCPA's primary function is to protect consumer rights and interests in the context of unfair trade practices and consumer exploitation. While data privacy and data breach prevention are related to consumer protection, they fall under the purview of different regulatory bodies in India.

**Q. With reference to consumer's rights/ privileges under the provision of law in India, which of the following statements is/are correct? (2012)**

1. Consumer are empowered to take samples for food testing
2. When a consumer files a complaint in any consumer forum, no fee is required to be paid.
3. In case of death of a consumer, his/her legal heir can file a complaint in the consumer forum on his/her behalf.

Select the correct answer using the code given below:

- [A] 1 only
- [B] 2 and 3 only
- [C] 1 and 3 only
- [D] 1, 2 and 3



**RISING DEBT STRAINS HOUSEHOLD SAVINGS**

# Rising debt strains household savings

Household net financial savings to GDP ratio have declined due to increased borrowing and structural shifts rather than a mere change in savings pattern; there's a need for macroeconomic policies to support household income growth to reduce its own financial stress and stabilise the macroeconomy

**ECONOMIC NOTES**

Zico Dasgupta  
Srinivas Raghavendra

The bone of contention in the recent debate has been the drastic fall in household net financial savings to GDP ratio during 2022-23 on account of a higher borrowing to GDP ratio. In response to our previous article 'On the Fall in Household Savings' (The Hindu, April 21, 2024), the Chief Economic Advisor (CEA) to the Government of India has interpreted this trend as a mere shift in the composition of household savings, where households are argued to incur greater borrowing (or reduce net financial savings) solely to finance higher physical savings (investment). In this article, we argue that this interpretation is inconsistent with broad trends and highlight some signs of structural shifts in the Indian economy.

**Not a mere change in savings pattern**  
The household savings to GDP ratio is the sum of its net financial savings to GDP ratio, physical savings to GDP ratio and gold and ornaments. A mere shift in the composition of savings would have kept the overall household savings to GDP ratio unchanged, with lower net financial savings to GDP ratio or higher borrowing to GDP ratio being fully offset by higher physical savings to GDP ratio. Figure 1 shows the extent to which these ratios changed during 2022-23 as compared to 2021-22 and indicates a contrary phenomenon.

The net financial savings to GDP ratio declined by 2.5 percentage points, whereas the physical savings to GDP ratio increased only by 0.3 percentage points. The household borrowing to GDP ratio increased by 2 percentage points, significantly more than the increase in the physical savings to GDP ratio. With the gold savings to GDP ratio remaining largely unchanged, the household savings to GDP ratio declined by 1.7 percentage points. In short, the phenomenon of a household's higher borrowing to GDP ratio cannot be explained exclusively in terms of change in savings composition. In our last article, we argued that lower net financial savings to GDP ratio and higher borrowing to GDP ratio largely reflected a household's need to finance greater interest payment commitments at a given income amid higher interest rates and debt-income ratio, leading to an increase in financial distress of the household.

Surprisingly, the CEA's response is based on the analysis of absolute nominal numbers of household total savings. He argues that the nominal value of a household's total savings has increased, as the nominal value of physical savings has increased more than the fall in nominal value of net financial savings. However, this trend merely shows that the nominal (inflation unadjusted) growth rate of total household savings has been positive during 2022-23, which has hardly been a topic of contention. A positive nominal growth rate of savings neither addresses the historic fall in net financial savings to GDP ratio nor refutes our explanation of the higher borrowing to GDP ratio and the phenomenon of greater interest payment burden of the household that we pointed out.

The phenomenon of household's higher interest payment burdens and debt-income ratio in the post-COVID period, however, brings forth two important questions: Does it reflect a qualitative change in the structure of the macroeconomy in the recent period? If yes, how different are these features from

## Rising interest, falling savings

Challenges ahead include narrowing the gap between income growth and lending rates, and averting potential decreases in aggregate demand

**Deciphering trends:** Figure 1: Changes in the components of the savings to GDP ratio in FY21-FY23



**Table 1a: Lending rate and the household GDP growth (%)**

	2019-20 to 2021-22	2019-20 to 2022-23
Avg. lending rate (RBI)	9.3	9.4
Average household GDP <sup>a</sup> growth rate	8.0	9.3
Average household GDP growth rate minus Average WALR <sup>b</sup>	-1.3	-0.1

**Table 1b: Lending rate and the GNI growth (%)**

	2003-04 to 2007-08	2019-20 to 2021-22
Average Lending rate (IMF)	11.8	8.8
Average GNI <sup>**</sup> growth rate	14.5	8.7
Average GNI growth rate minus Avg lending rate	2.7	-0.1



- 1 The nominal (inflation unadjusted) growth rate of total household savings has been positive during 2022-23
- 2 For the year 2023-24, the GNI growth rate has been lower than the average WALR
- 3 At the present juncture, India's debt servicing ratio is still lower than many countries

Sources for the Figure and Tables: Figure 1: National Accounts Statistics; Table 1a: RBI; Table 1b: IMF, National Accounts Statistics

<sup>a</sup> Gross domestic income | <sup>b</sup> Weighted average lending rate | <sup>\*\*</sup> Gross national income

the previous episodes when household borrowing increased?

**Signs of structural shift**

Since the share of interest payment in household income (interest payment burden) is the product of interest rate and debt-income ratio, any increase in the latter would lead to a greater interest payment-income ratio at a given interest rate. The recent period has been associated with a sharp rise in both these variables. The debt-income ratio of the household can potentially change through two distinct factors. The first factor pertains to a higher net borrowing-income ratio of the household, where net borrowing is the difference between total borrowing and interest payments. Household's stock of debt would rise at any given level of income if they decide to increase their net borrowing for financing higher investment or consumption.

The second route involves factors that are largely exogenous to the household's decisions—namely, the interest rate on the outstanding debt and the nominal income growth rate of the household. Any increase in interest rates or reduction in nominal income growth rate increases a household's debt-income ratio during a particular period. If the growth in interest payments outweighs income growth, the debt-income ratio will continue to grow. Such mechanisms can be described as "Fisher dynamics" following Irving Fisher, who explained the phenomenon of rising debt-income ratio in terms of changes in interest rate and nominal income growth rate.

Starting from the pre-COVID growth slowdown of 2019-20, the Indian economy has typically been characterised

by such Fisher dynamics. The post-COVID period has seen a sharp rise in the ratio between nominal debt and nominal income of the household, largely on account of a lower nominal income growth rate. The debt-income ratio as an indicator of household leverage (or repayment capacity) has received scrutiny, particularly after the global financial crisis. Notwithstanding the recent rise in the lending rate that has contributed to the rise in debt-income ratio, the key structural feature that has emerged in the recent period is that the nominal income growth rate has often been lower than the weighted average lending rate. This seems to be the very mechanism by which a household's interest payment burden and debt-income ratio have increased.

Table 1a shows that the average value of the growth rate of household disposable income has been lower than the weighted average lending rate (WALR) for the period 2019-20 to 2022-23. The average value of the lending rate for this period is constructed from the Reserve Bank of India's quarterly figures. The household disposable income data is not yet available for 2023-24. However, the gross national income (GNI) growth rate, which is closely associated with the growth rate of household disposable income in the recent period, has recorded lower than the average WALR for this year. These emerging features seem to stand in contrast with previous episodes of high household borrowing, like the period of 2003-04 to 2007-08. While a long run comparison becomes difficult with the indicators used in Table 1a, one can use International Monetary Fund's lending rate data and the GNI growth rate for the analysis. Table 1b shows that the

average GNI growth rate was greater than the average lending rate from 2003-04 to 2007-08. In contrast, the average GNI growth rate was lower than the average lending rate during the period 2019-20 to 2021-22.

**Macroeconomic challenges**

The comforting news at the present juncture is that India's debt servicing ratio is still lower than that of many countries. But with the emergence of the Fisher dynamics, there are at least two unique challenges that confront the Indian economy.

The first challenge pertains to decreasing the gap between interest rate and income growth and slowing down the growth of the debt-income ratio of the household. While the level of debt-income ratio presently remains low, frequent episodes of income growth lagging behind the lending rate can quickly push up household's interest payment burdens.

The second challenge involves stemming the possibility of downward adjustment of aggregate demand amid high interest payment and debt commitments of the household. Such possibilities emerge when households tend to maintain stock-flow norms in debt and wealth management by curtailing their consumption expenditure. The sharp decline in the consumption to GDP ratio in 2023-24 points towards such a possibility.

These challenges point towards the need to include an additional macroeconomic policy target to stimulate and support household income growth.

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**THE GIST**

The household net financial savings to GDP ratio fell significantly in 2022-23, primarily due to a higher borrowing to GDP ratio. This decline cannot be solely explained by a shift in the composition of savings.

The increase in household borrowing has led to a higher debt-income ratio, resulting in greater interest payment burdens. This trend has been particularly pronounced in the post-COVID period.

Unlike previous periods of high household borrowing, the current period is characterised by a lower nominal income growth rate compared to the average lending rate, leading to increased financial stress on households.

There is a need for macroeconomic policies that not only address inflation and government debt targets but also stimulate and support household income growth to mitigate these emerging challenges.

**Points To Note from this News**

- meaning of household financial savings
- " " household debt
- Reasons behind low financial savings
- implications of higher debt household macroeconomy
- measures
- conclusion



- ❖ The sharp reduction in Household Net Financial Savings and the rise in Household Debt burden are a cause for concern for growth and economic stability.

#### What are household financial savings?

- ❖ Household financial savings refer to currency, bank deposits, debt securities, mutual funds, pension funds, insurance, and investments in small savings schemes. The total of these savings is referred to as gross household financial savings.

#### What is Household Debt?

- ❖ Household debt is all household liabilities (including non-profit institutions serving households) that require payments of interest or principal by households to creditors at a fixed date in the future.
- ❖ Debt is calculated as the sum of the following liability categories: loans (primarily mortgage loans and consumer credit) and other accounts payable.

#### What are the present reasons behind the Lower Financial savings?

- ❖ Increased borrowing or reduced gross financial savings are the primary drivers of lower net financial savings.
- ❖ Lower net financial savings due to increased borrowing for consumption or investment can stimulate aggregate demand and output.
- ❖ Higher interest rates can lead to increased interest payments by households, reducing their net financial savings.

#### Implication of Higher Debt Burden on the Indian Market:

- ❖ The rise in household debt burden has two concerns for the macroeconomy.
- ❖ Debt Repayment and Financial Fragility: Household debt sustainability depends on the gap between the interest rate and income growth rate.
  - ☛ Suppose households fail to meet their debt repayment commitments. In that case, it reduces the income of the financial sector and deteriorates their balance sheets, which in turn can have a cascading effect on the macroeconomy.
- ❖ Scheduled Commercial Banks Lending vs. Growth Rate of GNS: The weighted average lending rate registered a sharp rise in the last two years, particularly due to the tight monetary policy stance of the RBI and the sharp rise in the call money rate during this period.
- ❖ Impact on Consumption Demand: Reducing household wealth can lead to lower consumption expenditure as households may attempt to preserve their wealth by increasing their savings.
- ❖ Reduced Higher household debt: Higher household debt can also reduce consumption expenditure in at least two ways.
  - ☛ If higher household leverage is perceived as an indicator of higher default risk, then it may induce banks to indulge in credit rationing and reduce credit disbursement. The consequent reduction in credit disbursement can adversely affect consumption.
  - ☛ Higher debt can reduce consumption expenditure by increasing the interest burden, not to mention the effect of higher interest rates on consumption expenditure.
- ❖ Low household Financial wealth: Recent trends in the Indian economy indicate a decline in household financial wealth relative to GDP, alongside an increase in household leverage (debt to net worth ratio).



- The financial wealth/net worth of the household is the difference between the stock of financial assets and liabilities.

#### Macroeconomic Implication:

- ❖ Implications of the Procyclical Leverage: Given that both the flow indicator of liabilities to disposable income and the debt to net worth show an increasing trend, where households are vulnerable.
- ❖ Fall in the Household Savings: The policy mantra of higher interest rates to counter inflation by reducing macroeconomic output and employment can leave households with an increasing level of debt in their balance sheets and potentially push the households into a debt trap.
- ❖ The implications of high-interest rates on debt burden can hurt the consumption of the households and consequently aggregate demand.

#### Suggestive Measures:

- ❖ Promote sustainable borrowing: Policymakers need to address the growing vulnerabilities of households by implementing measures to promote sustainable borrowing practices and reduce reliance on debt.
- ❖ Prioritizes production and employment: Additionally, the policies aimed at fostering a more balanced economy that prioritizes production and employment alongside financial activities may be necessary to ensure long-term economic stability and growth.

#### Conclusion:

- ❖ The change in the composition of the asset side of the household balance sheet towards financial assets indicates some degree of financialization of the economy which moves from a production-based economy to a monetary or financial exchange-based economy making the 5 trillion dollar economy both jobless and fragile.

#### Mains PYQ:

- Q. The public expenditure management is a challenge to the Government of India in the context of budgetmaking during the post-liberalization period. Clarify it. (UPSC IAS/2019)**





**THE 'OSLO TRAP'**

# The 'Oslo trap', a number of wars and other challenges in the Israel-Palestine conflict

Two writers explain the reasons why peace is elusive in this West Asian region; while Rashid Khalidi gives a historical sketch of Israel's settler colonialism, Nathan Thrall writes about the impact of this colonial rule on ordinary Palestinian lives

**Stanly Johny**

It was a wet, grey, and extremely windy February morning in 2012, Nathan Thrall writes in *A Day in the Life of Abed Salama: Anatomy of a Jerusalem Tragedy*. On that fateful day, a trailer truck flipped on an old bus carrying Palestinian children on a highway in the Israeli-controlled Area C of the West Bank outside Jerusalem. The children, from a private kindergarten, were on the way to a local play centre. A few minutes after the accident, Abed got a call from his nephew. "Did Milad go to the picnic today? There was an accident with a school bus near Jaba."

Milad Salama is Abed's five-and-a-half-year-old son. Earlier in the day, Milad's mother, Haifa, had helped her boy into his school uniform: "grey pants, a white-collared shirt and a grey sweater". After the crash, Milad's school bus rolled over on the road, doors against the ground. The fire soon engulfed the bus. Six children and a teacher were killed and many more were injured.

Thrall, a Jewish American journalist who lives in Jerusalem, follows Abed's frantic efforts to trace his son. And through the story of the accident and that of Abed, Thrall writes about the day to day life of Palestinians under the many yokes of the Israeli occupation in a non-sentimental yet powerful prose. The bus is "crackling with flames," writes Thrall. A crowd had gathered around the bus and was screaming and shouting. The site of the accident was a few minutes

drive away from a Jewish settlement and seconds from the Jaba checkpoint. It would take time for rescue workers to reach the site, navigating the morning traffic and Israeli checkpoints. An Israeli ambulance or soldiers could have reached the site in minutes. But about half an hour after the crash, Thrall writes, "not a single firefighter, police officer or soldier had come."

Thrall originally wrote about the accident in March 2021 in 'The New York Review of Books' in a 20,000-word essay. Abed Salama's quest to find his son "lays bare the reality of Palestinian life under Israeli rule," he wrote in the article. Later, he expanded the article into a book, with more details on the experiences of those whose children were there on the bus. The book won the Pulitzer Prize for non-fiction this year.

**Busting myths**

Thrall is a familiar name for Israel-Palestine watchers. A former research director at the International Crisis Group, Thrall's previous book, *The Only Language They Understand*, is one of the most authoritative works on the Israel-Palestine conflict of recent times. The popular narrative about the Israel-Palestine conflict is that "terrorism" on the Palestinian side has been a major stumbling block for a two state solution. Thrall details the concessions the Palestinians made in *The Only Language*: "In the 1948 war, Israel captured 23% more territories than what even the UN had proposed for 'an

independent Jewish nation'." When the PLO (Palestine Liberation Organization) was formed, its goal was to "liberate" all of Palestine. Later, the PLO settled for an independent Palestinian nation within the 1967 border – which is only 22% of the historical Palestine.

When the Oslo Accords were signed and a provisional government was formed in parts of the West Bank and Gaza, the Palestinian leadership excluded Jerusalem from the process, allowing Israel to continue the occupation of East Jerusalem. But even with these compromises, the Palestinians failed to move towards sovereignty. Almost a quarter century after the Oslo Accords, the Palestinian Authority controls only parts of a restive West Bank, with Israel building more settlements in the occupied land. Gaza has been blockaded from all sides. That's why Thrall calls the Oslo process the "Oslo trap." It was against this background the October 7, 2023 attack by Hamas in Israel unfolded.

**Brutal occupation**

For the Israeli government, Hamas represents Palestinian terrorism, and the government of Prime Minister Benjamin Netanyahu has vowed to "crush" Hamas. Israel has killed over 35,000 Palestinians in Gaza since October 7 and wounded tens of thousands more. Israel claims that it is a victim of Hamas terrorism. What Israel doesn't want to talk about is its brutal, illegal occupation of the Palestinian territories. While Hamas's attack on Israeli civilians should be

condemned, any understanding of the Israel-Palestine conflict without the historical context would not be complete.

Rashid Khalidi, a Palestinian American historian, attempts to complete the circle by providing a compelling account of the loss of Palestine in his 2020 book, *The Hundred Years of War on Palestine: A History of Settler Colonial Conquest and Resistance*. Often provocative, sharp and insightful, Khalidi's account, rich with interesting historical anecdotes and personal history, stretches from the Balfour Declaration of 1917 to the then U.S. President Donald Trump's decision to recognise Jerusalem as Israel's capital in 2017.

According to Khalidi, there were six declarations of war on Palestinians during this time: the Balfour Declaration, the declaration of the state of Israel in 1948; the Security Council Resolution 242, which was passed after the 1967 war; Israel's attack on Lebanon in 1982 to oust the PLO from the country; the Oslo Accords and, the sixth, Ariel Sharon's visit to the Haram esh-Sharif (Temple Mount) in 2000, which triggered the Second Intifada.

When Khalidi gives a historical sketch of Israel's settler colonialism, Thrall writes about the impact of this colonial rule on ordinary Palestinian lives.

In these three books, the writers show that history and faith have bled with personal suffering which much of the international community has conveniently ignored for the past seven decades.

- ❖ Announcement by Ireland, Norway, and Spain, of their intent to formally re-cognise the state of Palestine.

Points to note from this News

Israel-Palestine conflict - map  
context  
Oslo Accord



### Israel Palestine Map:

- ❖ Despite being one of the smallest regions in the world, the area comprising Israel-Palestine has several key areas. These territories are:

#### Israel's boundaries today

■ Palestinian territories



Region	Aspects
<b>Gaza Strip</b>	<ul style="list-style-type: none"> <li>- <b>Location:</b> The Gaza Strip is a coastal Palestinian region along the Mediterranean Sea, bordered by Israel and Egypt's Sinai Peninsula. Together with the West Bank, it forms the State of Palestine, with Israel situated between the two territories.</li> <li>- <b>Governance:</b> Hamas, a politico-military entity, has administered the Gaza Strip since its electoral victory in 2006.</li> <li>- <b>Control:</b> While Israel maintains authority over Gaza's airspace and coastline, it has also implemented limitations on goods entering the territory. Additionally, Egypt manages its border with Gaza.</li> </ul>
<b>West Bank</b>	<ul style="list-style-type: none"> <li>- <b>Location:</b> This territory is <b>landlocked and is bordered by Israel and Jordan</b>, with the Dead Sea marking part of its boundary.</li> <li>- <b>Administration:</b> A section of Jerusalem is within the West Bank. The region is governed by Fatah, previously recognised as the <b>Palestinian National Liberation Movement</b>.</li> </ul>
<b>Jerusalem</b>	<ul style="list-style-type: none"> <li>- <b>Location:</b> Located on a plateau in the Judean Mountains between the Mediterranean Sea and the Dead Sea. It's roughly in the centre of Israel and is bordered by several Palestinian territories.</li> <li>- <b>Administration:</b> Jerusalem is divided into several districts: Jewish-majority West Jerusalem and the predominantly Palestinian East Jerusalem, which includes the Old City. <ul style="list-style-type: none"> <li>• It holds profound significance for <b>three major world religions: Judaism, Christianity, and Islam</b>.</li> <li>• The Israeli government operates out of Jerusalem, with <b>the Knesset and the residence of the President and Prime Minister located in the city</b>.</li> </ul> </li> </ul>

### Oslo Accords:

- ❖ Oslo Accords are a series of agreements between Israel and the Palestinians signed in the 1990s.
- ❖ Oslo I (1993) is formally known as the Declaration of Principles (DOP). The pact established a timetable for the Middle East peace process. It planned for an interim Palestinian government in Gaza and Jericho in the West Bank.
- ❖ Oslo II is officially called the Israeli-Palestinian Interim Agreement on the West Bank and Gaza (1995), expanded on Oslo I.
  - ☛ It included provisions for the complete withdrawal of Israeli troops from six West Bank cities and about 450 towns.
  - ☛ Additionally, the pact set a timetable for elections for the Palestinian Legislative Council.
  - ☛ The interim pact was only supposed to last five years while a permanent agreement was finalised but it has tacitly been rolled over for more than two decades.
- ❖ The question of Jerusalem was left undecided under the Oslo Accords.