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Special issue

Reflections on Economic survey 2020-21 and Union Budget 2021-22

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GIFT GULATI INSTITUTE OF FINANCE AND TAXATION

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Editorial

Are the prescriptions in sync with the diagnosis?

Ever since 1951, the Ministry of Finance, Government of India, has been presenting an annual review of the Indian economy, in the Economic Survey published along with union budget. The Economic Survey also presented a short to medium term prospects of the economy and the broad contours of the paradigm that governs development. Since 1964, the Economic Survey has been published separately and the state governments followed. Accordingly, in 1959, the Government of Kerala started presenting an account of the annual performance of the regional economy in its publication, Economic Review.

The budget is a comprehensive statement of the revenue and the expenditure of the government concerned. Of late, the budget speech of the finance minister has become one of the most noted documents that serve as an instrument to communicate the development perspective of the government to the people. It attracts much attention of the media, both visual and print, and is subjected to very detailed scrutiny.

There is an inexorable link between the two documents. Economic Survey with its very comprehensive analysis could be considered as the diagnosis on the health of the economy, and the budget presented subsequently highlights the prescriptions of the finance minister for addressing the problems confronted by the economy. Although both documents are equally important, the prescriptions (budget) attract more public attention while the diagnosis (Economic Survey) seems to be not receiving the attention that it deserves.

These two documents together turn out to be quintessential to understand not only the development strategy but also the developmental outcomes at the national and state level. Its importance for the PhD scholars in social sciences and the students of economics at the postgraduate and under-graduate needs no elaboration. Based on this perception, GIFT has been organising, jointly with nearby colleges/universities, seminars on the Economic Survey and the union budget soon after their publication. Last year the event was jointly organised with the Department of Economics and the Department of Commerce of Kerala University. This year the webinar was organised in collaboration with the Economics Departments of University College and Government College for Women, Thiruvananthapuram on 5 February 2021.

Inaugurated by Professor T M Thomas Isaac, honourable finance minister of Kerala, the webinar benefitted from the keynote address delivered by Professor M A Oommen, distinguished fellow, GIFT and the special address of Professor Achin Chakraborty, director, Institute of Development Studies, Kolkata. It is highly encouraging to note that the seminar had the active participation of students and the faculty from different colleges in Kerala. As in the previous year, this seminar also turned out to be a forum of higher-level interaction and learning. This special issue of Kerala Economy is drawn from the wide-ranging deliberations in the webinar.

The overall approach of the webinar has been to examine whether the Economic Survey presents a realistic understanding of the economic performance, its drivers and roadblocks and the manner in which the budget addressed the roadblocks and issues like COVID 19. Since the Kerala budget was presented prior to the union budget, some of the contributors took it as an opportunity to compare the union budget with that of the Kerala budget in terms of its approach towards drawing the contours of a development strategy in the short run and long run.

The contributors of this issue have reflected comprehensively on the Economic Survey, 2020-21 and the Union Budget, 2021-22. To begin with, the macroeconomic trends especially the unprecedented set back to the GDP growth resulting inter alia from the pandemic induced nationwide lock-down and the budget proposals to revive the economy were dealt with. It is evident from the contributions that the union budget seems to have not provided adequately for making a turnaround in the GDP growth. While the Economic Survey, rightly dedicated to the COVID warriors, has highlighted the intensity of the pandemic to a great extent, the budget proposals apparently were not adequate. Almost 3.8 lakh people lost their lives in their battle with COVID-19.

This issue also presents a detailed exploration of other issues related to changing role of state, fiscal position, monetary management, GST amendments in finance act, inflation, inequality, and other macroeconomic issues. The performance of important sectors like agriculture, industry, services, and the external sectors has also been subjected to scrutiny and the implications of the budget proposals highlighted. Especially notable are the contributions with respect to education, human capital, gender, inequality, sustainability issues, social sector and inclusion of the less privileged. On the whole, we are inclined to infer that the contributors of this issue have made a commendable contribution towards our understanding on various issues of current relevance.

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Budgeting without a perspective

T M Thomas Isaac

We all learn in macroeconomics the three functions of public finance; stabilization, resource allocation and distribution. It is from this perspective from which I am going to analyze the Union Budget. First, what is the nature of the macro economic challenges today, and how does the budget respond? Secondly, what are our development priorities and has the resource allocation done justice to the requirements. The third, what are the distributional implications of the budget? I shall also examine a fourth issue, in a federal system since union budget has serious implications for federal finance. How will the present budget impact the center - state financial relations? On each of these issues, I shall refer to what I have attempted in my Kerala Budget.

What are the macroeconomic conditions today? I think the best source would be the Economic Survey. In the current financial year [2020 -21], Indian economy will shrink by 7.7 per cent. While the world economy, IMFs sets the decline only at (-) 4.5 per cent. So, what makes India to be the worst performer among all the developed and emerging economies? In fact, for the first quarter, for which we have concrete estimates, India`s performance is the worst in the world with (-) 24 per cent. The world average was around 10 per cent. In short, the macro economic situation the country faced with is the worst economic recession in its history. How does the present budget address the crisis? It is an elementary proposition in macroeconomics to have contra cyclical budgeting. When your economy is contracting you expand expenditure. When the economy is overheating you reduce expenditure. This is contra cyclical budgeting. Now look at the overall expenditure of the current year 2020- 21, it is only 14.5 per cent above the budget estimates of 2020- 21. If you take the actual expenditure of 2020- 21, the increase is less than 1 percent. So, in real terms you will find that there is a decline in the overall expenditure of the government compared to what you spent last year. Then how can you expect this budget will boost the economy out of the recession? That's why I share the apprehension of Prof. M A Oommen that we are not going to have 11.5 per cent growth in 2021-22.

I will add to the arguments that he has put forward by calling your attention to the year just before COVID. If we look for the previous eight quarters growth consistently slowed down to around 3 per cent. The downward trend started with the demonetization. The simplistic notion was that the MSMEs and corporates will close down temporarily because money is taken out. But you print new money and they would soon return to the normal. The corporate did but not MSMEs. Added with the GST problems, the pre-COVID period became a disaster. Then comes COVID -19. But it will aggravate the crisis in the MSME sector. The new budget has not got anything to revive them.

The actual fiscal deficit is 9.5 per cent last year. It is not because of the increase in expenditure but because revenues went down. Now this year revenues are going to be much better than last year, and therefore you find the overall fiscal deficit declines to 6.8 per cent. I would say that we should have maintained it at 9.5 per cent. But the government is afraid of the perception of the global finance capital. But I tell you that all over the globe the fiscal situation is very similar and it wouldn't have mattered if India`s deficit was also higher. May be the Center want to be more loyal than the King to the neo-liberal concepts and attract capital during the post COVID period. That is the strategy. So I would argue that, this budget does not address the key macroeconomic challenge.

Kerala budget, as you know, cannot adopt and expansionary stance on it`s on and raise its fiscal deficit like the Center. Nevertheless, we attempted to make maximum additional fiscal space that the Center made available.

Now let us move on to the resource allocation issue. The health sector should have had the highest attention. There is a claim of 137 per cent increase in the allocation for the health sector. That is achieved by including in the health outlay on health related sectors such as drinking water - there has been a major allocation to Jaljeevan Mission during the current year. Besides Rs 35,000 crores has been allotted for vaccine. The real allocation for health sector is only Rs 37,000 crore, less than that of last year. The allocation for the health sector has been cut and not increased.

The allocation for agriculture and allied sectors is Rs 1.54 lakh crore last year and in the current year is going to be only Rs 1.48 lakh crore. I don't know what perverse logic is behind this decision. For market intervention and price support schemes, allocation has been cut by Rs 2000 crore. The allocation for crop insurance scheme is just Rs 300 crore higher and the inter subsidy has been cut from Rs 2000 crore to Rs 900 crore.

The next priority sector should be MSME sector. I have already referred to the crisis faced by MSME sector. The proposal of Government of India to permit automatic increase of 20 per cent of the outstanding loan is a good move. But you know to be eligible for it the account had to be a performing asset at the end of February 2019. The majority of the MSME was sick by that time. Of course, there is a small scheme under fund of funds scheme from which the NPAs could get help, but it never became operational. So what is special in this budget for MSME?

In contrast the Kerala Budget has given highest preference for health sector. Last year, because government of Kerala faced the budget constraints you could expand expenditure in one sector, only by reducing the expenditure in another sector. Therefore we adopted a policy of cutting about Rs 30,000 crore of the allocated money from different sectors and gave additional allocation of Rs 25000 crore for health, food and Social security. Kerala ensured that nobody went hungry and that everybody was given best healthcare. Universal free COVID treatment and food was provided for all who fell sick.

In the current years budget Kerala provided additional Rs 4000 crore for the health system. Like health, education also gets high priority in Kerala, both school education and higher education. On the other hand in the national education mission, the funds have been cut from Rs 39,000 crore to Rs 34,000 crore.

See what has happened for the biggest support for the poor in India, NREGA program. The allocation is Rs 1.1 lakh crore. It has come down from Rs 2.73 lakh crore, the actual expenditure for the previous year. Anyone would have expected that COVID conditions would continue and the poor needed special support. The best way would have been to increase the allocation for NREGA. The Central government can cash transfer at least half the annual wages earned by NREG workers during the last years as advance and recoup it over next two three years. This would have been a simple way you can pump additional money into the hands of the poor. The budgetary allocation for the poor has declined. The Finance Minister has no right to complain about lack of resources after giving a corporate tax concession of Rs 1.5 lakh crore that nobody asked for, just to have a stock market rally during prime minister's in USA.

What is the implication for the Federal system in India, now that the Union Finance Commission report has been tabled? Recently, I have published a book on "Challenges to fiscal federalism". The Finance Commission did not reduce the state share of the divisible pool as was demanded by the Center. What the Center could not get directly, they are trying to grab indirectly. The present union budget has taken recourse to cut the divisible pool itself. Shamelessly the budget has cut the central excise on petrol and substituted it by a cess. This is totally unacceptable. What they have done is they have reduced the divisible pool, which should have been shared with the States. Cess is not part of the divisible pool therefore need not be shared with the states. All the increases of excise duty on the petroleum products in the recent period has not been on normal excise duty, but special excise duty, additional excise duty, etc, which will not be shared. But this is the first time in a fiscal history that a, tax is being replaced by cess to avoid sharing with states. Reason for the tax cut is to reduce the share of the state's, this has never been done.

If we recalculate and include all the cess and additional special taxes which, because of this status of being additional and special cess is kept up to this will make them part of the revenues then calculate, then share that the state gets is not 42 per cent but something near 32 per cent. That was the share of the states before the 14th finance Commission. Conditions are imposed on the states if they want to avail of additional COVID loans.

The union budget has announced a new financial institution for infrastructure promotion. The new Development Financial Institution would raise money, Rs 3 to 4 lakh from the market outside the budget and fund infrastructure. Similarly, the budgetary announcement of National Highway Authority of India to provide Rs 65,000 crores, in Kerala 1.13 lakh for Bengal and so on were the headlines. This also is not part of the budget expenditure. It is something NHAI raises from the market through annuity program or hybrid type of schemes and which then is made available for road construction. I am not against it, it should be done. See you want to keep the ideological face of a minimal state, but it is a reality that you cannot keep the state minimum and therefore you have these extraordinary SPVs, which raise money and would not be reflected the budget accounts, but is in the nature of off budgetary borrowings.

I once again clarify that I am not against these initiatives. My grievance is only that why should they object to Kerala doing the same. Kerala is having the biggest expansive state budget in India. Outside the budget the State government is investing Rs 60000 crore in infrastructure. We have formed an institution Kerala Infrastructure Investment Fund Board (KIIFB) which borrows from the market. We have Kerala Bank, we have other financial institutions who would provide for the money for the working capital for enterprises in Kerala. It is part of our financial policy to use these institution to further pursue our development goals. The union government is not only objecting to Kerala initiative but also deploying central agencies such as CAG, Income Tax and Enforcement Directorate describing that KIIFB is unconstitutional. This is unacceptable and Kerala will fight.

■

(Prof T M Thomas Isaac is the Minister of Finance and Coir, Government of Kerala and Chairman, GIFT)

Union budget 2021-2022: A well-orchestrated ideology and strategy [1]

M A Oommen

This talk is a brief critique of the present Union Budget and refers only to selected aspects. First let me dwell on the philosophy which admittedly is centered around the slogan 'Minimum government, maximum governance'. This amorphous expression is self-contradictory in that you cannot have maximum governance with minimum government. This is a call for market mediated growth with full government support. As well exemplified by the Economic survey 2020 and repeated in the Economic Survey for 2021 "Ethical wealth creation by combining the invisible hand of market with the hand of trust" is the declared motto of economic governance. This is facilitated by a slew of measures already taken and those contemplated in the present budget including legislations and policy choices. To be sure this is not minimum government while ensuring greater governance. The motto also abstracts from the fact that there is endemic corruption and crony capitalism which is unethically meshed up with the system.

Second, the ethical wealth creation via invisible hand is a mirage, except probably in an egalitarian society where the political leadership ensures transparency and clean governance. Chapter 4 of Volume I (Economic Survey 2021) on "Inequality and Growth: Conflict or Convergence?' which upholds the neoclassical wisdom that economic growth will lead to convergence, argues for inequality and quietly dismisses progressive taxation and need for an increasing direct tax regime the well-known recipe for good governance and equitable tax administration. The Chapter refers to Thomas Piketty's books Capital in the 21st Century and Capitalism and Ideology but apparently remains unconvinced about his cogent arguments for strong progressive taxation of income and property, besides his persuasive reasoning for ushering in institutions governed by social justice. This can be said in regard to John Rawls another author cited and whose *A theory of Justice*, forms the basis of democratic constitutions the world over. I would like to remind the architects of the Survey as well as the Union Finance Minister in the context of Covid

[1] Keynote address presented at the webinar on Union Budget organized by Gulati Institute of Finance and Taxation (GIFT), Trivandrum on 5/02/2021

19 pandemic that for Rawls justice is fairness and that it should be the primary concern of all social institutions.

Let me call attention of the learned participants of this webinar to the Oxfam paper on *Virus and Inequality* published on January 25, 2021 which points out that the virus has increased existing inequalities of wealth, gender and race. The paper inter alia also shows that the fortunes of over thousand billionaires have returned to their pre-pandemic times in less than 9 months while the recovery for the world's poorest will be only after more than a decade. This will be much more for India where the worst damage of the pandemic has fallen on the informal sector while in the stock market, Sensex has rallied above the all-time high record of 50,000. The finance minister has not increased the cash transfers under the PM-KISAN scheme of Rs.6000 per year or Rs.500 per month. Even the mid-day meal scheme and several nutrition schemes remain grossly under spent. For example the cash transfer of Pradhan Mantri Matru Vandana Yojana, despite being in the name of the Prime Minister did spend only Rs.1300 crore as against a budgeted amount of Rs.2500 crore in the fiscal 2020-2021. A Budget that abandons nutrition security, food security and environmental security lacks the much-needed vision of inclusive growth. There is also no healing touch.

Third, the Budget goes ahead with greater avidity with the game of disinvestment for resource mobilization and includes two public sector banks along with a large number of public sector undertakings earmarked for the guillotine. Although Air India continues to remain an unsold commodity since 2018, the FDI share of Insurance has been revised from 49% to 74% and the LIC once India's pride in public sector undertakings is held out for divestment. Despite the drastic mis-carriages, the disinvestment target is maintained at Rs.1.75 lakh crore. Interestingly the collection under this head in the current fiscal 2020-2021 is only Rs.32000 crore (as per Revised Estimate (RE)) as against the budgeted Rs.2.1 lakh crore; the shortfall is a fabulous 85%. This type of fudging is done to maintain the fiscal deficit target within the FRBM limits and the medium term fiscal policy frame work. While on this question of disinvestment particularly in the context of privatization of two public sector banks, I wish to mention the thrust given to the bad banks in the budget, by creating the Asset Reconstruction Company and the Asset Management Company. What guarantee is there that these institutions will be prudently and professionally managed? There is no assurance also against misallocation of public money. Given the fact that most non-performing assets are not easily redeemable, the presence of bad banks can only encourage imprudent lending and result in write-off situations. After discussing the disinvestment programme the Economic Survey 21 (Vol II Chapter 2) ideologically asserts "The Government recognizes the need for opening up of all sectors to private sector"(p.57).

Four, it is not a "never before budget" by any reckoning except that the FRBM fiscal framework is abandoned and public debt is no longer seen as an anathema. Even the IMF-World Bank duo who have influenced a lot of economists (who abide by the Washington Consensus) and ruined several developing countries via structural adjustment induced loans are also compelled to abandon their fiscal orthodoxy. Reinhart and Rogoff who were against these have apparently come round to a 90% of GDP ceiling as the upper limit of sustainable debt. The public finance pundits of India who were swearing by the Maastricht treaty also will have to climb down to more realistic arithmetic in regard to fiscal prudence.

Strategy

Now let me turn to the strategy part. Strategy depends on the objectives to be achieved. A budget may be considered as a short-term step in the long march of a country towards the achievement of human development and well-being. Using Amartya Sen's ideas, I would say that the broad objective is to promote social arrangements that will build the freedom and capabilities to choose a reasoned and inclusive social existence fighting unfreedoms like ill-health, mal nutrition, poverty, old age, lack of dignity, difficulties to participate in public life and all other constraints that limit the citizen's capabilities to choose a dignified life. A budget also has to meet all short term crises and contingencies like inflation and pandemic like Covid-19 called once in a century crisis by the Budget. The Economic Survey as well as the Budget focus on economic growth in the market and completely miss the human touch badly needed now. I shall examine the strategy of the Budget under three heads: (a) The goal of V-shaped growth (b) fiscal management and (c) health care.

(a) V-shaped growth, K-shaped Growth or what?

Covid-19 has affected both the demand and supply of good and services which of course have to be accelerated to step up growth. Closer examination of the numbers shows that the government expects the economy to respond via the credit system and development finance institutions. The National Statistical Organisation expects the economy to shrink by 7.7% this fiscal. But the Economic Survey projects a 15.4% nominal growth and assuming a 4.4% rate of inflation an 11% real growth. The Budget documents moderate nominal growth down to14.4% and real growth around 10-10.5%. These are expected to be achieved by stimulating the economy through higher expenditure. Actually as per RE, the expenditure for 2020-21 is only Rs.34.5 lakh crore and for the budget year Rs.34.83 lakh crore or hardly 0.95% more which given the inflation underway is pulling the system down. Of course the stepping up of capital expenditure from Rs.4.39 lakh crore in the current year (RE) to Rs.5.54 lakh crore for 2021-22, a 26% increase is substantial, but not critical to trigger growth. The investment ratio of 26.7% is far away from the investment needed to accelerate the economy. Assuming an incremental capital /output ratio (C/O) of 4, a real investment need for a 10% growth works out to 40% which is clearly unattainable. Given the deepening slack in the economy even a 4% C/O ratio is unrealistic and considerable stimulation of aggregate demand via public sector investment, stepping up of private consumption besides exports is the need of the hour. But when you need to step up demand through wage income of the poor who have a higher marginal propensity to consume, the Budget proposes an allocation of Rs.73,000 crore for 2021-22 for MGNREGA whereas the revised estimate under MGNREGA was Rs.1.11 lakh crore. This is a penny-wise and pound foolish strategy when the wage income of the poor remains low.

While a growth shoot up from the abyss of (-)7.7% growth to plus 10-10.5 growth in the next fiscal is good for the rhetoric of a V-shaped growth but clearly unattainable. The actual may be a worse scenario of a K-shaped growth. While with the Atma Nirbhar Bharat getting heavy budgetary support, some sections in the organized sector may be growing, the informal sector comprising the poor will have a down ward slopping curve confronting them. To be sure, this is not what the pandemic, stricken Indians will bargain for.

(b)A word on the fiscal management

The fiscal management does not tell an encouraging story. The fiscal policy frame work once very assiduously nursed has been soft pedalled since 2014-15. There is a visible slippage from fiscal marksmanship. There is considerable fudging, but for which the projected fiscal deficit of 9.5% of GDP for 2020-21 (RE) would have been much higher as against the held as 'sacrosanct' ceilings around 3%. When you estimate a fiscal deficit of 6.8% of GDP for 2021-22 it is under drastic assumptions and without any step up on the resource mobilization strategies and therefore meant to be violated.

Primary deficit is the key variable in the game of fiscal and public debt management. Increasing primary deficit is the surest recipe for unsustainable debt-servicing in the future. The primary deficit was estimated to be 0.4% of GDP in the budget for 2020-21. But this has shot up to 5.9% in the revised estimate which is 14.75 times higher and the slippage yawns wide. Seen against this the fiscal deficit slippage is only 2.7 times as fiscal deficit increased from 3.5% to the revised estimate of 9.5% which itself is wide of the mark. The primary deficit number of 3.1% in the 2021-22 Budget is not going to be realized particularly because of high interest payments. The interest payment for 2021-22 is around 45.3% of the total revenue receipts as against 36.3% in the pre-covid year of 2019-20. This itself is on the high side. Certainly the interest payments will shoot up because interest management to contain inflation is part of the inflation target regime of Reserve Bank of India (RBI). This tragedy is because you cannot ruffle the feathers of the rich and notably the corporate sector who already had been given a tax concession in September 2019. Clearly a sizeable proportion of black money has already filled the ruling party, via the electoral bonds. It is hoped that the fiscal deficit will be brought down to 4.5% of GDP by 2025-26, an unattainable goal because your resource mobilization strategy and growth efforts are flawed. This Budget naively hopes that the economy can be triggered up swiftly through more privatization, recapitulation of public sector banks, bad banks and Development Finance Institutions.

(c) Pandemic, health care and human well-being

In the context of Covid-19, the several lacks and gaps in health infrastructure as well as the need for enhancing medicare in the country has been brought to surface. The Economic Survey recommended to ramp up health spending to 2.5% to 3% of GDP. The Budget falls way below this with no signs of visible improvement. India's health spending is way below that of her neighbors especially Sri Lanka. In this context the Finance Minister's smart proclamation of 137% increase from that of last year's estimated spending was apparently a great gesture but really a rhetoric. This high percentage is an adding up of the estimates of several Ministries such as drinking water, sewage and sanitation and it is difficult to verify the base from which such a big jump is estimated. Even after covering all health-related programmes, the spending adds up only to Rs.223846 crore which is hardly 1% of GDP. On a closer examination it is evident that the provision for Health and Family Welfare for 2021-22 is only Rs,73932 crore. It is lower than the budgetary provision of Rs.78866 crore for the previous year. Where health indicators such as life expectancy, infant mortality rate, out of pocket expenditure, maternal mortality rate etc., compare very poorly with her neighbours, the state and local governments will have to be supported more substantively than at present. This is one area where substantial and credible public provisioning is badly required. What is paramount is people's well-being and not ideology.

To conclude the Budget is a victim of its ideology which limits participation in the market only to those with exchange entitlements. It has betrayed the poor and even the middle class. Minimum government and maximum governance is possible only via calculated structural reforms (Chapter 1) that require a government committed to the ideology of market-led growth.

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(Prof M A Oommen is Distinguished Fellow, GIFT)

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Multiple scissors crises?

K Ravi Raman

The historical time for India is such that country is having been facing its own version of Soviet Unions' 'Scissors crisis but with a difference. If it was the widening gap between agriculture and industry that was referred to as scissors crisis in the USSR in the early 1920s, in India, it is pronounced in the form of 'multiple scissors crises'. Broadly, four levels are visible: in the domain of production, it is in terms of agriculture Vs industry or broadly rural Vs urban (ii) in the domain of state finances, it is in terms of government revenue and expenditure for both the Centre and the State (iii) in the domain of federalism, it is in terms of Centre Vs State and (iv) in the domain of trust and efficiency, it is in terms of promise and implementation. Certainly the way in which the budget has been designed is part of the problem and this year is no exception. What is striking is that budgetary solutions would only help to persist the crisis if not deepened.

Agriculture Vs Industry

Tens of thousands of farmers, particularly small and marginal, are on warpath for several days together. No comparable mobilisation was witnessed in the Indian capital as strongly as the present, though the farmers' protests had its history, beginning in the late 1970s and 80s. If the struggles earlier were against the government demanding for remunerative prices for their produce and cancellation of debt rescuing them from increased suicides, now it is against the state-corporate nexus, as it has grown to such proportions with the MNCs and the Indian corporates controlling seeds and technology, andfood processing and marketing. Indian state continued to reform the Indian agriculture sector helping corporatisation of agriculture by legalising land leasing for agri-business firms, phasing out movement restrictions of food grains and so on culminating to the recent farm bills on which the farmers on their warpath. No substantial improvements were made in public investments in agriculture, and even the recent budget slashed allocation for rural development, fertilizer subsidy and interest subsidy on short term loan to farmers, so also the amount allocated for the National Programme for Dairy Development and for National Livestock Mission. The budget has not only ignored MNREGA but also reduced their share (from a revised estimate of Rs 111,500 crore in 2020-21 to 73,000 crore in the current budget), again at a time when there is considerable delay in paying the wage arrears to the states, pending payments and no fresh work being assigned. What do these things put together mean? It clearly shows the pre-existing scissors crisis in terms of agriculture versus industry or rural versus urban either persists or has widened.

Divergence of revenue and expenditure

During the Covid 19 pandemic, governments in most countries were exposed for their failure in dealing with the basic requirements of the ordinary people. There was a breakdown of the institution called the state, as in many countries, people felt that they were either abandoned by the state or not sufficiently taken care of, resulting in heavy costs. The Covid 19 crisis quickly evolved into a moral economy crisis, a crisis of more than mere economics and finance, or epidemiology and public health. The growing divergence between the expansion of government revenue and the increase in government expenditure is only a natural outcome.This is not to forget that the expenditure as percentage of GDP was as high as 18 per cent in most of the early 1990s with an increased share of interest payments and defence expenditure. The Covid 19 pandemic widened the gap with a deficit of as high as 9.5 per cent from a reasonable 3.5 per cent which makes borrowing inevitable.

The states demand also would be met in this context as it was equally important for both the Centre as well as the state. The consequent increase in public debt is not that worrying, as first of all, the Debt-GDP ratios of the Center and the state would still be much lower than many countries such as Japan (237) or Singapore (126) or some states of the European Union. Secondly, it is unlikely to turn into a debt overhang kind of a situation particularly when the economy aims to achieve 'V' type recovery. Historically speaking, post crisis recovery necessitates an increased borrowing, and in England, at one time in history it went up to as high as 200 per cent in the post second world war . But this was brought down effectively which is now only 80 per cent which is closer to that of India. So if increased deficit is not a major worry as long as the debt sustainability criteria are met, then what should we worrying about?

The increased budget deficit is going to be addressed primarily by strategic disinvestment - outright selling of public assets, and through asset monetization. In continuation of outright selling of public assets, the sell-out of LIC, at a time when it is performing well and contributing to the national economy at one level and social security of the people at another level, is a step towards re-orienting the entire economy or completing the neo-Smithian circuit of capital accumulation. It was only September 2019 that the government announced a massive cut in corporate tax from 30 per cent to 22 per cent and from 25 per cent to 15 per cent for new manufacturing companies. Some estimates show that this would have resulted in a decline in direct taxation worth Rs 1.5 lakh crore which mean many things: it is first of all, an additional surplus in the corporate coffers and secondly, those corporates who made huge profits even during Covid 19 must have already experienced a bonanza. Had there been a tax on the accumulated profit and wealth of the corporate ? This would have first, not only helped government reduce its dependence on borrowing and second, with little effort of redistribution, this could have used to improve the wages and living conditions of tens of thousands of MNREGA workers, and other precarious workers including migrant labourers.

Centre Vs State

Given the fact that there is increasing asymmetry between Centre and state, the fiscal autonomy of states continues to erode. The Centre maneuvers in such a way that each step in the form of revenue raising is such that the increased share goes to the Centre, if not the entire share in the case of the new cess and surcharge (- Rs. 2.50 per litre or Rs. 4 per litre more for petrol and diesel respectively, however, the centre still makes the claim that the consumer would not pay more). The alarming case is that there has been a consistent increase in Cess and Surcharge as a percentage of gross tax revenue, say from 9 per cent in 2014-15 to 13 per cent in 2016-17 and now as high as 17 per cent thereby reducing the divisible pool and accentuating the asymmetry between the centre and the state. This is to be read along the larger question of reduction in vertical devolution from 42 per cent to 41 per cent (for a 0.15 per cent share for J & K, one per cent is reduced by the 15th Finance Commission) with a reduction in the share of net proceeds to the states; and the undertaken rationalisation of CSS unilaterally tilted the ratios of 75:25 and 90:10 to 60:40 adding more to state commitments. De-federalising India accentuated with the implementation of GST, with the Indian state controlling the taxing power of the states.

Trust and efficiency

Neither doubling farmer's income nor is fulfilled. Promises such as the operation green for strengthening FPOs, agri-logistics, processing facilities for perishables like tomato, onion and potato was never implemented but repeated in the current budget as well. How would one trust the government when they say that the agriculture credit target would be enhanced when we find that the promise of enabling tenant farmers to institutional credit did not make any substantial impact? Does it mean that there is yet another scissors crisis emerging between the promises and the actual implementation as part of electoral politics?The Commodity Boards have been deprived of adequate funds for the last ten years, and the applications for farmer subsidies have been piling up despite the promises continue.The much promised Insolvency Bankruptcy Procedure (IBC) has not taken off as expected with hardly 30-35 per cent of the recovery has so far been done. The reclassification of MSMEs would obviously benefit hundreds of thousands of units but it is worth noting that many of these big units the big corporates would also gain out of this redefinition. Further what the MSME organisations have been asking the government such as low-interest loans or moratorium and support for reviving the closed units to recover lost jobs during the Covid pandemic are not being heeded.

It is this overlapping layers of multiple scissors crises and its implications that need to be discussed and resolved today. Otherwise, the contemporary India would continue to be a tortured landscape of struggles, protests and movements.

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A withering state?

Thankom Arun

The year 2020-21 was an unprecedented one that immensely put the most significant shock across the globe since World War II. As a significant contributor to global growth, there was substantial international attention to India's budget. V-shaped growth, a quick and sustained recovery is the key feature of the budget. The projected growth of the economy at 11 per cent is closer to the IMF prediction in its Global Outlook Report. In the UK, the Bank of England's Chief Economist, Andy Haldane claimed a similar recovery in 2020 July. However, this has moved to much slower growth, a long, flat U-shaped recovery, mainly because of the second lockdown and the lack of business confidence. Considering the current pandemic, the aberrations in the labour market have a significant role in determining recovery.

As Carmen Reinhart, the Chief Economist at the World Bank, argues, the pandemic is regressive and disproportionately hitting low-income households and smaller firms with fewer assets to buffer than against solvency. The fiscal stimulus to the labour market was minimal in the country. As seen in the ILO's Rapid assessment of India, the casual workers and the self-employed workers have affected most on their work and income during the pandemic period. Further to this, CMIE's CPHS data also shows a 30 per cent employment shift into informal type. Since the recovery signs are getting more robust in the economy, the V-shape recovery is still a possibility. The increasing GST collection and the surge in the industrial and financial sectors are showing this. The massive vaccination drive also brings confidence back to society and the economy.

The budget comes with substantial initiatives in the infrastructure sector that can have a multiplier effect on the economy, supported by the belief that supply creates its demand. Infrastructure investments follow a pattern of long-term debt financing path. The government has made great strides in the last few years through the National Infrastructure Pipeline. Further to this, the proposed 1.70 trillion for transport Infrastructure support this approach. There is no doubt about the long-term gains of infrastructure investments. However, most of the infrastructure projects have a time lag and face immense project-level risks. The regional skewness is apparent in the proposals for transport infrastructure. Ideally, the infrastructure investment needs to be spread across India through various sectors. We have sound evidence from Duflo and Pande (2007) on the distributional impact of large public sector investments such as dams. The premature infrastructure projects featured prominently in the growth of NPAs on the bank balance sheets, even in the pre-pandemic period. So the concern would be whether the infrastructure investment is the right approach for the projected V-shaped growth in the economy?

Regarding income generation, the budget followed the course of rapid privatisation rather than strategic disinvestment. The government's presence will be restricted to a few units in four strategic sectors - atomic energy, space and defence; transport and telecommunications; power, petroleum, coal and other minerals; and banking, insurance and financial services. Two public sector banks and one general insurance company will also be listed for privatisation in 2021-22. This is besides the proposed sales of BPCL, Air India, Shipping Corporation of India, Container Corporation of India, IDBI Bank, Bharat Earth Movers Limited, Pawan Hans etc, in 2021-22. As we know, much of the support for privatisation is based on the argument that performing public enterprises can be improved by exposing them to forces in product and capital markets. Even then, globally, the privatisation experience raised a host of concerns about economic, social and environmental consequences, which have eventually broadened the agenda for state-owned enterprises (SOE) reform in many countries. The restructuring of SOEs is not an outdated concept. In a country like India, it is vital to prevent the exploitation of monopoly power and broader social costs associated with the privatisation process. The move towards divesting ownership in strategic sectors will have long-term consequences. A diluted public sector might mean that India missing out on the opportunity to capitalise on the global distrust against Chinese supply lines in the wake of the current crisis and challenging its own 'Make in India' approach. Since the underperformance of GOI in the actual sales for some time, the current challenging business environment could undervalue the sales. Most PSEs have extensive underutilised resources; pragmatism would support different business models with the private sector to make it more competitive. Would it be better to modernise the existing PSEs for market competition as part of Atmanirbhar strategy rather than outright sales?

The budget offered limited evidence to strengthen the banking industry. Markose et al. (2020) show a lack of economic viability of PMJDY accounts in most Indian public sector banks, which is problematic given their extant financial fragility. This study finds that most public sector banks, which interestingly includes the 11 banks under Prompt and Corrective Action, suffer monetary shortfalls in that the PMJDY average account balances do not cover per PMJDY account costs. The high dependence on government for capital, the lack of risk-taking ability and NPAs are significant hurdles of the public sector banks. How far the proposed asset management and asset reconstruction companies would help manage the banking sector's bad loans without developing a road map for structurally reforming banking institutions. It is useful to remember Franco Modigliani's observation that economists agree about economics and disagree about the economic policy, which is more of a value judgement. There is a need to agree with basics; the challenge comes when we prioritise diverse stakeholders' competing demands.

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Ordinary budget during extraordinary circumstances

Lakhwinder Singh

The economic agents of production eagerly await the day of the budget when finance minister of India delivers the speech and presents the budget in the parliament. It is expected that the budget provides policy signals and support these policy announcements with allocation of resources that allows economic agents to form expectations. When the economy has been on the long term path of a slowdown and the Covid-19 pandemic shock devastated the economy, the expectations of the economic agents of production turns out to be further heightened from the budget. Therefore, the extraordinary circumstances are expecting a budget that provides the hopes and the hopes should be supported by matching and credible resource allocations. It is imperative to understand how the budget for the year 2021 has made proposals to fulfill the expectations of the economic agents of production or it has belied the high hopes.

The budget presented in the parliament by the Union Finance Minister on first day of February 2021 for the year 2021-22 was based on six pillars, that is, health and wellbeing, physical and financial capital and infrastructure, inclusive development for aspirational India, Reinvigorating human capital, innovation and R&D and Minimum government and maximum governance. All these are very lofty statements. But achieving them is uphill task. The budget is usually based on some basic assumptions such as what will be the expected rate of growth of the economy and what will be the expected revenue generation in the 2021-22. These two assumptions are based mainly on the past performance and partly on the domestic and global economic environment. It is pertinent to point out here that the assumption taken in the budget may not hold true because of the uncertainty of the onslaught of covid-19 pandemic and the assumption of the 'V' shape recovery may not hold true. The prior to the Covid-19 pandemic, the rate of growth of the Indian economy has been decelerating and supported by gloomy investment environment. Therefore, the high fiscal deficit and expected fiscal deficit estimates are doubtful to be achievable. These has been challenged by various experts on the basis of adding more information about the deep recession faced by the informal sector and the rural economy of India

The Covid-19 year fiscal deficit, that is, 2020-21 was shown in the revised estates of the budget turned out to be 9.5 per cent of GDP. The fiscal deficit for the year 2021-22 as per budget estimates is targeted at 6.8 per cent of GDP. The fiscal deficit road map up to the year 2026 is expected to be 4.5 per cent. This clearly shows that the revenue raising capacity of the government has been constrained largely giving high degree of tax concession to the private corporate sector during the covid-19 pandemic times but it will be a permanent feature. No road map to recover the revenue losses if 'V' shape recovery actually will not be realized. There are two sources from where the fiscal deficit is expected to be covered. One, the government has raised debt in the recent past and expected to more depend on the debt financing and that will further constraint due to interest rate liability which is already very high. 23 per cent of the revenue already goes for interest payments on debt. Two, it is very clearly stated that budget deficit is going to be monetized and that will assumes to sell public sector enterprises and land kept for the future expansion. It needs to be noted that public sector that provides public goods generates externalities and hugely benefit to the private economic activities and provide much needed stability and sustainability to the economy. Whole sale privatization means reduction in the public capital formation that further reduces the capacity to produce output and adversely affected the economic justice. This is a sure way to generate more inequities and exclusion. This will dent the third pillar of the budgetary proposals by the finance minister.

The claim of the finance minister in her budget speech was the rise of health sector budget expenditure of the order of 137 per cent compared with the previous year. When we dissect the health expenditure budget estimates for the year 2021-22, the budget has clubbed Rs. 60,000 crore of drinking water and sanitation and a new provision of Rs. 30,000 crore for the vaccination. After excluding these two items, the expenditure on health is only Rs. 74, 602 crore as against the revised expenditure Rs. 84, 445 crore on health for year 2020-21. This shows a decline in the actual health expenditure. The practice of using erroneous and unrelated expenditures to show unnecessarily higher expenditure actually eroding the credibility of the government in the eyes of the economic agents of production. Thus, it is tantamount to defeating the first pillar of the budget on human health and wellbeing. The other four sectors that have reduced budgetary expenditure higher than one per cent are agriculture education, energy and home affairs.

On the whole, the budget was expected to use the opportunity provided by the pandemic in addressingthe structural problem of Indian economy that is related to decline in aggregate demand. However, the budget has given indications to continue to boost supply side measures. The low tax rates on the corporate sector, high indirect taxes and without changing the direct tax slabs will burden further the common man and its adverse impact on the income distribution will have far reaching consequences of already prevalent very high degree of inequality of income and wealth.

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Union budget 2021-22: A reallocation from subsidies to finance

D Shyjan and Archana Kamath

Introduction

The pandemics' detrimental tentacles had engulfed the entire World, irrespective of the latter's size or growth. India being a home to 136 crore of people was not kept aloof. The grave repercussions of the prevalent disease were aggressively seen in every walks of life. Being a country with high population and relatively blemished health sector, with respect to more or less aligned nations, the severity of the pandemic lay a catastrophe to the lower income groups. The hullabaloo raised during the lock down, to curb the spreading of the pandemic had cost 67% of workers to lose their job. It was even more severe for the urban dwellers with 81% of casual workers remaining unemployed and costing 66% of the rural counter parts to go jobless as per the survey by Azim Premji University, 2020.

Naturally all eyes were up to the saviors of this raw deal; The Government. Since health falls under State List, the state governments, throughout the country remained vigilant and alert from time to time. Regrettable, the Central government remained hushed until the Budget for 2021-22 financial year was presented, with just Rupees 34.8 lakh crores spending, which let down, the spirits and the ardor to fight the repercussions. The hostile greet from the side of the fiscal authorities are literally unwelcomed by the common men. This article tries to comment on some of the important stand points and proposals to survive the ruinous situation sown by the end of the year 2019.

I. A link from the past to the present/ has Covid 19 the real cause for the down turn of the economic situation?

The so called inconceivable target of lifting Indian economy to USD 5 trillion by 2024, seems more challenging, with the Covid 19 pandemic got about by the end of 2019. While keeping a watch on the past records of the growth rates or inequality, unemployment, a matter of concern that could be raised undoubtedly shall be as 'Was India's economic situation a truly created haven for the former to achieve the earmark of USD 5 trillion?'. The gruesome situation which was already gaining its momentum by mid of 2019 was accelerated and marked its peak with the advent of the pandemic. The evidence of the declining growth rates of Gross National Income was visible since 2017-18 and finally culminating to a negative value of -7.9% (Statistical Appendix, Economic Survey, 2021). The repeated iterate or blame for torching the flame of economic slowdown, could arguably be due to the implementation of demonetisation in 2016 and initiation of GST in 2017. The dirigisme government, however was over burdened with highly ambitious schemes for the common good of the nation, keeping its spread to all sectors of the economy, they had also announced 'AtmaNirbhar Bharat' in 2020 with a total outlay of Rupees 20 lakh crores.

Faultily, it remains quite ironic to point out the negligence towards the daily wage earners and the casual employees, while scheming various proposals; India being a home to 67% of household earning less than Rupees 10,000 a month. It also seems grotesque to claim the fact of just top 10% of the population holding 77.4% of the total national wealth, which heightens the country's acclaim as Billionaire Raj (Chancel and Piketty, 2017).

In common parlance, a counter cyclical fiscal measures adoption would do good to an economy like ours whose marginal propensity to consume (MPC) remains high due to the deprived proportion remaining larger than the fortunate (Harilal, 2020). The extent of spending by people depends on their MPC. These expenditures directly generate income directly, and indirectly the multiplier via MPC plays its own role. The Economic Survey, 2020-21 highlights the twin economic shocks generated by the pandemic voraciously. But it is evident from the Budget for 2021-22, that they had drastically failed in addressing the real issue of meeting the needs of the needy at the earliest. It would be advisable to take a look at the comparative growth rate analysis of the major outlays of expenditure for the upcoming year in Table 1.

II. Reallocation from subsidies and rural development to IT and finance

Let us start with simple arithmetic of Union Budget 2021-22. The total size of the Budget is Rs. 34.83 lakh core, which is 14.5 percent higher than the previous Budget 2020-21 (Table 1). For the preceding two Budgets the average growth rates had been around 13 percent. Now, the point is how far the 14.5 percent growth rate in Union Budget 2021-22 is justifiable or even sizable during the time of a Pandemic. It may be noted that the effects of COVID-19 on the economy was neither felt apparently nor foreseen at the time of the Union Budget 2020-21. Therefore, the Revised Estimates of 2020-21 showed an increase in the expenditure to the tune of Rs.4 lakh crore over the Budget Estimates 2020-21 (13.4 percent). An increase of 13.4 percent in Revised Estimate over the Budget Estimate for the same financial year is not quite a usual phenomenon, but a manifestation of additional expenditure the Government had to incur due to the COVID-19. However, if we compare the size of the Budget 2021-22 with the Revised Estimates of 2020-21 (RE), then the increase is just 32931 cores – less than one percent increase in the total expenditure. Had the Government learnt a lesson from the sudden jump in the 2020-21 RE and

Table 1. Expenditure on major items (Rs. crore)

Particulars	2019-2020 Actuals	2020-2021 Budget Estimate	2020-2021 Revised Estimate	2020-2021 Budget Estimate	(3)-(2)	(4)-(3)	(7)/(3) *100
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Pension	183955	210682	204393	189328	-6289	-15065	-7.4
Defence	318665	323053	343822	347088	20769	3266	0.9
Subsidy - *Fertiliser*	81124	71309	133947	79530	62638	-54417	-40.6
Food	108688	115570	422618	242836	307048	-179782	-42.5
Petroleum	38529	40915	38790	12995	-2125	-25795	-66.5
Agriculture and Allied Activities	112452	154775	145355	148301	-9420	2946	2.0
Commerce and Industry	27299	27227	23515	34623	-3712	11108	47.2
Education	89437	99312	85089	93224	-14223	8135	9.6
External Affairs	17246	17347	15000	18155	-2347	3155	21.0
Finance	18535	41829	50566	91916	8737	41350	81.8
Health	63425	67484	82445	74602	14961	-7843	-9.5
Home Affairs	119850	114387	98106	113521	-16281	15415	15.7
Interest	612070	708203	692900	809701	-15303	116801	16.9
IT and Telecom	20597	59349	32178	53108	-27171	20930	65.0
Rural Development	142384	144817	216342	194633	71525	-21709	-10.0
Social Welfare	44649	53876	39629	48460	-14247	8831	22.3
Urban Development	42054	50040	46791	54581	-3249	7790	16.6
Grand Total	**2686330**	**3042230**	**3450305**	**3483236**	**408075**	**32931**	**1.0**

Source: Budget at a Glance, Union Budget 2021-22

Table 2. Outlay on major agriculture schemes (in crore rupees)

Particulars	2019-2020 (Actuals)	2020-2021 (BE)	2020-2021 (RE)	2020-2021 (BE)	(2)-(3)	4)-(1)	(3)-(4)	(7)/(3) *100
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Price Stabilization Fund	1713	2000	11800	2700	9800	10087	-9100	-77.1
Assistance to State agencies for intra-state movement of food grains and FPS dealers	1679	3983	8000	4000	4017	6321	-4000	-50
Food subsidy to FCI	75000	77983	344077	202616	266094	269077	-141461	-41.1
Food subsidy to Decentralized Procurement	33508	37337	78338	40000	41001	44830	-38338	-48.9
Scheme for Assistance to Sugar Mills	100	500	3900	1000	3400	3800	-2900	-74.4
Scheme for Creation and Maintenance of Buffer Stock	100	200	500	600	300	400	100	20
Scheme for providing assistance to Sugar Mills on export	-	-	-	2000	-	-	2000	-

forecasted the dent of COVID on the economy for the following years, it could have expanded the expenditure sizably. Hence, one could easily surmise that the Union Budget 2021-22 is in no way an active fiscal policy during the time of a Pandemic but tried to reallocate resources from rural sector to IT and Finance.

India, is chiefly composed of higher rural population (2/3rd of total population, 2011 Census) which contributes for 46% of national income, and 70% of workforce (Chand, Srivastava and Singh) unquestionably calls for greater attention from the authorities. Majority of the natives' livelihood depends on agriculture and allied activities. Since the First Five Year Plan (1951-1956) a keen importance and massive proportion of funding was extended for the overall development of agriculture. Apart from the usual budgetary allocations, the governments from the past were thoroughly interested to announce and implement various schemes such as MGNREGS, DAY-NRLM, DDU-GKY, PMAY-G, NSAP etc. to uplift the quality and worthiness in the life of the rural inhabitants.

Interestingly, it is devastating to expose the figures which necessitates the requirements of the aforementioned part of the economy, immoderately being pulled down from the past proportions. On the other hand, a pull from this sector is diverted to IT and Telecom along with Finance. This reallocation can be assured as 'bolt from blue' to the overwhelmingly troubled rural community.

Budgetary allocation is drafted in such a manner that a major segment is allotted for protecting the country in the form of Defence allocations (Rupees 3,47,088 crores in 2021-22), and a major chunk for meeting the expense of the past borrowing in the form of interest (Rupees 8,09,701 crores). Right next to defence comes subsidies which is further subdivided into fertilizer, food and petroleum. Belittling, the allocation to petroleum subsidies, fertilizer and food subsidies alone counts for a large share (Rupees 3,22,366 crores), which constitutes 42% less than the revised estimates of 2020-21 allocations.

In a situation of grave distress, where the immediate transfer of funding should have targeted the destitute, the system was so happy to keep the poor in poverty itself. The past records of subsidy allocation urge for the circumstances of poor rural people to a status of gaining enough for their life, rather than making them wealthy. A gist of fund allocated to major agriculture schemes is explained in Table 2.

A cautious administration always tries to bring sensible alteration and remaking at the time of distress. But, the budget of 2021-22, turned out to go in opposite direction of vamping the wounds of the rife. On one extent, planning for a long term investment in sectors like IT and Telecom (Rupees 53108 crores) cannot be treated as a sign of right decision.

The sketch of the fiscal draft was however so comforting for the corporates as the tax cut which had led to a reduced tax collection was retained. This impasse situation, should have been avoided with proper tuning of the what so ever available funds.

Along with IT and Telecom, Finance also

constitutes a major share of the total fund (Rupees 91,916 crores) thus completely derailing the human capital expenditures into education and health along with a few Core of the Core Schemes and major Central Sector Schemes. A more fascinating point which shall be noted here is in terms of revenue collected via GST, which shot up to Rupees 6,30,000 crores (BE of 2021-22) with a 3% increment from the actuals of 2019-20. This evidence is quite engrossing, and questionable as the economy is still consuming, despite the difficulties showered. It would have been highly appreciable to have chalked out some relaxation in GST rather than pouring benefits to the fortuitous.

III. A peek through the fiscal catapults

Indian economic dual policies (both fiscal and monetary policy) had come worthy to the nation in various unpopular situations. The Housing Bubble of 2007-08 itself being a unique example. However, the condition does not seem acceptable with analyzing the fiscal framework of the same for the last few years. Though both the policies aim at elevating the rate of capital formation in both public and private sectors alike, their modus operandi remain different and separated.

Receipts and expenditure being the major components of fiscal policy, any imbalance in the former duos is met via borrowings, whose cost is left on the shoulders of generation to come. Empirically analyzing the fiscal situation via financial statements, the share from tax and non-tax revenue alone (mobilized from one's own sources), comprise 51.34% (Rupees 1,788,425 crores) including the supposed disinvestment shooting up to 56.74% (Rupees 19,63,425 crores). Woefully, this lop sided increment could be seen in all the elements of Revenue Budget excluding the non-tax receipts.

Counter checking with the expenditure components, interest payment on past borrowings alone count for 23.2% of the total expenditure (Rupees 8,09,701 crores) which calls for the sole motivation for widening the Primary deficit (3.1% of GDP: Rupees 6,97,111crores). Meanwhile, the government open heartedly kept its establishment cost at 1% of total expenditure accounting for Rupees 6,09,014 crores along with capital expenditure contributing 16% of the total. Therefore, it is unreal and inexact as well as faulty to claim the 2021-22 fiscal policy to be common man friendly.

IV. Uplifting the real sectors

Keeping the fundamentalist ideologies as the foundation, a macro economic structure realizes to build strong foundation and lay pillars for even stronger real sector. Laxity towards agriculture in general and rural development in particular, at no cost shall aggravate the tantrums laid by the pandemic. Consequently, outperformance of global growth indicators like SENSEX shall remain duly unimpressive and insignificant. The dialectic in this regard shall be pointed towards the role played by the monetary authorities. The well-built and powerful monetary policy of the nation is rightly in a context of guarding the monetary system. The extreme intrusion of the fiscal policy keeps both sides of the coin topsy turvy, leaving the whole country in a state of bewilderment. With the given situation being extra ordinary, the response of the monetary policy authorities to the current economic condition is nowhere to be seen.

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Central budget 2021-22: Some observations

Jose Sebastian

This article focuses on following issues. First is the question whether the budget is going to realize the targets with reference to resource mobilization. There is remarkable slippage between the budget estimates and revised estimates for 2020-21. The budget for 2021-22 shows a revenue growth of 15%; 14.9% in tax revenue and 15.4% in non-tax revenue. And we know that given the pandemic situation, it may not be possible to achieve the revenue targets. If that is so, how the Finance Minister is going to meet the expenditure targets? I feel that a lot more emphasis should have been there on resource mobilization. The revenue target through disinvestment in 2020-21 was 2.1 lakh crore. But revised estimates show that only 32,000 crores could be mobilized. The Finance Minister has set a lower target of 1.75 lakh crore for 2021-22. In all probability, in the coming budget i.e. 2022-23, Finance Minister will repeat the same story.

The Finance Minister has opened up many sectors for disinvestment. In the pandemic situation, people may not be interested to invest in loss making public enterprises. One silver lining in the whole scenario is that the Finance Minister has proposed disinvestment of Life Insurance Corporation(LIC) of India. Public sector enterprises are considered as 'family silver' by most people of leftist ideological persuasion. LIC of India is one of the important items of the 'family silver'. The conservative view holds that 'family silver' should not be sold off. I do not subscribe to this conservative view. I believe that the Finance Minister has done a very good job by proposing to sell this. I feel that the division, public sector and private sector is artificial. What is important is the overall size and strength of the economy. The society had invested in the public sector when private sector was unwilling to invest in those sectors. As the private sector comes forward to invest in those sectors, there is nothing wrong in selling these assets to private sector and use the resources productively. Now, due to the pandemic situation, the country is not able to mobilise adequate public resources through tax and non-tax sources. So the government is left with no option other than selling the family silver. I think there is considerable scope for mobilizing resources by monetization of public assets like land.

Coming to public expenditure, the budget proposes 34.5% increase in capital expenditure. By the time budget is finally approved and expenditures are incurred, you know, it may not be possible for the Finance Minister to control revenue expenditure. Capital expenditure will have to be slashed to accommodate the increase in revenue expenditure. Because this is the way finances are managed for quite some time in our country. I am a bit apprehensive about it but let us hope for the best. If the performance of the economy improves and production process is fully carried out, GST revenues may show faster growth. GST revenues of the past few months suggest such a trend. Thus 15% to 20% increase in capital expenditure is possible.

I do agree that the Finance Minister has limitations in mobilizing additional resources in the backdrop of the pandemic. But still she could have tried to mobilise a few more thousand crores by raising the marginal tax rates of super-rich. This could have been achieved without much adverse impact on the level of consumption and welfare to the elites. As our Finance Minister Dr. Thomas Isaac rightly pointed out, the corporate sector received lot of concessions. I feel that the Corporate sector itself would have benefitted much if resources were mopped up from them and transferred to the poorer sections through some kind of cash transfers. It is really baffling to me why this is not done.

There is absolutely no proposal in the budget to raise the income of the ordinary people. This is different from the scenario emerging from most developed and developing countries. You know in developed countries lot of cash transfers are taking place. In the United States, families are given $ 1200 as cash transfers. I do agree that it may not be possible for India to match this. But if the Finance Minister had announced a cash transfers to the tune of Rs.500 to farmer families and families of marginalized sections, it will straight away reach the local market. The increased consumption of industrial products will lead to increased industrial production and tax revenue. I think the Finance Minister should have done something more in this direction.

Now I turn to the recommendations of the 15th Finance Commission. As Keralites, we are all happy about the recommendation of the Commission to award revenue deficit grant. But I tell you this is a trap. We have been trying to wipe out revenue deficit as required by 13th and 14th Finance Commissions. We have failed to meet the targets of Fiscal Responsibility and Budget Management Act. In fact, the 14th Finance Commission awarded revenue deficit grant to wipe out revenue deficit by 2018-19. Now we know where we stand. There is ample opportunity for Kerala to mobilise public resources. The only point I would like to make is that the Central Finance Commissions should incentivize resource mobilization. The revenue deficit grant has turned out to be a temptation to incur revenue deficit. Thank you.

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(Dr Jose Sebastian is former faculty, GIFT)

Fiscal position under union budget 2021-22

L Anitha Kumary

This article deals with the fiscal position as evident from the Union Budget 2021-22. The budget 2021-22 proposed a huge boost in capital expenditure from 4.39 lakh crores in 2020-21 (Revised estimates) to 5.54 crores (26.20%) in 2021-22. A closer look of budget figures of Union Budget 2021-22 raises some apprehensions. Though the estimated capital expenditure showed an increase of 26.20 per cent in 2021-22 over 2020-21 (RE), the total expenditure (revenue plus capital) increased only 0.87 per cent (34.50 lakh crore to 34.80 lakh crore). We note that the increase in the allocation of capital expenditure is being done at the cost of revenue expenditure. Another important aspect observed is that most of the capital expenditure proposed in the budget 2021-22 has only long run impact. Short run impact on employment would be minimal. Financing of capital expenditure mainly through borrowing and disinvestment is proposed in the budget. Minimum government and maximum governance are also advocated in the budget. But additional revenue mobilisation from tax and non-tax revenue has not been given much prominence. The relevant question here to is that "Whether the expenditure proposed in the union budget 2021-22 is sufficient for a V shaped recovery? . I would argue that it will be very difficult for a V shaped recovery at this juncture as the increase in capital expenditure is being proposed at the cost of revenue expenditure.

The need for demand acceleration and supply-side boost is also highlighted in Economic survey 2020-21. Economic survey 2020-21suggests to reframe the fiscal rules by considering the sustainability of debt and a counter cyclical expenditure policy. 11 per cent growth in GSDP is expected in the budget 2021-22. The Fiscal Responsibility and Budget Management (FRBM) Act, 2003 requires the central government to progressively reduce its outstanding debt, revenue deficit and fiscal deficit. The Union government was supposed to achieve fiscal deficit of 3% of GDP by March 31, 2021. In Budget 2020-21, the fiscal deficit target was relaxed to 3.5% (as permitted by the FRBM Act) and it was estimated that fiscal deficit of 3.1% will be achieved by 2022-23. However, in 2021-22 budget, the government has not provided target for the next three years, and has suggested to amend the FRBM Act to accommodate the higher fiscal deficit. Fiscal deficit is an indicator of borrowings by the government for financing its expenditure. The estimated fiscal deficit for 2021-22 is 6.8% of GDP. For 2020-21, fiscal deficit increased to 9.5% of GDP, abnormally higher than the budget estimate of 3.5%. The alarming deficit position of the union government has already been highlighted by the Honourable Finance minister Prof Thomas Isaac in his inaugural address of the seminar.

The higher deficit was primarily due to higher spending mainly on revenue expenditure on subsidy and social security schemes, and lower revenue collection on account of COVID-19 lock down and social distancing. The government intends to reach fiscal deficit of 4.5% by 2025-26. Revenue deficit is the excess of revenue expenditure over revenue receipts. Such a deficit implies the government's need to borrow funds to meet committed expenses which may not provide future returns. The estimated revenue deficit for 2021-22 is 5.1% of GDP. In 2020-21, revenue deficit was 7.5%, much higher than the budget estimate of 2.7%. Since the revised revenue deficit was so high, it will be very difficult to contain it in 2021-22.

As far as Employment generation is concerned there is no immediate schemes proposed in the Union Budget 2021-22. The allocation towards MGNREGA showed only 1 per cent increase. Any credit help scheme for small businesses like extension of moratorium of loans and financial assistance to trading community are absent in the budget speech.

The policies proposed are intended to focus on recovering the economy from the devastating effect of pandemic. Here, it is important to note that even before the pandemic, the Indian economy was on a contractionary state. Pre-existing issues aggravated the catastrophe of the pandemic. GDP contraction was 8% in 2020-21. As per IMF forecasts however India is expected to rebound with 11.5 % GDP in 2021-22.

As far as the borrowing is concerned, it shoots up to 18.49 lakh crores in the revised estimate of 2020-21 as against the budget estimate of 7.96 lakh crore in 2020-21. During the year 2021-22, the estimated borrowing is Rs.15.07 lakh crore. My hunch is that it would be very difficult to contain the borrowing due to the fall in tax and non-tax revenue.

Outstanding debt is the accumulation of borrowing over the years. A higher debt implies that the government has a higher loan repayment obligation over the years. Outstanding debt of the government decreased from 66.7% of GDP in 2004-05 to 48% of GDP in 2018-19. The revised estimate of outstanding debt for 2020-21 was around 57%. Debt sustainability depends on the Interest Rate Growth Differential (IRGD) i.e.; the difference between the interest rate growth and the growth rate of GDP. In India, the interest rate growth is much lower than the growth rate of GDP. Economic survey 2020-21shows hope that given India's growth potential, debt sustainability is unlikely to be a problem even in the worst-case scenarios.

The fiscal deficit in Budget 2021-2022 is estimated to be 6.8% of GDP. The gross borrowing from the market for 2021-22 would be around `12 lakh crores. Government plans to continue with the path of fiscal consolidation, and intends to reach a fiscal deficit level below 4.5% of GDP by 2025-2026 with a fairly steady decline over the period. It is expected to achieve consolidation mainly by two ways. First, by increasing the buoyancy of tax revenue through improved compliance, and secondly, by increased receipts from monetisation of assets, including Public Sector Enterprises and land.

In 2021-22, the total expenditure on subsidies is estimated to be Rs 3.69 lakh crore, an annual increase of 19% over 2019-20. Allocation to food subsidy is estimated at Rs 2,42,836 crore in 2021-22, a 49% annual increase as compared to 2019-20. In 2020-21 budget, Rs 1,15,570 crore was allocated to food subsidy. Expenditure on fertiliser subsidy is estimated at Rs 79,530 crore in 2021-22, a 1% annual decrease as compared to 2019-20. In 2020-21, the revised allocation to fertiliser subsidy is 88% higher than the budgeted allocation. Allocation to petroleum subsidy decreased at an annual rate of 40% from 2019-20 to 2021-22. The allocation in 2021-22 is 64% lower than the 2020-21 revised estimate at Rs 14,073 crore. It indicates that there is a decline in the allocation of subsidy expenditure of food, fertiliser and oil subsidy in the budget 2021-22.

Another important factor that calls our attention is the fall in Government final consumption expenditure as observed (11.8 % to 5.8%) in 2020-21 compared to 2019-20. As per MOSPI data, the private final consumption expenditure also declined from 5.3 per cent to -9.5 per cent. The export and imports already had a negative growth during 2019-20, which further deteriorated to -8.3 per cent and -20.5 per cent respectively in 2020-21. These are all indications of slowness in the economy.

The disinvestment estimated in 2020-21 was 2.10 lakh crore, but the realisation was only 0.32 lakh crore. In the year 2021-22, the estimate of disinvestment is 1.75 lakh crore. However, it would be very difficult to realise the estimated disinvestment due to past experiences of low realisation and also on account of the pandemic.

Promotion of disinvestment is another important feature of union budget 2021-22. The Disinvestment strategies proposed in the Budget 2021-22 have to be looked in great caution. The following are the important highlights of disinvestment strategies proposed in the budget:

a) Policy covers existing CPSEs, Public Sector Banks and Public Sector Insurance Companies.

b) Various sectors will be classified as strategic and non-strategic sectors.

c) The strategic sectors classified are:

i) Atomic energy, Space and Defence

ii) Transport and Telecommunications

iii) Power, Petroleum, Coal and other minerals

iv) Banking, Insurance and financial services

d) In strategic sectors, there will be bare minimum presence of the public sector enterprises. The remaining CPSEs in the strategic sector will be privatised or merged or subsidiarized with other CPSEs or closed.

e) In non-strategic sectors, CPSEs will be privatised, otherwise shall be closed.

To conclude, I would like to reiterate the quote in the budget speech of Honourable Finance Minister Smt Nirmala Sitharaman that "A King/Ruler is the one who creates and acquires wealth, protects and distributes it for common good. - Thirukkural 385"

In this context, the question I pose for discussion is whether disinvestment and privatisation the only means to the end?

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(L Anitha Kumary is Associate Professor, GIFT)

Monetary management and financial intermediation

Santosh Kumar Dash

The central issue addressed by this article pertains to monetary management and financial information. It begins with monetary policy, and the liquidity management by the RBI so far starting from the pandemic. It will also address the monetary policy transmission, banking sector development and development of credit growth. Finally it touches upon Insolvency and Bankruptcy Code (IBC).

Monetary developments during 2020-21

In the wake of the COVID-19 pandemic monetary policy was significantly eased starting from March 2020 onwards, and thereafter it remained accommodative. After the pandemic hit the Indian economy, the monetary policy committee (MPC) acted swiftly and drastically reduced the repo rate from 5.51% to 4.4% in its March 27, 2020 meeting. In the next subsequent MPC meetings, the MPC maintained the status quo with respect to the repo rate, but then on May 22, 2020, they brought down the repo rate from 4.4% to 4% since the economy contracted more than what the committee had expected. The objective was to stimulate more lending activity by the banks. Simultaneously, the reverse repo rate was also reduced with the objective that the commercial banks would be forced not to park their surplus money with the RBI.

Liquidity conditions and its management

With regard to monetary growth, let us see the evolution of reserve money (M0), narrow money (M1), and broad money (M3). During 2020-21, the growth of monetary aggregates witnessed higher growth as compared to the previous few years on account of higher liquidity in the economy. M1 grew from 9.4% in 2019-20 to 15.2% in January 2021. However, M3 grew from 8.9% in 2019-20 to 12.5% in December 2020. This shows that the monetary transmission has not been that effective. The reserve money started growing significantly starting from April 10, 2020, onwards. But we did not see a commensurate increase in cash-in-circulation (CIC). Thus, the significant rise in M0 did not translate into a commensurate increase in money supply due to a subdued money multiplier and higher money parked at RBI under the reverse repo window. Because of the pandemic-induced lockdown, most of the industries did not operate and hence they did not borrow much money from the banks. So, banks parked the surplus money in the RBI.

The liquidity in 2020-21 has been consistently in a surplus condition because of RBI intervention in the financial market in various ways such as several conventional and unconventional monetary policies. RBI initiated open market operation, Long Term Repo Operations (LTROs), Targeted Long Term Repo Operations (TLTROs), Special Liquidity Facility for mutual funds, and Refinance facility for all Indian financial institutions. These measures amounted to Rs 8.87 Lakh Crores liquidity inclusion to the system.

Banking sector

In the banking sector, the gross non-performing assets (GNPA) ratio of the scheduled commercial banks (SCBs) reduced from 8.2% at the end of March 2022 to 7.5% by the end-September 2020. During this period, the GNPA of public sector banks declined from 10.25% at the end-March 2020 to 9.4% at the end-September 2020. The Stressed Advances ratio, which is the sum of NPAs, restructured loans and written-off assets, of SCBs declined from 8.6% to 7.9% in the same period. As a result of this, the capital to risk-weighted asset ratio (CRAR) of SCBs increased from 14.7% to 15.8% between March 2020 and September 2020.

This reduction in NPA and the resultant improvement in CRAR can be attributed to RBI's loan moratorium and freezing of the asset classification dispensation and special resolution framework due to Covid-19 by the Supreme Court. Other factors such as low lending during the lockdown period, and the suspension of the Insolvency & Bankruptcy Code (IBC) helped the banks improve their balance sheet and reduce GNPA.

Monetary policy transmission

Since March 2020 there has been a noticeable improvement in the transmission of policy repo rate changes to deposit and lending rates of SCBs. This can be due to policy rate cuts, a large liquidity surplus with accommodative policy stance, and the introduction of external benchmark-based pricing of loans. The Survey finds that Private Sector Banks exhibited greater transmission in terms of fresh loans, whereas Public Sector Banks exhibited greater transmission on outstanding loans for the entire easing cycle.

The Survey reports that the reduction in policy rate has been 250 bps since February 2019. This was accompanied by a decline in credit growth. The Year-on-Year (YoY) Credit growth stood at 14.8% in February 2019 and declined to 5.1% in October 2020. Thereafter, credit growth picked up, and it stands at 6.7% as of January 1, 2021. The non-food credit growth (YoY) declined from 7.2% in November 2019 to 6.0% in November 2020. Except for services, this decline in credit offtake was noticed across all sectors in 2020-21. While credit growth to agriculture & allied activities moderated in the first quarter of 2019-20, it increased to 8.5% in November 2020.

Credit growth to the industry contracted by 1.7% in October 2020. The services sector however grew at 9.5% in October 2020 and 8.8% in November 2020.

Non-banking financial companies (NBFC) sector

NBFC sector plays a critical role in India's growth story. Most of the micro, small and medium enterprises which do not get formal or banking sector loans are served by the NBFC sector. The YoY credit growth of the NBFC sector was close to 3% in June 2020 but decelerated to -6.6% in September 2020. The Survey notes that the NBFCs saw growth slowdown in 2019-20, mainly because of isolated credit events in a few large NBFCs and challenges in accessing funds growth. Following the COVID-19 pandemic, NBFCs faced a severe credit crunch. Banks extended support to this critical sector. Various measures taken by the RBI during the pandemic time such as Targeted Long-Term Repo (TLTRO) Operations helped the NBFCs sector. As a result of the prompt actions taken by the Government of India, banks, and the RBI, the GNPA ratio of NBFCs deteriorated moderately from 6.30% at the end-March 2020 to 6.44% at the end-June 2020.

Insolvency and bankruptcy code

The enactment of the Insolvency and Bankruptcy Code (IBC) in December 2016 has been a major milestone in the history of corporate legislation in India. This is codified overarching legislation designed to deal with multiple aspects of a company. IBC since its inception has admitted 4,117 applications as of December 31, 2020. The Survey mentions that nearly 23% of the cases admitted were settled or withdrawn after the commencement of the Corporate Insolvency Resolution Process (CIRP). Out of the 1420 cases for which the CIRP process has been completed, liquidation has been commenced for 1112 cases whereas resolution has been approved for 308 cases.

The Code has facilitated the recovery of NPAs by banks. The recovery rate for the Scheduled Commercial Banks through IBC (since its inception) has been over 45%. The IBC has resulted in significant behavioral changes among the creditors and debtors. The fear of a resolution process (that is the original promotors and managers lose control and management of the firm) deters the management and promoter of the firm from operating below the optimum level of efficiency.

Union budget and financial reforms

There was a huge expectation that the Union government in the Union Budget would announce some kind of like big bang reforms to give stimulus to the economy that has been badly affected by the COVID-19 pandemic.

Among the major reforms, the Union government proposed to create an asset reconstruction and asset management company (ARC-AMC) which is kind of a 'Bad Bank'. This may be a win-win for lenders. A 'bad bank' is a bank that buys the bad loans of banks and financial institutions that will clear their balance sheets. The bad bank then resolves these bad assets over a period of time. The idea is that banks freed of the NPA burden can start at fresh loans. This measure is expected boost banks' liquidity position and their rating as well. While this appears to cure the ailing banking sector, how much it will be successful depends upon the detailed code and structure of a bad bank and its implementation.

For the first time in the history of Union Budgets, the Union government announced that it intends to privatize two public sector banks in the coming financial year. This disinvestment move is aimed at shoring up the government revenues by selling state assets and freeing the state from the burden of recapitalization of weak banks due to high NPA.

Similarly, the finance minister announced in her budget speech that the government would privatize one general insurance company in the coming financial year. The government is trying to monetize state assets by doing disinvestment and simultaneously vacating the space for the private sector.

The Union Budget 2021-22 has proposed setting up a Development Finance Institution with a capital of Rs 20,000 crore. The government has also set an ambitious lending target of Rs 5 lakh crore in the first three years. This may give a big boost to the Infrastructure sector financing.

The Government plans to open up both the insurance and pension sectors by increasing the FDI limit to 74% from 49%, at par with private banks. The finance minister also announced that the disinvestment process of the IDBI Bank will also be completed in the next fiscal.

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(Dr Santosh Kumar Dash is Assistant Professor, GIFT)

GST amendments in finance act 2021

N Ramalingam

The Finance Act, 2021 was passed by the parliament and received the assent of the President of India on March 28, 2021. This gives effect to the financial proposals of the Central Government for the year 2021-22. The Sections 108 to 123 of the Finance Act, 2021 deals with the amendments in the Central Goods and Services Tax (CGST) Act, 2017 and Integrated Goods and Services Tax (IGST) Act, 2017. These amendments shall come into force only on such date as the Central Government may, by notification in the official Gazette, appoint. As GST is a dual tax system, all States shall simultaneously pass similar provisions in their respective State GST Acts in order to make it operational. All proposals regarding GST in the Finance Act 2021(hereafter *mentioned as* **FA21**) are debated, discussed and approved by the GST council in its various meetings.

The objective of this article is to familiarise/update the readers (particularly the tax professionals, officials and academics) about the latest amendments in Central Goods and Services Tax Act 2017 (*hereafter mentioned as* **CGST Act**) and Integrated Goods and Services Tax Act 2017 (*hereafter mentioned as* **IGST Act**) and its rationale.

Sections 108 to 122 of FA21 deals with the amendments in CGST Act 2017.

1. Widening the scope of supply (Section 108)

Section 7 of the CGST Act 2017 explains the Scope of the 'Supply'. A new clause (aa) is inserted by the FA 21 in section 7 so as to widen the scope of the **'Supply'** with a retrospective effect from the introduction of GST i.e., 1st day of July, 2017.

The inserted clause is

"*(aa) the activities or transactions, by a person, other than an individual, to its members or constituents or vice-versa, for cash, deferred payment or other valuable consideration.*

Explanation *- For the purposes of this clause, it is hereby clarified that, notwithstanding anything contained in any other law for the time being in force or any judgment, decree or order of any Court, tribunal or authority, the person and its members or constituents shall be deemed to be two separate persons and the* *supply of activities or transactions inter se shall be deemed to take place from one such person to another;"*

The taxability of transactions carried out between the members and the association of persons/partnership firms / joint ventures was an area of legal dispute for more than a decade. The Hon'ble Supreme Court of India nailed this dispute in the case of Calcutta Club Ltd (Civil Appeal No. 4184 of 2009, dated 03.10.2019) recently. It was held that the club/association and its members are not distinct persons and that there would be no leviability of service tax on any services provided by the club to its members based on the 'concept of mutuality'.

But this amendment [Section 7(aa)] in the CGST Act overrides all the existing law and judgement of any Court including Supreme Court. The amendment is far more powerful by effecting retrospectively (from 1-7-2017) in the CGST Act by providing that the person (other than an individual) and its members should be treated as two separate persons and the activities or transactions carried out between them for any consideration should be treated as a Supply and taxable under CGST Act 2017.

2. Conditionality in availing input tax credit by the recipient (Section 109)

Section 16 of the CGST Act deals with the eligibility and conditions for taking Input Tax Credit. After the section 16(2)(a) of the CGST Act a clause (aa) is inserted by FA21:

"(aa) the details of the invoice or debit note referred to in clause (a) has been furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note in the manner specified under section 37".

Till the introduction of this amendment, conditions for availing input tax credit by the recipient was dependent on the supplier who actually pays the taxes to the government collected from the recipient. But in practice the condition of verification is not always possible by the recipient particularly where the supplier has wrongly declared or not declared the details in his/her return - GSTR-3B.

On the other hand, there was no clear provision in CGST Act to deny input tax credit based on the matching of the details declared by the supplier in his/her outward supply return - GSTR-1 and actual input tax credit availed by the recipient. It means the input tax credit matching between GSTR 2A (the inward supply related auto-populated statement received by the recipient once GSTR-1 has been filed by the supplier) and GSTR-3B of the recipient in availing credit was not mandatory.

In order to fill this legal lacuna and strictly monitor the availment of input tax credit by the recipient, section16(2)(aa) is inserted. It proposes a condition that input tax credit on invoice or debit note can be availed by the recipient only when the details of such invoice or debit note have been furnished by the supplier in his/her GSTR-1 and it is communicated to the recipient through GSTR-2A / 2B.

3. Audit under GST by the chartered accountant or cost accountant not necessary (Section 110)

Section 35 (5) of the CGST Act deals with the provision of auditing the accounts by a chartered Accountant or Cost Accountant. It read as follows

"Every registered person whose turnover during a financial year exceeds the prescribed limit shall get his accounts audited by a chartered accountant or a cost accountant and shall submit a copy of the audited annual accounts, the reconciliation statement under sub-section (2) of section 44 and such other documents in such form and manner as may be prescribed:

Provided that nothing contained in this sub-section shall apply to any department of the Central Government or a State Government or a local authority, whose books of account are subject to audit by the Comptroller and Auditor-General of India or an auditor appointed for auditing the accounts of local authorities under any law for the time being in force."

The above existing section of CGST Act has been omitted by FA21.

4. Self-certified reconciliation statement (Section 111)

Section 44 of the CGST Act deals with the annual return of GST.

This has been substituted by FA21 as follows:

"44. Every registered person, other than an Input Service Distributor, a person paying tax under section 51 or section 52, a casual taxable person and a non-resident taxable person shall furnish an annual return which may include a self-certified reconciliation statement, reconciling the value of supplies declared in the return furnished for the financial year, with the audited annual financial statement for every financial year electronically, within such time and in such form and in such manner as may be prescribed.

Provided that the Commissioner may, on the recommendations of the Council, by notification, exempt any class of registered persons from filing annual return under this section.

Provided further that nothing contained in this section shall apply to any department of the Central Government or a State Government or a local authority, whose books of account are subject to audit by the Comptroller and Auditor-General of India or an auditor appointed for auditing the accounts of local authorities under any law for the time being in force.".

As mentioned earlier, section 35(5) of the CGST Act is omitted so as to remove the mandatory requirement of getting annual accounts audited and reconciliation statement submitted by Chartered Accountants/ Cost Accountants. Similarly, Section 44 of the CGST Act is being substituted so as to remove the mandatory requirement of furnishing a reconciliation statement duly audited by Chartered Accountants/ Cost Accountants. The registered taxpayers have to file their annual return on a self-certification basis. Though removing the GST audit eases the compliance burden, it is indirectly imposing more responsibility solely on the registered taxpayers to finalise their accounts and returns error free.

5. Interest only on net cash liability on delayed payment of tax (Section 112)

Section 50 of the CGST Act deals with the interest on delayed payment of tax. The existing proviso after the section 50(1) of the CGST Act is substituted with effect from the 1st day of July, 2017 as follows:

"Provided that the interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period furnished after the due date in accordance with the provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, shall be payable on that portion of the tax which is paid by debiting the electronic cash ledger."

The proviso of Section 50(1) of the CGST Act has been amended with effect from 1st July 2017 so as to charge interest on net cash liability instead of gross liability. The above amendment has been introduced to incorporate the recommendation of the 39th GST Council.

6. Separation of general penalty from levy of penalty on detention, seizure, confiscation of goods and conveyance (Section 113)

Section 74 of CGST Act deals with the determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised by reason of fraud or any wilful misstatement or suppression of facts. In this section, Explanation 1, in clause (ii), for the words and figures "sections 122, 125, 129 and 130", the words and figures "sections 122 and 125" is substituted by the FA21.

This amendment is made so as retain the penalty for certain offences (section 122) and general Penalty (section 125) in section 74 and separate the detention, seizure and release of goods and conveyance in transit (Section 129) and Confiscation of goods or conveyances and levy of penalty (130) from recovery of tax

7. Clarity on self assessed tax (Section 114)

Section 75 of CGST Act deals with the general provisions relating to the determination of tax. After section 75(12) the following Explanation is inserted by the FA21.

'Explanation- For the purposes of this sub-section, the expression "self-assessed tax" shall include the tax payable in respect of details of outward supplies furnished under section 37, but not included in the return furnished under section 39'.

Through this amendment, it is clarified that Self Assessed Tax paid will include invoices declared in return - GSTR 1 (section 37) but tax on such invoices not paid in return - GSTR 3B (section 39)

8. Wide scope on provisional attachment (Section 115)

Section 83 of the CGST Act deals with the provisional attachment to protect revenue in certain cases. Section 83 (1) is substituted as follows:

"(1) Where, after the initiation of any proceeding under Chapter XII, Chapter XIV or Chapter XV, the Commissioner is of the opinion that for the purpose of protecting the interest of the Government revenue it is necessary so to do, he may, by order in writing, attach provisionally, any property, including bank account, belonging to the taxable person or any person specified in sub-section (1A) of section 122, in such manner as may be prescribed.".

This amendment is made so as to provide that provisional attachment shall remain valid for the entire period starting from the initiation of any proceeding under Assessment (*Chapter XII*), Inspection, Search and Seizure (*Chapter XIV*) or Demands and Recovery (*Chapter XV*) till the expiry of a period of one year from the date of order. Attachment includes attachment of bank accounts, property to safeguard and protect the interest of revenue in the cases of provisional assessments, scrutiny of returns, inspection of goods during movement, tax collected but not paid as well as any person specified in 122 (1A) which deals with penalty for certain offences.

9. Conditions for filing appeal (Section 116)

Section 107 of CGST Act deals with the Appeals to Appellate Authority. After section 107(6), the following proviso shall be inserted

"Provided that no appeal shall be filed against an order under sub-section (3) of section 129, unless a sum equal to twenty-five per cent of the penalty has been paid by the appellant."

This proviso has been inserted to provide that no appeal shall be filed against an order made under the provision of detaining, or seizing, goods or conveyances [under section 129(3)] unless a sum equal to twenty-five per cent of penalty has been paid by the appellant.

10. Segregation of penalty, time limit of issue of notice etc. (Section 117)

Section 129 of the CGST deals with the detention, seizure and release of goods and conveyances in transit

(i) The following clauses are substituted in the section 129 (1) (a) & (b) of the CGST Act

"(a) on payment of penalty equal to two hundred per cent. of the tax payable on such goods and, in case of exempted goods, on payment of an amount equal to two per cent of the value of goods or twenty-five thousand rupees, whichever is less, where the owner of the goods comes forward for payment of such penalty;

(b) on payment of penalty equal to fifty per cent of the value of the goods or two hundred per cent of the tax payable on such goods, whichever is higher, and in case of exempted goods, on payment of an amount equal to five per cent of the value of goods or twenty-five thousand rupees, whichever is less, where the owner of the goods does not come forward for payment of such penalty;"

The above two amendments deal with the segregation of penalty based on whether or not the owner comes forward to claim goods detained or seized.

The substituted section 129(1)(a) says that a penalty of 100 percent of the tax payable is applicable in case of taxable goods, while the penalty will be equal to two percent of the value of goods or twenty-five thousand rupees, whichever is less, in case of exempted goods.

The substituted section 129(1) (b), where the penalty is levied when the owner does not claim goods, says that a penalty equal to fifty percent of the value of goods or two hundred percent of the tax payable, whichever is higher must be levied in case of taxable goods, and a penalty equal to five percent of the value of goods or twenty-five thousand rupees, whichever is less, to be applied in case of exempted goods.

(ii) The existing section 129(2) of CGST Act 2017 "The provisions of sub-section (6) of section 67 shall, *mutatis mutandis*, apply for detention and seizure of goods and conveyance" is omitted by the FA21.

Section 67(6) of CGST specifies the procedure of release of goods on provisional basis upon execution of bond and security. By omitting the section 129(2), this has been removed.

(iii) Section 129 (3) is substituted as

"(3) The proper officer detaining or seizing goods or conveyance shall issue a notice within seven days of such detention or seizure, specifying the penalty payable, and thereafter, pass an order within a period of seven days from the date of service of such notice, for payment of penalty under clause (a) or clause (b) of sub-section (1)."

The existing provision under section 129(3) does not prescribe any time limit. Now after this substitution, the law prescribes a time limit for issuance of notice and passing the order of detention or seizure. The time limit of issuance of notice has been provided as 7 days of such detention or seizure and that of order is 7 days from the date of such notice

(iv) In Section 129 (4) for the words *"No tax, interest or penalty"*, the words *"No penalty"* is substituted. In the existing section equal opportunity of being heard is given to the person concerned in determining tax, interest or penalty. Now after the substitution it is given for only determining the penalty.

(v) Section 129(6) is substituted as *"(6) Where the person transporting any goods or the owner of such goods fails to pay the amount of penalty under sub-section (1) within fifteen days from the date of receipt of the copy of the order passed under sub-section (3), the goods or conveyance so detained or seized shall be liable to be sold or disposed of otherwise, in such manner and within such time as may be prescribed, to recover the penalty payable under sub-section (3)*

Provided that the conveyance shall be released on payment by the transporter of penalty under sub-section (3) or one lakh rupees, whichever is less

Provided further that where the detained or seized goods are perishable or hazardous *in nature or are likely to depreciate in value with passage of time, the said period of fifteen days may be reduced by the proper officer."*

Earlier the proceedings under section 129(6) were linked with the proceedings of confiscation of goods or conveyances as per section 130. After the substitution of section 129 (6) it is delinked from Section 130 and kept as an independent one.

11. Delinking of the proceedings of confiscation of goods or conveyance from the general penalty proceedings (Section 118)

Section 130 of the CGST Act deals with the confiscation of goods or conveyances and levy of penalty

(a) In section 130 (1) for the words *"Notwithstanding anything contained in this Act, if"*, the word "*Where*" is substituted.

(b) In section 130 (2), in the second proviso, for the words, brackets and figures *"amount of penalty leviable under sub-section (1) of section 129*", the words *"penalty equal to hundred per cent. of the tax payable on such goods"* is substituted;

(c) Section 130 (3) is omitted

The overriding provision of section 130 no longer exist after the substitution. The proceedings of confiscation of goods or conveyance stands delinked with the penalty proceedings under section 129. The minimum aggregate fine and penalty has now been modified to provide the amount equal to hundred per cent of the tax payable on such goods. Moreover, the requirement to pay fine in addition to the tax, penalty and charges payable in respect of the goods has been omitted.

12. More power to collect statistics (Section 119)

Section 151 of CGST Act deals with the power to collect statistics. This has been substituted has follows:

"The Commissioner or an officer authorised by him may, by an order, direct any person to furnish information relating to any matter dealt with in connection with this Act, within such time, in such form, and in such manner, as may be specified therein."

Through this substitution the jurisdictional commissioner can call for information from any person relating to any matter dealt with in connection with the Act.

13. Disclosure of information (Section 120)

Section 152 of CGST deals with the bar on disclosure of information. **(a)** In section 152 (1) the words *"of any individual return or part thereof" shall be omitted and **(ii)** after the words "*any proceedings under this Act", the words *"without giving an opportunity of being heard to the person concerned"* shall be inserted.

(b) Section 152 (2) shall be omitted

The amendment intended that information obtained under sections 150 and 151 shall not be used for the purposes of any proceedings under the Act without giving an opportunity of being heard to the person concerned.

14. More power to jurisdictional commissioner (Section 121)

Section 168 of CGST Act deals with the power to issue instructions or directions. (i) In section 168(2) the words, brackets and figures *"sub-section (1) of section 44"*, the word and figures *"section 44"* shall be substituted;(ii) In section 168(2) the words, brackets and figures *"sub-section (1) of section 151,"* shall be omitted.

The existing section provides for the powers which can be exercised only by the Commissioner or Joint Secretary posted in the Board. After the amendment the Jurisdictional Commissioner (and not the Board) is empowered to exercise powers under section 151 to call for information.

15. Limited inclusion of supply of goods between association and its members removed (Section 122)

Schedule II of the CGST Act 2017 list out the activities or transactions to be treated as supply of goods or supply or services. Paragraph 7 of the Schedule II is omitted with retrospective effect from the 1st day of July, 2017.

Paragraph 7 of the Schedule II *"supply of goods only by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration"* is covered within the broader explanation of inserted Section 7(1) (aa) of the CGST Act mentioned in the Section 108 of the FA21. Hence the Paragraph 7 has been omitted from Schedule II.

Integrated Goods and Services Tax Act 2017

16. Legal backing for authorised operations, refund in case of non-realization of sale proceed etc. (Section 123)

Section 16 of the IGST Act deals with the Zero-Rated Supply. (a) In Section 16(1)(b) after the words *"supply of goods or services or both"*, the words "**for authorised operations**" is inserted;

As per the existing section 16(1)(b), all supplies made to SEZ unit were covered under the definition of Zero-Rated Supply. As per the Rule 89(1) of the CGST Rules, 2017 refund can be claimed by a supplier only when such supplies have been admitted for 'authorized operations'. The present amendment is made in order to give a legal backing for this.

(b) Section 16(3) is substituted as *"(3) A registered person making zero rated supply shall be eligible to claim refund of unutilised input tax credit on supply of goods or services or both, without payment of integrated tax, under bond or Letter of Undertaking, in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder, subject to such conditions, safeguards and procedure as may be prescribed:*

Provided that the registered person making zero rated supply of goods shall, in case of non-realisation of sale proceeds, be liable to deposit the refund so received under this sub-section along with the applicable *interest under section 50 of the Central Goods and Services Tax Act within thirty days after the expiry of the time limit prescribed under the Foreign Exchange Management Act, 1999 for receipt of foreign exchange remittances, in such manner as may be prescribed.*

The existing section 16(3) has no power for recovery of refund in case of non-realization of sale proceeds in case of export of goods, though it is mentioned under Rule 96B of CGST Rules 2017. This amendment fills the gap by providing the provision that the registered person making zero rated supplies is liable to deposit the refund received along with interest in case of non-realization of sale proceeds within the specified time.

A new section, 16 (4) has been inserted *"The Government may, on the recommendation of the Council, and subject to such conditions, safeguards and procedures, by notification, specify-*

(i) a class of persons who may make zero rated supply on payment of integrated tax and claim refund of the tax so paid;

(ii) a class of goods or services which may be exported on payment of integrated tax and the supplier of such goods or services may claim the refund of tax so paid."

This new section 16(4) is inserted so as to empower Government to notify certain class of persons or class of goods / services on which the benefit of claiming refund of export with payment of integrated tax will be allowed

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(Dr N Ramalingam is Associate Professor, GIFT)

India's inflation dilemma during the pandemic

P S Renjith

As is well known, the COVID-19 pandemic induced disruptions and economic crisis in 2020 has been unprecedent. The global pandemic has disordered the market forces of demand and supply in many countries. While the demand-side disruptions are due to the subdued economic activities, the supply shock is due to the persistence of inflation and its associated effects. Prices and inflation during the pandemic period remained high and became a matter of concern not only in the advanced economies, but also with most of the Emerging Markets and Developing Economies, including India.

Against this backdrop, it is vital to raise India's concern over prices and inflation. In fact, the Government of India's Economic Survey 2020-21 made some interesting observations in this regard. The Survey pointed out that, in India, the headline CPI Inflation-Combined (CPI-C) was on a downward path till 2017-18, followed by rising trend in the subsequent years. Though the effect has softened in recent months, it remained high during the pandemic period (Apr-Dec 2021). Further, the increase in CPI-C during the pandemic year was mainly driven by an upsurge in food inflation, particularly vegetable prices; while the core inflation (i.e., inflation in the price index excluding food, fuel, and other volatile components) except housing shows a rising trend mainly due to the disruptions in services and volatility in gold and silver prices. As far as the rural and urban difference in the CPI inflation is concerned, CPI-Urban has moved closely with CPI-Rural during the period. Though convergence is almost observed in the case of food inflation, the non-food components of CPI are lower in rural areas as compared to urban areas.

Another important observation of the survey is that inflation trends are usually observed using a twelve-month change in the index. The rationale behind observing the year on year (YoY) change in inflation is that it will eliminate the seasonal fluctuations. However, the major challenge in using the YoY change in inflation is that it does not distinguish between recent price changes and price changes before a year. This signifies the role of the base and momentum effects. While base effect accounts for inflation changes due to the abnormal changes in

CPI in the base month, the momentum effect considers changes in inflation caused by price changes in the current month. Therefore, it is necessary to distinguish the existing trends of inflation between base effect and momentum effect. The difference between the YoY inflation rates in two subsequent months is almost the same as the difference between the month-on-month rate in the current month and the month-on-month rate in the base month.

A higher momentum effect or lower base effect has a positive impact on the changes in inflation. While the rising trends in headline CPI and Core CPI during the pandemic period, except in November and December, were driven by momentum effect, it was significantly moderated by the base effect. In November, the price momentum was coupled with a positive base effect. Though a very similar pattern was observed for the food and beverages component of CPI-C as in non-food and non-fuel components, slightly different patterns emerged among various subgroups under food and beverages. Whereas price momentum has dominated in the case of oil and fats and vegetables, negative price momentum was observed in the case of cereals, meat and fish. Among the miscellaneous category, the increase in the inflation of 'transport and communication' and 'personal care and effect' were mostly driven by a substantial jump in the price momentum. These mixed observations demand further crop-specific and time-specific exploration in this regard.

As indicated, the primary driver of CPI-C inflation in the pandemic year (April-December) was the food and beverages group (almost 60 percent), similar to that in the previous years, followed by miscellaneous group and housing. Food inflation is computed based on the Consumer Food Price Index (CFPI), comprising ten food groups. It remained high during the period is indicative of Covid-19 induced supply chain bottlenecks, particularly in the case of 'vegetables', 'meat & fish', 'oils & fats', and 'pulses & products. Interestingly, the vegetable inflation was mainly on account of a rise in prices of potatoes and onions. Another important fact is that the production of pulse varieties during the year was not as expected. In the case of shortfalls in domestic supply, import policy is much warranted to ensure the availability and moderate prices. However, the pandemic year registered confusion among market participants due to frequent changes in import policy. As a result, the import was highly negatively correlated with production.

The survey made some observations on the novel concept of a thali price in the Chapter titled "Thalinomics": The economics of a plate of food in India. It postulates the Thali cost, which represents the cost of a meal cooked within household and the Thali index, compiled by the NSO as per the Consumption Expenditure Survey 68th Round data (2011-12) for CPI-C. The cost of both vegetarian and non-vegetarian thalis has increased steadily during the pandemic period (April-December), except in December. However, it displayed much variation among the states/UTs. Though there were significant variations among states on thali prices during the period, researchers doubt whether it has a true representation of the consumption pattern of an average Indian.

CPI-C inflation increased in most of the states during the pandemic year. Though the regional variation persists between states/UTs with Lakshadweep at the top and Delhi at the bottom, inflation was below the all-India average in 17 states during the period. Interestingly, most states/UTs have witnessed higher urban inflation than rural inflation, with some variations because of the high food inflation in urban areas. In particular, the majority of the East and North Eastern states experienced relatively higher inflation in rural as well as urban areas. Among the major contributors of overall CPI inflation as per weights, Maharashtra occupies the top position, followed by Utter Pradesh, West Bengal and Tamil Nadu. With respect to the 'thali', Andaman & Nicobar Islands has the most expensive veg thali in both rural and urban areas. While North Eastern states registered the most expensive non-veg thali in both rural and urban areas, while rural and urban areas, north and central India registers at the bottom line comparatively with some exceptions.

Another important query raised by the Survey is, which measure of inflation reflected economic activity better in 2020-21? Here it made a comparison between CPI-C, Core CPI, and WPI inflation. In fact, WPI inflation remained benign during the pandemic period. Food items have a large weightage in the CPI-C index, implying that shocks to food prices could have large impacts on CPI-C inflation, which is in sync with the economy's demand conditions. However, it is weakly related to Index of Industrial Production (IIP) growth. While WPI inflation and CPI-C, core inflation are positively and strongly associated with IIP growth, reflecting production.

A tight monetary policy could easily manage demand-pull inflation. But the pandemic scenario was mainly a supply-side phenomenon. Therefore, policy action must be redesigned by smoothening the supply chains, redesigning the outdated weight structure in the construction of the price index, incorporating retail e-commerce transactions to construct price indices, etc. Further, researchers have no consensus whether headline inflation targeting or core inflation targeting is welfare improving. Fortunately, core inflation is often considered as a better measure of inflation for monetary policy purposes because food and fuel inflation are transitory, supply-driven, and non-monetary. Inflation targeting could also help anchor inflation expectations. While CPI inflation remained close to the the upper threshold of the monetary policy target of 6 percent, the one year ahead expected CPI-C inflation has also risen.

Realizing the existing issues concerning the prices and inflation, there was a call for long-term strategic measures such as consistency in import policy on pulses and edible oils, review of the onion buffer stock policy, curtail the uncertainties in the gold prices, development of a wastage reduction system, decentralised cold storage facilities at production centres, judicious use of fertilizers, timely irrigation and post-harvest technology, etc. in order to control the inflation. Also, it is already expected that some food and non-food prices will continue to soar for at least in the next few months. The Union government's policy intervention is much warranted for the prices of those items beyond the states' control. The expectation was huge on the government's budget for 2021 in this regard. However, the budget didn't give enough attention to tackle this issue. Not much concern is evident in any of the current budget documents even after CPI inflation is close to the monetary policy target of 6 percent during the pandemic. It stipulates that inflation will remain a buzzword for some time to come.

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(Dr P S Renjith is Assistant Professor, GIFT)

The "V-shapeded" recovery conundrum

A M Suha

This article deals with macro-economic recovery and the fiscal burden under the COVID-19 pandemic. This year's economic survey and budget is presented amid the pandemic scenario with a positive note of V shaped recovery. The previous growth numbers make it evident that the Indian economy's growth was already in a down swing even before the outbreak of covid-19. The growth in the gross domestic product (GDP) fell to a 11-year low of 4.2 per cent in 2019-2020. The economy grew by 3.1 percent in January-March quarter of 2019-2020, against 5.7 percent at the same time a year ago, the slowest growth in at least eight years. Industry, which accounts for 30% of GDP, shrank by 0.58% in Q4 of 2019-20. Unemployment reached a 45-year high. A major driver of growth in any economy is investment by the private corporate sector. In the pre-Covid 19 period, nominal values of private sector investment have been declining. The total outstanding investment projects between 2015-16 and 2019-20 declined by 2.4%, whereas new projects announced fell by 4%, as per data from the CMIE (Centre for Monitoring Indian Economy). Consumption expenditure has also been falling, for the first time in several decades." (Dev MS and Sengupta R, 2020)

V-shaped recovery

The Indian economy is now expecting a V-shaped recovery, that is, a much quicker growth. The Economic Survey has projected a GDP growth rate of 11% and 6.8% in 2021-22 and 2022-23. These projections and also those made by the IMF anticipate that the Indian economy will become one of the fastest-growing major economies in the coming years. But some economists feel that the growth happening currently is a K shaped one rather than a V, as one part of the economy is growing faster than others. As studies of NIPFP notes that a 10% growth on the back of a -7.7% contraction means a 2% growth over 2019-20.

Through the Economic Survey and Union Budget, they are celebrating the V-shaped recovery, here a major matter of concern is how realistic is this V-shaped recovery and what is the approach adopted through the budget to realize it? The fall in GDP growth rate is much steeper than estimated, due to the non-capturing of informal sectors. So, the recovery is conditional upon many macroeconomic factors.

Due to the covid-19 outbreak and the lockdown that followed, both demand and supply side simultaneously affected. But the union budget gives more emphasis on the supply side rather than promoting programmes like MGNREGA, which helps to boost the aggregate demand by reaching the grassroots level of the society, the allocation has decreased almost 65% compared to 2020-21. In the Budget they consider privatization as a panacea, but it is not a sustainable solution. In the budget, it has accounted for 1.75-lakh crore in capital receipts from disinvestment by privatizing two more public sector banks and a general insurer in 2021-22 and the commitments to enable the LIC's IPO. The FDI in insurance has increased from 49% to 74% . When there is a lack of aggregate demand in the economy it will disincentivize the private players to invest in the economy.

There is a visible paradox in the Union Budget. On one side, India concentrates on Atma Nirbhar Bharat, stressing on the domestic production, self-reliance and import substitution. On the other hand it is promoting Disinvestment, large scale privatization, which almost always involves substantial FDI. This will surely lead to a large rise in foreign presence in the domestic economy. Now, we have to see how the government resolves a rise in FDI with Atma Nirbhar Bharath?

Even when the debates over privatization and disinvestment are points of contention, the fulfilment of budgeted target of disinvestment is another question to be answered as there has been a drastic decrease i.e. from 45% to 15% in achieving the budgeted estimate in the Covid Scenario.

Coming to the expenditure part, we find that the budgeted expenditure for the current year increased by 14% compared to the previous year's budgeted estimate. However, when we take into account the revised estimate of the previous year, the current budget has not even marked a one per cent growth. Is it sufficient to bypass the reduction in aggregate demand of the economy?

Now, moving to one of the most important concerns of the present time, i.e. health expenditure. Economic survey envisioned a massive boost of health spending, which it reasoned would serve as a direct means of raising overall economic output by reducing the economic burden of illness. But even when the Finance Minister claims that there is a 137% increase in the budgetary outlay on 'health and well-being', keeping aside the expenditure for Covid Vaccination (35,000 Crore), the remaining health outlay is Rs. 74,604 crore, nearly 10 per cent lower than the revised estimate of Rs. 82,445 crore earmarked in the current fiscal year. Total health outlay constitutes a negligible share of GDP and a lion's share of this mere amount is allocated for the vaccination drive. Whatever remains goes to the capital formation and there is a time lag for the conversion of the investment into real variables such as employment and output. So how does it contribute to the acceleration of the uphill portion of V-shaped recovery?

Now, if we see, for vaccinating the whole Indian population, it costs nearly 80,000 crores. The Central government is contributing about 35,000 crores which is merely around 44% of the total expenditure that will be incurred for the vaccination drive. Clearly, the remaining burden will be shifted to the State governments. In the fiscal federal set up, it's always the States who bear the expenditure burden while its revenue mobilizing capacity is constrained.

Let me conclude by making my last point. One of the main objectives of the budget is to shape the macro-economic environment of the country in terms of its proposed impacts on macro-economy due to decisions on raising resources and spending.

But the challenge is that the ultimate burden of the proposed projects, especially health expenditure, is on the shoulders of the States. At this juncture of constrained fiscal autonomy of States, how this matter will be handled in the Indian Federal Scenario is a major concern.

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(Ms A M Suha is Research Scholar represents Young Scholars' Forum, GIFT)

Growth-inequality-poverty dynamics: On the unreasonable reasons

N Vijayamohanan Pillai

This article deals with growth inequality, poverty dynamics on the unreasonable reasons. I shall start with a quote on the unreasonable reason. According to Karl Marx, "reason has always existed, but not always in a reasonable form" (Letter to Arnold Ruge, from the Deutsch-Französische Jahrbücher September 1843). I will come back to Karl Marx again by the end of this presentation.

The topic has an international context of intensive empirical research exercises, centred on the "poverty-growth-inequality triangle" (PGI Triangle), originally introduced in 2003 by François Bourguignon, the former Chief Economist (2003-2007) of the World Bank, In his triangular model, inequality and growth affect each other and at the same time, both of them affect absolute poverty also. In his empirical approach, Bourguignon defines the change in poverty as a function of growth, distribution, and changes in distribution, using per capita income (GDP per capita) as the measure of growth and the Gini Index as the measure of inequality in his model. A large number of studies have since then followed using the PGI Triangle framework to study poverty in both developing countries and developed countries. It is in this context that the Economic Survey of India 2020-21 appears.

Unfortunately, inequality has never been a topic of importance in economic survey so far. But somehow this time we have got a full chapter on inequality and growth: Chapter four, titled "Inequality and Growth: Conflict or Convergence?". This Chapter four starts with a quotation from Aristotle, that poverty is the parent of revolution and crime; however, unfortunately, the Chapter does not give any reference to this quote, quite unlike a true research. The Chapter then continues: "In this chapter, the Survey examines if inequality and growth conflict or converge in the Indian context ...... the Survey highlights that both economic growth - as reflected in the income per capita at the state level - and inequality have similar relationships with socio-economic indicators. Thus, unlike in advanced economies, in India economic growth and inequality converge in terms of their effects on socio-economic indicators." (ES Vol. 1: Chapter 4, Page 121).

The writers of this Chapter in fact follows the method in Wilkinson and Pickett (2009). But there is no acknowledgement, no reference, except this sentence: "In the advanced economies, Wilkinson and Pickett (2009), Atkinson (2014) and Piketty (2020) show that higher inequality leads to adverse socio-economic outcomes" (ES Vol. 1: Chapter 4, Page 122). But in the Reference section, Wilkinson and Pickett (2009), and Atkinson (2014) do not appear at all.

Now let us turn to Richard Wilkinson and Kate Pickett (2009)'s study "The Spirit Level: Why Greater Equality Makes Societies Stronger". They consider 23 richest countries with different degrees of social inequality, and examine whether there exists any association between the level of inequality and a number of different indicators of individual wellbeing and social welfare. They measure the extent of income inequality by the ratio of income of the top 20 percent to the lower 20 percent in a society, with data from the UNDP Human Development Report. When the 23 countries are ranked by their degree of income inequality, the Scandinavian countries and Japan come out with the lowest income inequality, and the UK, Portugal, USA, and Singapore, with the highest income inequality.

As the indicators of individual wellbeing and social welfare, they consider nine social problems ("costs of inequality"): (1) community life and social relations, (2) mental health and drug use, (3) physical health and life expectancy, (4) obesity, (5) educational performance, (6) teenage pregnancies, (7) violence, (8) crime and punishment, and (9) unequal opportunities for intergenerational social mobility.

They then analyze bivariate graphs with the degree of income inequality on the x-axis and the extent (mean values) of the costs of inequality on the y-axis and identify a regression line through the cluster of points representing individual countries. The slope of this regression line is intended to indicate the correlation between income inequality and the relevant cost of inequality. A representative graph I reproduce here that shows that countries with lower income inequality have lower levels of social problems, while countries with higher income inequality, higher levels. Isn't this socially desirable?

Now let us go back to Chapter four of the Economic Survey 2020-21. We read there: "In this chapter, the Survey examines if inequality and growth conflict or converge in the Indian context. By examining the correlation of inequality and per-capita income with a range of socio-economic indicators, including health, education, life expectancy, infant mortality, birth and death rates, fertility rates, crime, drug usage and mental health, the Survey highlights that both economic growth - as reflected in the income per capita at the state level - and inequality have similar relationships with socio-economic indicators." (ES Vol. 1: Chapter 4, Page 121). And again: "Thus, unlike in advanced economies, in India economic growth and inequality converge in terms of their effects on socio-economic indicators. Furthermore, this chapter finds that economic growth has a far greater impact on poverty alleviation than inequality." (ES Vol. 1: Chapter 4, Page 122). This result they report in terms of a number of bivariate graphs, one set for the Indian

THE SPIRIT LEVEL

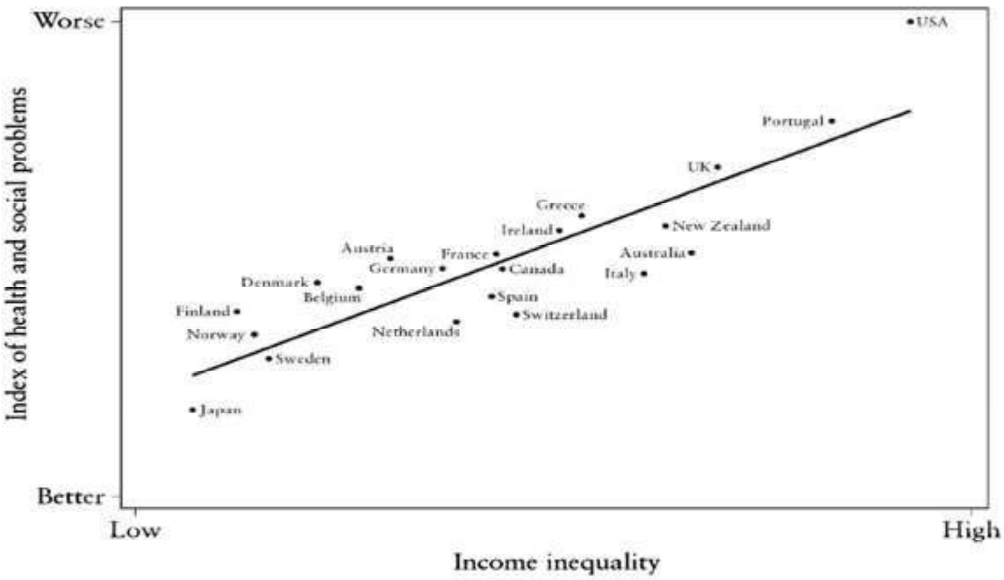
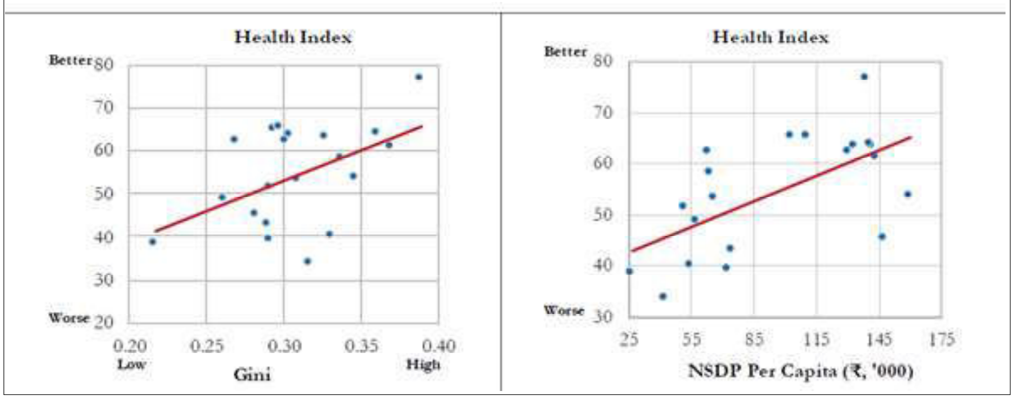


Figure 2.2 *Health and social problems are closely related to inequality among rich countries.*

Figure 1: Correlation of inequality and growth (as reflected in income per capita) with health outcomes: India versus Advanced Economies

States in India



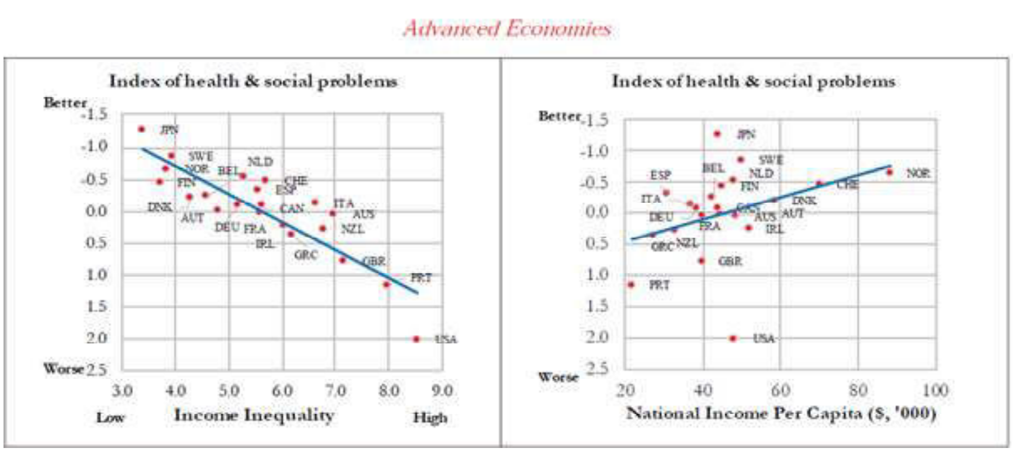
States and another for advanced countries. The first graph we reproduce here:

Having better health with higher NSDP per capita (second part of the graph) is very good. But, what about the message of the first part? Better health with higher inequality! Is this socially desirable? However, for the writers of this Chapter this is "convergence", because both the regression lines have similar slopes! Thus, it is not implication, but appearance that matters! Note that the magic of this appearance has an explanation; but these writers are either ignorant of it or trying to conceal it.

Now comes the case of the advanced countries: It is good to have better health and social conditions with higher national income per capita and very good to have better health and social conditions with lower inequality. But, for the writers of this Chapter this is "conflict", because the regression lines have opposite slopes! Thus, it is not implication, but appearance that matters!

Now I have a quote from Edmund Spenser's The Faerie Queene (Book 1, Canto IX, 386-387): "For he that once hath missed the right way/ The further he doth goe, the further he doth stray." And the writers of this Chapter go on presenting the remaining graphs one by one, but without any discussion on individual graphs, even though some cursory glances do hit some anomalies: for example, in Figure 6, the two lines for 'States in India' slope (though insignificantly) in the opposite directions, but it is still "convergence" and one of the lines for 'Advanced Economies' is just flat while the other is sloping upward, but this is still "conflict"! And in Figure 7, both the lines for 'Advanced Economies' are sloping upward, but this is still "conflict"!

Figure 1: Correlation of inequality and growth (as reflected in income per capita) with health outcomes: India versus Advanced Economies



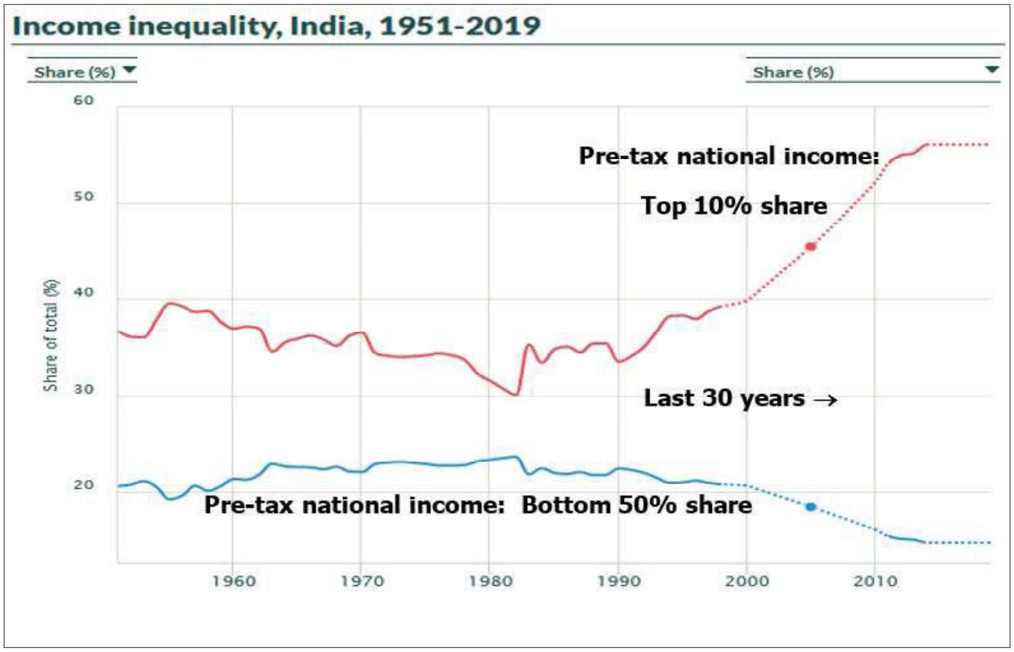
The writers of the Chapter then move on to declare jubilantly that the "findings that inequality and income per capita converge in terms of their correlation with socio-economic outcomes" imply an "absence of a trade-off between economic growth and inequality", and "are buttressed by the Chinese experience as well….." (!) (ES Vol. 1: Chapter 4, Page 135-136). The Chinese experience is detailed in a box, and then comes the bombshell: "Therefore, given India's stage of development, India must continue to focus on economic growth to lift the poor out of poverty by expanding the overall pie. Note that this policy focus does not imply that redistributive objectives are unimportant, but that redistribution is only feasible in a developing economy if the size of the economic pie grows." (ES Vol. 1: Chapter 4, Page 122-123). Last 30 years we have been expanding the economic pie, but for whom? And how long have we to wait for the officially advocated trickle down from the expanded economic pie? No wonder Keynes said: "We are all dead in the long run!"

"Let's stop and think. Why would anyone advocate that we "give" something to A in hopes that it would trickle down to B? Why in the world would any sane person not give it to B and cut out the middleman? But all this is moot, because there was no trickle-down theory about giving something to anybody in the first place. The "trickle-down" theory cannot be found in even the most voluminous scholarly studies of economic theories." So commented Thomas Sowell, the American economist and social theorist ("Thomas Sowell commentary: Trickle-down economics is a figment of liberal imaginations" in The Columbus Dispatch, 8 Jan 2014).

The following graph (from Thomas Picketty's website: https://wid.world/country/india/) illustrates the last 30 years of the 'Great trickle-up effect' in India:

And the Oxfam India adds: "The bottom 50% of the population held 9% of the total assets in the country in 1991, but has seen the share decline by one-third to only 5.3% by 2012. As against this, the share of wealth held by the top 1% has increased from 17% in 1991 to 28% by 2012. The top 10% held more than 50% of the wealth, ….., with the share rising from 51% in 1991 to 63% in 2012." (Oxfam India's Widening Gaps, India Inequality Report 2018. New Delhi, P. 27). Such 'Great trickle-up effect' in fact exemplifies the 'Matthew effect (of accumulated advantage)', a term coined in 1968 by Robert K. Merton, one of the founding fathers of modern sociology. The Matthew effect has a Biblical reference to the parable of the talents or minas: "To him that hath, more shall be given; and from him that hath not, the little that he hath shall be taken away." (Matthew 25:29). The situation is one where "the rich have become richer, and the poor have become poorer; and the vessel of the state is driven between the Scylla and Charybdis of anarchy and despotism." (Percy Bysshe Shelley, the English Romantic poet, in A Defence of Poetry, 1821).

Now let me come to the unreasonable reasons the Economic survey 2020-21 puts up in disguise: the findings that the writers of Chapter four designed to exhibit look at first glance impressive, but they raise a



number of important issues. The first one is that age-old question: Can correlation be taken as indicative of 'causality'? If it is only association, can the extent of income inequality/income per capita alone-in the sense of a mono-relation-in fact be held accountable? In fact, it is not sufficient to show the association on the basis of bivariate, cross-sectional findings: the seeming correlation between two variables, which may be in fact uncorrelated, can be because of a third variable that influences indirectly through these variables. Again, using aggregate data on the macro level can conceal the true 'micro' reality of how the land lies and accommodates the effects of the income distribution - for this we need comparative data on the micro level i.e., survey data.

Finally, and most importantly, it is any child's wisdom that two variables with similar pattern (slope) will have similar association with any other variables(s). In the present case, both the variables, per capita income and inequality, have increasing trend; they are highly corelated; so, high income States have in general high consumption inequality; And hence naturally both will have similar trajectory with other variables! And this is the magic behind the apparent convergence! And it goes without saying that there's nothing 'researchable' in this! The whole exercise in this chapter of ES is a waste of time and resources. The writers of this Chapter are either grossly ignorant of this simple, any child's wisdom or trying to deceive the common man - an intellectually insincere injection for inciting privatization-led economic growth with a prescription for the fictitious trickle-down theory.

Let me conclude with Marx: "Reason has

always existed, but not always in a reasonable form. The critic can therefore start out from any form of theoretical and practical consciousness and from the forms peculiar to existing reality develop the true reality as its obligation and its final goal." (Karl Marx, Letter to Arnold Ruge, from the Deutsch-Französische Jahrbücher September 1843).

Below I give a simple mathematical proof for the magic behind the apparent convergence: 'Since high income States have in general high consumption inequality, both will have similar relationship with other variables'.

■

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Proof:

If high income States have in general high consumption inequality, the two variables (per capita income, Y_i and inequality, G_i) will have a positive correlation.

$$\Rightarrow \mathrm{Cov}(Y_i, G_i) > 0$$

$$\Rightarrow \sum_i y_i g_i > 0 \ ,$$

where the small case letters denote variables in mean deviation form; i.e.,

$$\sum_i y_i g_i = \sum_i (Y_i - \overline{Y})(G_i - \overline{G}).$$

Now the relationships of these 2 variables with another variable, X, are given by

$$G_i = a + bX_i \text{ and } Y_i = c + dX_i.$$

In mean-deviation form:

$$g_i = bx_i \quad \text{and } y_i = dx_i$$

where $g_i = G_i - \overline{G}$, $y_i = Y_i - \overline{Y}$ and $x_i = X_i - \overline{X}$.

Then, $\Sigma y_i g_i > 0$ implies:

$$\Sigma y_i g_i = \Sigma(bx_i)(dx_i) = bd\Sigma x_i^2 > 0.$$

$$\Rightarrow bd > 0.$$

This is possible iff both b and d (the slopes) are of the same signs.

$\Rightarrow$ The two equations, $G_i = a + bX_i$ and $Y_i = c + dX_i$, are of the same sign slope (similar relationship).

Service sector in the budget and the survey : A bird's eye view

Rony Thomas Rajan

In a federal economy like India with deep cultural, religious, economic diversity budget is always looked upon with much reverence. It is looked upon as panacea which can uplift the underprivileged, mitigate regional disparity, upgrade economic capabilities and can bring in economic stability.

This year's budget is more important especially with the COVID- 19 pandemic and the subsequent lockdown and the social distancing measures. Every sectors of the economy were severely affected. The sector that I will be glancing through will be the service sector, which is infact a sector that contributes to

54% of India's GDP and provides employment to around 30% of India's

labour force. The economic survey tries to provide a glimpse of the sector,

particularly the impact of COVID- 19 on the contact intensive sectors that is sick with social distancing and lockdown measures. With the lockdown, the service sector has in fact contracted by almost 16% during the first half of 2021.

Sub sectors like tourism, aviation and hospitality as well as transport, communication and broadcasting, financial and real estate, professional services, public administration, defence etc. were found to have contracted. The Purchasing Mangers Index (PMI) which was an 85 months high of

57.5% in February 2020 fell almost to the lowest level of 5.4% in April 2020. Even the rail fright traffic growth nosedived to negative 35.3% in April 2020.

The service sector accounts for 50% of the gross state value added in 15 out of the 33 states and Union Territories put together.

Infact the Economic Survey has not painted every sub sector in the service sector in dull colours. It presents some rosy pictures also of the sector. The FDI equity inflow into the sector has jumped 34% in April - September 2021 to reach $23.61 billion accounting to about one fifth of the gross FDI inflows into India during the time. The jump in FDI inflows was driven by the strong inflows into the computer software and hardware sector. Notwithstanding the setback witnessed in the wake of the pandemic, India's service sector remained relatively resilient. This was evident in the software exports which contributed to around

49.3% of the total service exports, it remains resilient with high demand for digital support and so also demand for the digital support cloud services infrastructure modernization and thereby catering to the challenges posed by the pandemic. Most software companies have shown signs of rebounding especially with growth on account of increased revenue from financial, banking, life sciences and healthcare units. On the other hand, a sharper declined was experienced in the import of services. This along with positive exports has provided a net inflow of net foreign exchange received from the service sector. Looking from this background. The economic survey presents this sector with a positive outlook especially with words like resilience, rebounding etc. With these arguments the survey had put in some very serious efforts to present the different sub sectors and come up with an argument that the economy is poised to have a 'V' shaped recovery. The description for this 'V' shape recovery was presented in the budget too.

With these arguments in the background let us look into the possibility of a 'V' shaped recovery from the service sector's perspective.

Will this sector provide the much needed medicine or the vaccine for this economy ?

For the economy of India's magnitude the antidot for negative growth is creating gainful employment. What has happened to the labour in this sector?

The CMIE data as of December 2020 shows that around 14.7 million people in the organized sector have lost their jobs. Of this 5 million are supposed to be professionals. CMIE also sees the unemployment for the month of December was 9.1%. With all category of workers are put together CMIE estimate that around 120 million people have lost their jobs.

It was these people who constituted a good part of the Indian consumers. Loss of job means loss of income, loss of income means loss of demand. The important thing that needs to be stressed here is that the job loss was not triggered because of the pandemic. This had its beginning, from the time of Demonetization. This is because the demonetization affected the unorganized sector more, mainly because this sector works on cash. Also, the GST too played a much bigger role in applying the brake on the economy which was infact was moving like a car in the racing track. This is because with GST demand shifted from the unorganized to the organized sector.

Ever since the reforms, the higher growth rate was masking the decline of the unorganized sector. The service sector offered the bulk of this unorganized jobs. The demonetization and GST and the lockdown has left vast majority of these unorganised labours unemployed. These three policies had in fact ruptured the social fabric of the economy with struggling families and widening the gulf between the rich and the poor. As suggested by Dr.M.A.Ommen in the morning session the headline macro economic numbers does not reflect the real situation.

Numbers like GDP, stock market indices, industrial activity indices does not reflect the real ground situation.

The present budget is seen again focusing on growth and specifically a 'V' shaped revival. The budget aims to achieve this objective through the policy of increasing liquidity rather than through any direct intervention into the system. The survey as well as the budget excepts the trickling down of the benefits of such an ensuing growth. But over the years our experience has taught us that in India the trickling down of growth tends to stops at the privileged level and rarely moves down and reaches the poor and the needy. This has been helping to widen the disparity between the rich and the poor.

Finance Minister's budget seems to have choosen between liberalism and protectionism. With India's public debt to GDP ratio running close to 90% the survey and the budget has refuted the theory that the public debt of this level can hurt growth. Any widening of fiscal deficit can further escalate general price level and can crowd out private investments. In fact, this can further affect the demand regressively rather progressively. The budget does not offer material triggers to rekindle the animal spirits for the Indian economy but can only help the corporates to increase their market share and there by not work as an antidot against the recessionary trends but can only work as a catalyst to rupture the very social fabric of the economy.

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Revealed preference of indian state: Health nutrition and agriculture

Md Zakaria Siddiqui

Crisis do not change people instead it reveals their real selves' is a proverb that perhaps applies to the governments as well. The policy responses in the context of COVID-19 (C19) pandemic does the same for governments. India topped in lock-down stringency index and bottomed in providing fiscal support to its citizens during the lockdown (The Economist 2020). India's deliberate choice to remain stringent and stingy revealed its preference not only for lives over livelihoods but also for the privileged over the underprivileged. Given the nature of pandemic it was well understood that jobs and livelihoods of lowest strata will suffer the most. While adults in families at the bottom end of the economic ladder lost their livelihoods, children lost their schooling and the associated mid-day meals. Notwithstanding, the exodus of poor migrant workers from urban areas to their homes in most inhuman conditions. It cannot be ignored as occasional omission because government has been consistently revealing the same preference in subsequent policy statements as well.

For any government annual budget is the most credible policy statement. Therefore, to assess the revealed preference of the government this piece analyses proposed outlay announcements. For a deeper examination of government's attitude towards disadvantaged sections who suffered most during the lockdown, along with the budget, we also analyse Economic Survey 2020-21. This is to facilitate governments' understanding of bottom half's predicament after C19 decimated the economy. The impact of this strict lockdown was clearly visible as India experienced one of the most severe reversal in size of the economy during that period.

The context of pandemic provided a golden opportunity for the government to draw a radical budget statement for the course correction of many policies, as most experts having interest in Indian economy agreed for a lenient expenditure driven budget where money should be directed into the hands of people who can immediately use it to boost consumption demand in the economy. Moreover, architecture of social policy, thanks to continued effort by many committed experts/activists as PDS, NREGA and others already existed to channelise the fiscal spending into the hands people who needed it the most. Government just needed to push an appropriate amount of money into these flagship social policies/programmes.

However, government has chosen a path that moves away from the above consensus and instead has decided to boost the infrastructure projects. This piece is particularly focused on nutrition and population health, food and agriculture related issues. Successive governments have persistently underfunded these areas. As a result India now finds itself in an embarrassing situation when compared to its poor neighbours. C19 pandemic provided much needed political space to boost public spending in these areas, which was squarely missed.

On health system

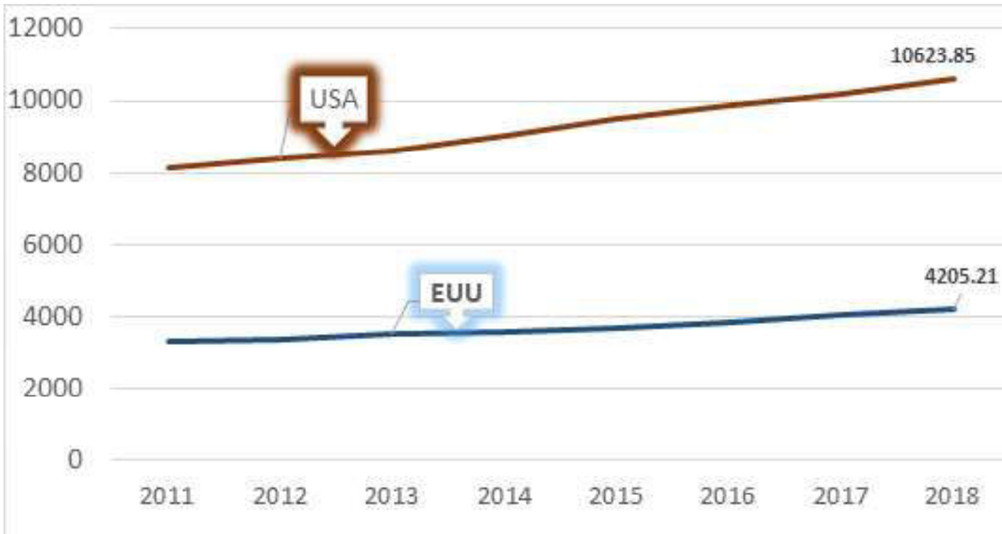
The implication of sustained neglect to the primary health care centres, particularly so in urban centres was clearly visible when Indian government failed to scale up the testing numbers as the infection levels rose in major urban centres. The health chapter of Economic Survey instead of clearly identifying this weakness in the Indian health system the document alluded that "…. better health infrastructure is no guarantee that a country would be able to deal better with devastating pandemics like Covid-19". The advent of pandemic clearly underscored the importance strengthening primary subsector of health system. Population with pre-existing non-communicable morbidities were at much higher risk of death due to C19 infection.

It is well established in the literature that prevalence of non-communicable morbidities can be reduced by strengthening preventive and primary sub-systems. The primary sub-sector should now increasingly focus its attention on prevention of non-communicable diseases and health promotion in addition to conventional role of dealing with communicable diseases. However, India has been moving consistently in a direction i.e., insurance based curative care health system that has proven record of being highly expensive. It is well known that Europeans in general enjoy much better health status than Americans despite spending just 40% of what Americans spend on their health in per capita terms, taking private and public spending take together (Figure 1). Experts generally concur that escalation of health care cost in the US is primarily due to incentive structure associated to insurance-oriented health care system. (for details see Dreze and Sen 2013, Chapter 6)

The Economic Survey 2020-21 jumps to conclude that states that adopted PM-JAY, an insurance based health care programme, have done well in comparison to states that did not without even recognising the well-received global wisdom that insurance based system is not a cost-effective. It appears that the whole exercise in the chapter was aimed at chastising states like West Bengal that did not adopt it instead of looking for cost effective alternatives for the government.

Coming to budget allocations for 2021-

Figure 1: Per capita health expenditure including public spending in current PPP $



Source: World Development Indicators

22, Finance Minister made a grand opening with big bang hike in allocation for 'health and wellbeing budget' of Rs. 2,23,846 crore. However, this amount includes allocations that are not formally under Ministry of Health and Family Welfare (MoHFW) or Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH) - i.e., Rs. 98,752 for Nutrition, and Water and Sanitation, Rs. 35,000 crores for C19 vaccine money and 15th Finance commission grant Rs.13,192 crores. Last two items are not part of the budget because they will straightway go to states' kitty and allocation under Nutrition, and Water and Sanitation goes to Ministry of Jal Shakti. After deducting these amounts only Rs.76,902 is left which should be seen as MoHFW and AYUSH budget in order for comparing it with previous year budgets. The budget amount i.e., Rs. 76,902 is lower than previous year's revised estimate of Rs.85,250 but higher than budget estimate of nearly Rs.70,000. The higher revised estimate in comparison to budget estimate during 2020-21 is largely on account of pandemic.

The complexity of budget and flow of funds in public sector makes it formidably difficult to identify health budget items into primary, secondary, and tertiary subsectors. In fact, the subject is so complex that it has become a matter of academic interest in recent times (Gupta et. al. 2020). Moreover, since states heavily spend on health over and above the Centre, it is inappropriate to draw conclusion about compositional aspect of public health expenditure simply from a national budget. National Health Accounts has been producing estimates classifying total public expenditure under primary, secondary, and tertiary subsectors in a report titled National Health Accounts Estimates for India 2016-17 (Sharma et. al.2019; page 28 & Gupta et. al. 2020). As per their classification 52% of the total public expenditure on health including states can be attributed to primary sector for the year 2016-17. The dominance of primary sub-sector in total health expenditure is a consistent pattern over the years. Such a spending pattern is in sharp contrast to standard notion that primary health sector does not get due attention. However, there exists no standard benchmark or notion of optimal primary health expenditure. Despite this dominance of primary health expenditure there is overwhelming evidence that secondary and tertiary facilities remain overcrowded with patients requiring primary level care.

But one thing that can surely be seen as boost to primary sub-sector is allocation of Rs.13,192 crores to local governments under 15th Finance commission grant for the purpose of health and wellness centres.

On nutritional intake and food

The embarrassing situation that India sits in today is mainly due to unbelievable levels of deprivations in nutritional (anthropometric) outcomes particularly among our children. As per medical literature appropriate nutrition in early childhood i.e., till three to six years of age is crucial for attaining potential growth in cognitive abilities. Deprivations in nutrition during this period would mean irrecoverable loss of cognitive abilities for the child having long term implications for educational attainment and future wage-earning potential. Thus, investing in child nutrition seems to be the surest way to level the playing field for the most disadvantageous. But India has consistently underfunded child nutrition. As a result, India has made a dreadfully slow progress on this front despite posting high rate of economic growth; nearly 34% of children remain stunted as per NFHS-5 conducted during 2019-20. Additionally, C19 induced lockdown may have further accentuated the nutritional deprivation among children as access to Mid-Day Meal (MDM) and Anganwadi meals got interrupted in addition to yearlong loss of learning. This was compounded by massive deterioration in labour and production entitlements for their parents (Ambast et. al. 2021). Further protein content of Indian food remains stubbornly low at 10-11%. Entire switch from carbohydrates, a process popularly known as food/nutrition transition, is capture by increasing share of fat (Siddiqui and Donato 2019). In such a situation it was opportune that budget provided enough support under mid-day meal scheme so that children could catch up on lost nutrition through protein rich intakes as quick as possible so that growth retardation and concomitant loss of mental abilities can be minimised.

Interestingly, Chapter 7/Vol2 of the Economic Survey 2020-21 reports sustained improvement per capita availability of eggs, dairy products but remains oblivious to the well-received wisdom that access to it will depend on the entitlements of individuals. The Chapter in the survey makes no suggestions for mechanisms to ensure that the most vulnerable children or their families have the required entitlement to access the increased availability of protein rich food in the country. The budget 2021-22 statement ignores such a catastrophic impact of C19 on Children's nutritional intake. Right to food campaign estimated that Integrated Child Development Scheme (ICDS) budget was reduced by 36% in real terms from the 2014-15 Budget (The first NDA II budget) after assuming 5% inflation rate. The budgeted amount of ICDS (Assuming 84% of allocation under SHAKSHAM based on last year's number) for 2021-22 is Rs.16,888 crores while budgeted amount for 2014-15 was Rs.18,691 which works out to be Rs.26,300 at today's prices assuming 5% inflation rate. Similarly, MDM scheme is budgeted at 11,500 for 2021-22 which is only 62% of amount budget in 2014-15 valued at today's prices, implying 38% cut in real terms vis-à-vis 2014-15. Such cuts in real terms in times of heightened need is symptomatic of central government's indifference to most vulnerable population of the country which was initially demonstrated by announcement for abrupt lockdown rendering army of migrant workers homeless without any right to stand on the road or to ask for food from the neighbourhood in most urban centres.

The revised budget estimate of food subsidy bill (Rs.4.2 lakh crores) shows significant hike from budget estimate of 2020-21 of Rs.1.15 lakh. This hike is on account of increased allocation of free food from PDS subsidy during the lockdown but also due to government's decision to pay for deficits of the Food Corporation of India (FCI). It is worth the attention that the FCI has been filling the resource gap by accumulating loans from National Small Savings Fund (NSSF) over the years in absence of any budgetary support. The 2021-22 budget has been allocated Rs.2.43 lakh crore largely on account of settling the loan amount of FCI. Given that pandemic was far from over when budget was presented, it should have taken a cue from revised budget estimate of previous year to allocate amount for food subsidy. However, as one can gauge from writings in economic survey, government is presuming the end of pandemic and is hoping for a V-shaped recovery ignoring all the warning signals of health sector experts.

Mahatma Gandhi National Rural Employment Guarantee (MG-NREGA) is yet another entitlement through which government could have ensured that poorest families have sufficient cash to buy their basic needs including food. Here also government remained short in delivering much expected relief. The allocated amount of Rs. 73,000 crore in 2021-22 is just 65.5% of the revised estimate of Rs. 111,500 crores in previous year. Given that revised estimate far exceeded the previous year's budgeted amount of Rs. 61,500 due to heightened increase in demand for work under MG-

NREGA, Government should have shown cognisance of the extra ordinary situation by significantly raising the budgeted amount if it indeed wishes to be concerned about the most vulnerable. In 2021-2022, the food subsidy budget is Rs.2.43 lakh crore.

The indifference of the government can also be deciphered from the disregard for availability of information on nutritional intake of population. The real time or at the least quick availability of information on nutritional intake is crucial for monitoring population health and taking corrective measures to reverse any incidental deficiency in nutritional intake. Unfortunately, the latest survey conducted by NSS during 2017-18 on Consumption Expenditure which is the only source of data for estimating calorie intake of the population has been scrapped in wake of negative growth in consumption expenditure and rise in poverty levels. Attempt to do another survey in 2020-21 ran into difficulty because of C19 induced lockdown. The latest available data on calorie intake is eight years old by now i.e., 2011-12.

Further, the centre has given low priority to most vulnerable section of workers involved in public health and nutrition sector in the budget statement. On the behest of Prime Minister, people clapped and banged plates in support of grassroot workers such Anganwadi workers and helpers, Mid-Day Meal cooks and ASHA's for their services during the pandemic but budget 2021-22 fell short in giving them a much-deserved raise in wages. These workers do not even earn minimum wage. They are the last mile connectivity for almost all public health and nutrition related interventions. How is this health system strengtheningRs. Money is not where mouth is!

On environmental component of nutrition:

India's dismal performance in nutritional outcome is not solely due to limited levels of entitlements for accessing food. Research has clearly identified the role of ambient epidemiological environment as a factor which is particularly pronounced for Indian children. The intestinal health responsible for absorbing nutrients from food is heavily conditional upon the prevalence of germs in the neighbourhood (Duh and Spears 2017, Harper et. al. 2018). Indian children suffer from a sub-clinical condition known as Environmental Enteric Dysfunction (EED) due to exposure to infections occurring as result of high prevalence of open defecation in India. Despite access to enough food children may not be able to absorb sufficient nutrients from them because of their poor intestinal health.

While Swachh Bharat Mission -Rural, designed to deal with widespread open defecation in rural India, may have achieved the target of building enough toilets, it is far from eliminating open defecation. Based on the information on construction of toilets Prime Minister congratulated himself by declaring Open Defecation free in 2019 on the basis of administrative data, without any empirical support from independent surveys. The lack of emphasis on behavioural factor i.e., actual usage of toilets, at policy execution level was sufficiently forewarned by researchers (Coffee and Spears 2017). A recent survey shows that only a quarter of people use open defecation despite having access to the toilet (Gupta et. al. 2018).

The continued lapses in addressing environmental factors that have bearing on nutritional outcome of Indian children is at the root of the failure of several nutritional intake related interventions. Despite several such revelations, till recently policy establishment equated war on rural open defecation with building of toilets. Good news is during 2020-21 the revised budget figures show an increased allocation i.e., Rs.20 crore for information education and communication which is significantly higher (3.5 times) than 2019-20.

With increased of funding for urban and local bodies under 15th finance commission grants it is only hoped that such environmental issues will be in important factor in determining local political fates. The actual amount made available for urban and local bodies together is Rs.67,015 crores for 20021-21. This amount is in addition to Rs.13,192 crores that has been allocated to local bodies by the Commission exclusively for primary health care.

On the cost of ignoring agriculture: A tool to combat malnutrition and climate change.

'Stagnation' is a popular term in media while referring to farm sector. However, this sector demonstrated resilience and posted a positive growth during the pandemic year saving large majority India from vagaries of food shortage and price shocks. It is important to recall that Indian agricultural sector has traditionally received negative net subsidies implying that agriculture, in fact, has subsidised other sectors of the economy (Patnaik 2003; Gulati and Narayanan 2003; Joshi 2001)

Farm sector diversification is a long overdue for sustainability and for qualitatively better nutrition transition. The incentive structure i.e., institutional support mechanism including the knowledge system and support prices for selective crops hinders the diversification of farm sector.

For improving the quality of nutrition, India needs to increase share of protein in its diet which has remained stagnant 10-11% while share of fat intake in total calorie composition has been rising to replace carbohydrates. The recommended share of protein in total calories consumed is at least 20% as per Harvard Medical School guideline. Rising share of fat intake in Indian diet has already started showing its ugly face. The share of non-communicable diseases in total disease burden in India has risen rapidly. It increased from 31% in 1990 to whopping 55% in 2016 (India State-Level Disease Burden Initiative Collaborators 2017).

The diversity of Indian diet is highly limited. Even within cereal consumption it is mostly sourced from rice and wheat.

Jawar, Bajara and other millets have almost disappeared from Indian diet largely due to MSP working exclusively for rice and wheat. The perverse effect of selective MSP for rice and wheat gets further compounded once fertiliser and electricity subsidy for agriculture is brought in sight. The unsustainable use of ground water, pesticides and inorganic fertilisers have affected soil quality leading to stagnation of crop yields. On the other hand, production of environmentally benign (water-saving) cereals such as various millets, beans and lentils remain very limited. The system of perverse incentives has played pivotal role in reducing crop diversity in India which in turn has affected dietary diversity. Given the umpteen benefit and synergies of spending resources, farm sector should have received much attention specially when farmers have been protesting for long after three farms' bills were passed without much debate in parliament. It was the most opportune time to heal the scars that Indian state, over many decades, has afflicted on Indian farmers (Joshi 2015).

Both Budget 2021-22 and the Economic Survey 2020-21, however has failed in recognising and addressing these issues. Instead, agriculture budget was slashed by Rs. 10,000 crore while farmers are sitting-in dharna. PMs own promise of doubling the famers income seems to have disappeared through the thin air. This is blatant disregard to community that produces food for the entire country. It appears that government is following a strategy of undignified/coerced eviction of farmers and farm workers to other sectors to achieve the structural transition of the economy. It is worth recognising that such a strategy will also create a highly elastic labour supply for non-farm sector as famers will not be able use to agriculture as a fall-back option. Given that MG-NREGA remains at a limited scale as discussed earlier, this is particularly brazen.

Conclusion:

The critical study of Budget 2021-22 and Economic Survey 2020-21 in areas of health, nutrition and agriculture reveals Indian states' indifference to the most vulnerable population in the country that has faced the most devastating pandemic. Indian state did not take significant measures to reverse the deteriorations in nutritional and employment status of most vulnerable population. Further, farm sector continues to remain clogged with perverse incentive structure breeding inequality and unsustainability. The trickle-down theory has long been debunked in mainstream economic literature, but Economic Survey 2020-21 still fancies it (Chapter 1). A deeper look at Indian states' priorities conveys a strategy of structural transformation which seeks to coax most vulnerable rural mass to move to cities to join modern sector, to use Artur Lewis's terminology, for wage work with no option to look back when times get worse.

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Union budget 2021-22 and health: Criminal neglect at the time of human crisis

S K Godwin

While Economic Survey 2020-21 dedicated two chapters on health, any observer would have expected a special care for the health sector of India. However, the Budget 2021-22 not only broke the expectations, but even disheartened the way the sector was approached. Economic survey is being used as a political tool against an opposition-ruled State using irrelevant arguments.

Introduction

When the Economic Survey 2019-20 was released, public health activists should have felt excited as a dedicated chapter reads "healthcare takes centre stage finally". It naturally meant that health had always been in the backyard of Indian policy story. The Survey has dedicated two chapters confessing in some detail the health care miseries of the population, inability of the governments to provide what they wanted and thus one expected, rationally so, a progressive healthcare remedy in the budget. The expectations reached a peak when television channels broke stories of a 137 percent hike in health budget. However, anger, disappointment and frustration creeped in as the devil was in the details.

The latest National Health Policy (NHP) 2017 and the third health policy in the history of independent India promised that public sector contribution would be raised to 2.5 percent of the GDP. The NHP 2017 proclaimed to progressively achieving Universal Health Coverage, increase health expenditure of public health facilities by 50 percent from the current levels by 2025. Consequently, a decrease in proportion of households facing catastrophic health expenditure from the current levels by 25%, by 2025. Of the promised allocation, Centre has been expected to bear 42 percent and 58 percent by the States.

The numbers

The FM has introduced a new budgeting concept of 'health and wellness' and claimed that allocation has been shot up to INR 223,846 crores, which should have been an exciting number for the health landscape of the country. However, disaggregation of numbers tells a different story as the numbers shot up primarily because of re-classification, misclassification and bunching of expenditure. When there happens re-classification of budgets, it loses some sanctity and becomes a tool for propaganda. Besides, the budget documents also tend to cease academic or policy value because comparisons become meaningless. The 137 percent increase was brought about partly by definitional changes. This is equivalent to reducing the actual poverty in India by just changing the definition. The FM has included drinking water and sanitation under the ambit of health in health expenditure. Traditionally, for definitional purposes, health expenditure is defined as spending whose primary purpose has to be improvement or sustenance the health status. If we want to have an expansive definition of health expenditure, food subsidy also should have been included let alone drinking water and sanitation. To serve short-term ends, long-run logical practices are discontinued with questioning the very ethical edifice of budget-making.

Going by the traditional definition of health expenditure, compared to the revised estimate of 2020-21, there is actually a reduction in the allocation for the health departments (that is departments of health and family welfare and department of health research). Even when one makes a comparison between the BE of 2020-21 & 2021-22, increase in allocation just turns out to be 8.5 percent in nominal terms. Adjusting for medical inflation would have pushed down the allocation further.

Another item in the health and wellness budget is the one time allotment of Rs. 35,000 crores on Coronavirus vaccine which will be adjusted in the Finance Ministry's grants to States. That is the

Table 1: Allocation of health and wellness expenses in the Budget (2021-22)

Department	Actuals (2019-20)	BE 2020-21	BE 2021-22
Health & family welfare	62397	65012 (78866 RE)	71269
Health research	1934	2100	2663
AYUSH	1784	2122	2970
Covid19 Vaccination			35000
Drinking water & sanitation	18264	21518	60030
Nutrition	1880	3700	2700
FC grants for Water & Sanitation			36022
FC grants for Health			13192
	86259	94452	2,23,846

Source: MoF, GoI, Union Budget speech 2021-22.

reason why no resource has been allotted under the head in the detailed demand of the Ministry of Health and Family Welfare. However, there are serious concerns here. Ideally, it should have been announced in the health budget of the Centre because it will be in the accounts of the States. Two, since it is a onetime expenditure (a contingency), it should have been allotted from the Contingency Fund of India or the non-transparent PM-CARES Fund. Three, since vaccine expenditure does not strengthen health infrastructure in the country, it is very difficult for it to be included in the goals of the NHP 2017 or SDGs. It effectively means that the actual burden of Covid-19 vaccination is borne by the States and not the Centre.Since prevention of communicable diseases is in the Concurrent List, the Centre should have taken the responsibility and should not have passed on the burden to already pauperised provincial governments.

As visible (Table 1), Rs 60030 crores have been meant for drinking water and sanitation, and cannot be part of traditional health expenditure. Besides, another Rs 36022 crores have been alloted to drinking water and sanitation as part of 15th Finance Commission and that is for a period of five year (2021-22 to 2025-26). Regarding nutrition, there is a drastic reduction in the outlay by Rs 1000 crores at this crisis-ridden time when household needs strong nutritional support.

What does it mean?

India has a dubious distinction of having one of the world's lowest public spender on health care (WHO 2020) and it is limited to about 1 percent for decades. As a consequence, seeking health care is a multi-tragic event in India which pushes people into cutting back on essential household expenses, deeper poverty, perpetual indebtedness, painful suicides etc leading to an unending vicious cycle. The only ideal solution to break the cycle is through collective financing of health care because all equitable societies have shown that health care financing rests on the philosophy that the risks have to be shared between the poor and the non-poor, between the unemployed and the gainfully employed, between the sick and the healthy, between the old and the young, between the periphery and the mainstream etc. Despite the realisation, Indian establishments are not serious in their pursuit towards people's health or as stated in both the Survey and the NHP 2017.

Given that Indian GDP is at INR 19,500,000 crores (current prices for 2020-21), the Centre is currently planning to spend about Rs 74,000 crores (0.38 percent of GDP) towards health department. To reach the goal of 2.5 percent of GDP, India should be spending Rs. 4875000 by 2025. As per the agreed responsibility, the Centre is to take a share of 42 percent of increased spending. In other words, to meet the 15th Finance Commission's stipulation, the Centre must be spending 0.68 percent of GDP in the year 2021-22 and as such the Centre should have allotted at least INR 144,000 crores in the current Budget. It means there is a short-fall of Rs 70000 crores and if we cannot spend this year, then when?

The combined public spending (Centre and States) on health is Rs. 195,000 crores where 38 percent of the total public spending on health in India and rest (62 percent) by States (2020-21). Given the fact that almost all major States are reeling under severe financial stress, it is almost unrealistic to expect that there will be any additional spending on States' part. The reasons include: the States have borrowed the maximum within the constraints of the Fiscal Responsibility and Budgetary Management (FRBM) Act. Two, transfer of grants and tax devolution from the Centre to States has been actually coming down since last few years primarily due to shrinking of divisible pool. For instance, though the 15th Finance Commission (2021-22 to 2025-26) recommended 41 percent of all shareable resources to States, the States in effect received only about 30 percent (2020-21) due to introduction of cesses and surcharges, which are not shareable. Moreover, almost 60 percent of the gross government expenditure in the country is undertaken by the States and in case of health, it is 62-64 percent.

Budget documents should be showing expenditure commitments towards a certain year and not summing up of previous amounts or forward bunching of amounts which is another practice seen in most departments. For example, in an effort to mislead the electorate in the poll-bound States of Assam, Kerala, Tamil Nadu and West Bengal, the Budget has summed up all the allocation for certain ministries over the past many years and display as if the amount is for the upcoming Budget year.

Economic Survey is being used as propaganda material to target a State in the Opposition, though it is expected to be a more professional document. For example, in an effort to keep a State in bad light and promote PM-JAY, a chapter in the Survey has been dedicated. The Survey makes a very strong correlation between some of the health outcome indicators and PM-JAY using NFHS-4 and NFHS-5. The learned author of the chapter seems to have missed the fundamental objective of a curative care based insurance programme and maternal and child health. One sentence is enough to understand the degree of irrationality in the argument of the Survey "Relative to states that did not implement PM-JAY, states that adopted experienced a reduction in infant and child mortality rates, realized improved access and utilization of family planning services, and greater awareness about HIV/AIDS". It is fairly well-known that social determinants of health like nutrition, sanitation, health enhancing education, housing etc., play important role in child health outcomes than in-patient driven insurance.

While announcing Aysuhman Bharat (wellness centres and PM-JAY) in 2018 with huge fanfare, it was declared to have a grand outlay of Rs 64180 crores for six years, an average allocation of Rs. 10000 crores per year. While launching PM-JAY, RSBY was providing support to the extent of Rs. 2000 crores in the last year of its operation (2018) and change in actual allocation between RSBY and PM-JAY was not huge enough to make an impact on the catastrophic health expenditure of the people too. Regarding Ayushman Bharat, the budgets since 2018 do not reflect them in terms of allocation of funds. For example, only Rs. 8700 crores have been spent in the first three years. In order to reach the goal of Ayushman Bharat, the remaining three years demand an allocation of at least Rs. 15000 crores per year. Given that only Rs 6400 crores have been proposed for the coming year, the program might end up as another un-fulfilled one.

As budgets are statements of priorities which help in realization of the stated goals, people have been let down once again. In a situation where health was the only prime concern globally (at least for a year), it was an opportune moment to allocate a huge sum. Two, even a reallocation of resources from some other Ministries would have been justified. This is also a time when income inequality is widening beyond imagination as (Oxfam 2021). When nominal incomes dry up, real transfer payments in the form of contingent social security like health care, ration supplies would have a positive impact on the wellbeing of the masses who are run high and dry. It effectively points at a clear absence of ethical budgeting. As scholars point out, more often India's human development record is being pulled down by its health attainment than by its average income (WHO 2020). Indian public sector commitment to health sector is at 171st position globally among 175 countries surveyed. If we cannot commit resources now, then when? Ever will we? These are questions as cheap or costly as ordinary human lives.

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Union budget 2021-22 and inclusion in education

V V Vishnu Priya

According to Economic Survey 2020-21, India will have the highest population of young people in the world over the next decade. As National Education Policy 2020 rightly points out, our ability to provide high quality and inclusive educational opportunities to them will affect the holistic and sustainable social, economic, political, technological and cultural development of our nation, especially at a juncture where the global economy has become knowledge-driven.

So to reap the benefits of the demographic dividend and to realise the objectives of NEP 2020, the Union Budget 2021-22, with one of its pillars as reinvigorating human capital has many announcements for improving the quality and inclusiveness of our education sector.

Qualitative strengthening of 15,000 schools to include all the components of NEP 2020.

Setting up of 100 new Sainik schools in partnership with NGOs, private schools and states.

Setting up of a Central University in Leh to boost accessible higher education in Ladakh.

750 Eklavya Model residential schools in tribal areas aiming at creating a robust infrastructure facility for tribal students.

Revamping of the post-matric scholarship scheme.

The National Apprenticeship Training Scheme to amplify apprenticeship opportunities for youth.

An initiative with the UAE to benchmark skilled qualifications, assessment and certifications, accompanied by the deployment of certified workforce.

A collaborative inter-training programme between India and Japan to facilitate the transfer of Japanese industrial and vocational skills, techniques and knowledge.

In this article, I would like to examine whether the budget is sufficient to realise the ideal of inclusive education in its true sense.

Norwich (2013, p. 2) sees inclusion as representing 'a contemporary mix of the values of equal opportunity, social respect and solidarity'. The UNESCO Salamanca Statement of 1994 was a landmark in inclusive education which advocated Education for All, recognising the necessity and urgency of providing education for all children, young people and adults 'within the regular education system.'

When every NEP since 1968 has asserted that it is imperative for India to spend 6 percent of its GDP on education, the budget allocation for the Ministry of Education has declined by Rs.6086.89 core to Rs.93224.31 crore in 2021-22. Similarly, the monetary allocation for Samagra Shiksha Abhiyaan, launched for the provision of quality school education to all, has decreased to Rs.31050.16 crore from Rs.38750 crore. This needs particular attention in a knowledge-driven global economic scenario, where countries like New Zealand, Colombia, UK, Chile, US etc spend more than 6 percent of its GDP on education.

The closure of educational institutions following the pandemic has led to a rapid surge in the need for online learning. Majority of the students who are socially and economically backward and residents of rural areas could not quickly shift to this online learning mechanism, as a result of the existing sharp digital divide. According to a survey conducted by Oxfam India in Bihar, Jharkhand, Gujarat, Odisha and Uttar Pradesh, more than 80% of parents of students of government schools reported improper delivery of education because of frequent power cuts, poor digital infrastructure, lack of access to digital gadgets and lack of robust internet connectivity. Annual Status of Education Report (ASER) has found out that online learning is available to only 11% of students, only 20 per cent of families with children have access to the Internet and only 11 per cent of households possess any type of computer. The problem is even more severe in rural India, where less than 15 per cent of families have access to digital infrastructure. The fear of limited or no education or the fear of falling behind the peers, the feeling of "othering" and non-belongingness could stimulate the students to discontinue their studies or drop out even after the restoration of the normalcy. The budget lacks measures to make impactful and influential digital learning at all levels available for all, irrespective of their social, economic and educational status.

According to Economic Survey 2020-21, the attendance rate in early childhood education, which the NEP 2020 states as a prerequisite, is low and diverging. The lack of entry of new children in schools is likely to increase and the age specific attendance ratio (ASAR) is likely to decline following the pandemic induced poverty, fear of the virus, fear of falling behind the peers due to the digital schism, lack of support in homes to aid digital learning etc. The interventions towards retention of students are almost absent in the budget.

There is no budgetary provision for mainstreaming out of school children marginalized by poverty, gender,caste and disability through special learning centres. NSSO's household survey affirms the existence of 3.2 crore out of school children in India which UNESCO has projected to double due to the pandemic.

Even when girls have been disproportionately affected due to the pandemic and the subsequent closure of educational institutions (UNESCO), the budget for National Scheme for Incentive to Girls for Secondary Education has been slashed by Rs.100 crore. There has been complete "budgetary silence" in addressing the gender gaps in literacy rate attainment. Female literacy remained below national average among various social groups of SC, ST and OBC. The literacy rate among transgenders or initiatives for its improvement have not found a place in the economic survey or budget of the world's largest democratic country even in the 21st century. The superstitions emanating from the patriarchal social structure embody women as the torchbearers of family's dignity, leading to mobility restrictions after puberty, early marriages and ultimately discontinuation of education. These questions of gender politics in the economics of education have remained largely unanswered in the Union Budget 2021-22. (Table 1)

Research studies support that the access to bare necessities through its possible linkages can positively impact educational indicators as well. For instance, water hauling, a daily activity, consumes substantial time and effort of a household. It is found that water hauling activity is negatively associated with the girls' school attendance (Nauges and Strand, 2011; Sekhri, 2013). Access to latrine in schools substantially increases enrolment of pubescent-age girls (Adukia, 2016). There is a strong correlation between electricity consumption per capita and higher scores on the education index across countries (Makoto and Nakata, 2008). The budget has failed to explore the relation between BNI levels and education indicators.

According to reports, a large scale reverse migration from private schools to government schools would be

Table 1: Percentage of literates (age 7 years and above) by social groups in 2017-18

Category Social group	Rural+Urban	
	Male	Female
ST	77.5	61.3
SC	80.3	63.9
OBC	84.4	68.9
Others	90.8	80.6
All	84.7	70.3

Source: NSS Report 585: Households' Social Consumption on Education in India, 2017-18 experienced due to the current financial crisis inflicted on families and households by the pandemic. Large scale nationwide schemes to mitigate the infrastructural bottlenecks in government schools to handle this large scale reverse migration and make the schools inclusive beyond the politics of gender, caste etc have been absent in the budget. Among the government schools in India, only 20.7 per cent have computer, 67.4 per cent have electricity connection, 74.2 per cent have ramps and 14.8 per cent have incinerator.

One in every six children within the age group of four to 10 years experience serious neurodevelopmental and behavioural issues and emotional difficulties. The students with learning difficulties and differently abled students have even more serious problems due to constrained learning atmospheres and enforced restrictions in their learning environments. Except for the standardisation of Indian sign language, the budget is devoid of measures to make learning more engaging and easy for them. According to studies, adolescents face acute and chronic stress due to ineffective online learning mechanism leading to anxiety disorders, depression and suicides. The provision of consistent professional psycho-social support to them remains unaddressed in the budget.

Summing up, the budget has not transcended beyond certain ostensible, populous measures. In spite of certain superficial announcements, the budget lacks bottom up interventions to transform the current educational scenario to more qualitative, more inclusive, more blended-learning friendly, more collaborative, more experential, engaging and real time and more technologically integrated to realize the ideals of a knowledge based economy and NEP 2020 of a more qualitative and inclusive education. Therefore, it has failed the students who are the flagbearers of India's holistic development to posterity and beyond.

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The long wait for higher education investment

K Shagishna

The experience of East Asian countries shows that investments in physical and social infrastructure are necessary for the economic growth and development. Moreover along with the gains in literacy, technical education too was emphasized by most countries in East Asia and in the Organization for Economic Co-operation and Development (OECD) for stable growth (Stiglitz and Yusuf, 2001). In India the levels of tertiary education is lower as compared to East Asian countries. But Kerala has recognized this gap and conceptualized transformation into a knowledge based economy. One among the pre-conditions for successful transformation is the quality of higher education. It plays a cruicial role in moulding experts for all sectors of the economy as mentioned by the Finance Minister of Kerala in his Budget speech . In this context it is important to have a look on how the Union Budget views higher education, especially because the deceleration of the economy pre-dated the COVID-19 pandemic induced devastation of the economy. As pointed out by the Fifth Kerala Public Expenditure Review Committee (2021,p.28) COVID-19 has many similarities with the 1918 flu as the GDP contraction has occurred at the back of an already decelerating economy since 2016-17.

As is well known the level of tertiary education in India today is low compared to that of the East Asian countries a few decades ago. What does this Budget offer to change this situation? In FY 2020-21, the budget allocation for higher education was Rs. 39,466.52 crore, whereas the revised estimate is Rs. 32,900 crore due to COVID-19. The 2021-22 budget has allocated Rs. 38,350.65 crore, which is Rs 5,450.65 crore more than the current year RE but less than the BE in 2020-21. Rashtriya Uchchatar Shiksha Abhiyan (RUSA) has a budget provision of Rs. 3000 crore for the next FY 2021-22, in comparison to Rs. 300 crore in the current year. Some new initiatives like opening of Bhartiya Bhasa University & Institute of Translation, Academic Bank of Credit, PM e-Vidya, Multidisciplinary Education and Research Improvement in Technical Education (MERITE) shall be implemented in line with the recent National Education Policy (NEP) recommendations. At present a token provision has been made in the BE of FY 2021-22 for all the above initiatives. Allocation for the National Apprenticeship Training Scheme (NATS), has been increased from Rs. 175 crore to Rs. 500 crore in next FY 2021-22 for providing post-education apprenticeship, training of graduates and diploma holders in Engineering.

An outlay of Rs. 50,000 crore over next five years for National Research Foundation (NRF) will give a major boost to Innovation and Research &Development. The allocation for the World Class Institutions has gone up from Rs 1,101crore in 2020-21RE to Rs 1,710 crore in 2021-22 BE which is 50 per cent more than that of the previous year. To promote enhanced academic collaboration with foreign higher educational institutions, it is proposed to put in place a regulatory mechanism to permit dual degrees, joint degrees, twinning arrangements and other such mechanisms.

Putting together the allocations under various heads, the message is that there is no large hike in the Budget for Higher Education. As is evident from Table 1, the allocations for Department of Higher Education and Department of Science and Technology are lower compared to the previous year's allocation. Only Electronics and Information Technology and Department of Biotechnology have received higher allocations. But the commendable initiative is the large allocation for the World Class Institutions.

The allocations for higher education in the Union Budget may be contrasted with that of Kerala. Kerala Budget presented on 1 February 2021 proposed the setting up of 30 fully autonomous Inter University Centres and Schools

Table 1: Allocation for the major departments (Rs in Cr)

Ministry/ Department	**Actual 2019-20**	**2020 – 21 BE**	**2020 -21 RE**	**2021-22 BE**
Ministry of Education, Department of Higher Education	36916.37	39466.5	32900	38350.7
Ministry of Electronics and Information Technology	5651.97	6899.03	5550	9720.66
Ministry of Science and Technology, Department of Science and Technology	5407.03	6301.53	5000	6067.39
Ministry of Science and Technology, Department of Biotechnology	2358.77	2786.76	2300	3502.37

Source: Union Budget, 2021

within universities. Some of them are,

Inter University Centre for Translational Research

Inter University Centre for Digital Transformation

Inter University Centre for Disaster Resilience

Inter University Centre for Policy Studies and Research

A special financial aid of Rs.100 crore is earmarked for starting these centres of excellence. Rs.500 crore is allocated from Kerala Infrastructure Investment Fund Board (KIIFB) for creating infrastructure facilities of these new institutions. Contrast this with Rs.600 crore higher allocation in the Central Budget for World Class Institutions. If states have to wait for the Centre to setup 30 World Class Institutions each, then they will have to wait for at least 30 years!

In conclusion, the Central Budget lacks a vision for the tertiary education which is absolutely essential for long term growth recovery. Kerala seems to have realised this need and has allocated resources larger than the national government. This is really transformational and commendable. I wish the nation learns from Kerala.

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Industry and infrastructure: Some key takeaways

Anoop S Kumar

The main concern of this article is the state of industry and infrastructure, as is evident from the economic survey and the budget proposals therein. It begins with certain observations made in the economic survey in the context of pandemic. Then, in the next part, we will see what's the corresponding response in the budgets and later we will compare between these two and and highlight the missing links.

Take away from the economic survey

From the survey it is evident that apart from electricity and coal, various components of industry exhibited negative growth. However, that is quite understandable because around 70% of india's electricity is produced by coal. So, if electricity is registering a positive growth rate, coal will obviously register a positive growth as well. The same is observed in the eight core industries data as well. The economic survey talks about a V shaped recovery. So, it is claimed that we are back to the pre pandemic scenario. But to begin with, the pre- pandemic scenario was not that great, so now we are back to that point. The broad-based recovery in the IIP resulted in a growth of - 1.9 per cent in Nov-20 as compared to a growth of 2.1 per cent in Nov-19 and the lowest of -57.3 per cent inApr-20.

The GoI announced a remedial and reform package (Atmanirbhar Bharat Abhiyan) comprising of stimulus of package amounting to 15 per cent of India's GDP.However, majority of these measures are supply side oriented.As per the Doing Business Report (DBR), 2020, the rank of India in the Ease of Doing Business (EoDB) Index for 2019 has moved upwards to the 63rd position amongst 190 countries from a rank of 77th in 2018.India has improved its position in 7 out of 10 indicators, inching up to the international best practices. The DBR, 2020 acknowledges India as one of the top 10 improvers, the third time in a row, with an improvement of 67 ranks in three years.It is also the highest jump by any large country since 2011.During FY20, total FDI equity inflows were US$49.98 billion as compared to US$44.37 billion during FY19. For FY21 it was US$30.0 billion (up to September). The bulk of FDI equity flow is in the non-manufacturing sector. Within the manufacturing sector, industries like automobile, telecommunication, metallurgical, non-conventional energy, chemical (other than fertilizers), food processing, and petroleum & natural gas get the bulk of FDI equity flows.

The corresponding response in the budget

Atmanirbhar Bharat-Production Linked Incentive Scheme, 1.97 Lc crores was announced in the budget.Further,Mega Investment Textiles Parks (MITRA) will be launched. Increased outlay of 5.54 Lakhs towards infrastructure in 2021-22 was proposed as against Rs. 4.39 Lakhs in 2020-21 (RE), which translates to an increase of 26%. Further, the creation of an infrastructure-focused Development Finance Institution with a capital base of Rs 20,000 Cr is shown as one of the highlights of this budget. For increasing entrepreneurial activities, the Govt has permitted one-person companies or OPCs in India.

Another major announcement in this budget is regarding the vehicle scrapping policy to phase out old and unfit vehicles. All vehicles shall undergo fitness test in automated fitness centres every 20 years (personal vehicles), every 15 years (commercial vehicles). This move is aimed at reducing environmental pollution. However, it will boost the automobile sector as the shelf-life of vehicles are drastically reduced.

The govt proposed a National Asset Monetising Pipeline in order to monitor asset monetisation process. However, it is nothing but a fancy term for selling of PSUs and other related assets.

The government has made some significant announcement in the infrastructure sector. 100% electrification of Railways to be completed by 2023 Further, Metro services were announced in 27 cities, plus additional allocations for Kochi Metro, Chennai Metro Phase 2, Bengaluru Metro Phase 2A and B, Nashik and Nagpur Metros were proposed. An enhanced outlay of Rs. 1,18,101 lakh crore was proposed for Ministry of Road Transport and Highways, of which Rs.1,08,230 crore is for capital expenditure. A sum of Rs. 1,10,055 crore is provided for Railways of which Rs. 1,07,100 crore is for capital expenditure. A new scheme will be launched at a cost of Rs. 18,000 crore to support augmentation of public bus transport services.

The budget proposed National Hydrogen Mission to generate hydrogen from green power sources.Further, Recycling capacity of ports are to be doubled by 2024. A new Gas pipeline project is to be set up in Jammu and Kashmir. The Pradhan Mantri Ujjwala Yojana (LPG scheme) to be extended to cover 1 crore more beneficiaries.

Reading between the lines

Here, I would like to discuss two things. First is related to the proposed capital expenditure. We are actually posting a capital expenditure increase of 26%, but how these funds are going to come? There are two ways, one is the 75,000 crores supposed to be raised from the disinvestment drive. The second one is from this creation of DFI. Now, Here lies the problem. What is this DFI? It's basically something very much similar to KIIFB, but window dressed in a much grand manner. And a lot of things are quite ambiguous about this institution. First is the type of debt instruments they are going to float. Second is the currency in which they are going to borrow, and third is the repayment mechanism. If we are raising money from foreign markets, we have to see whether the repayment is in foreign currency or local currency. If you are repaying in the foreign currency, you will have exchange rate risk. Any DFI should have an action plan regarding how they are going to retire their debts. The proposed repayment mechanism for this DFI is quite vague at this point. As it is borrowing as a national entity, there are no real limits. Left unchecked, it will lead to a debt trap.

Second thing that I want to discuss is about the policy side. If you go into the economic survey they talk about both supply and demand side action. But we look into the policy measures taken by the government, it is quite asymmetrical and skewed towards the supply side. The direct fiscal stimulus in the Atmanirbhar Bharat was roughly only 1.3%. Rest was all about pumping liquidity into the economy through various measures. But the liquidity infusion will work only when there is demand for credit. The demand for credit, it is dependent upon investment demand. Investment demand is again dependent upon profitability of the products and services and profitability is again dependent upon demand for goods and services. And this demand for goods and services is dependent upon income and purchasing power of people that was very low during this pandemic and I don't think the aggregate demand has picked up. So this response to pandemic was quite skewed or supply side oriented where the demand side was virtually ignored. So, comparing what's there in the economic survey what it's actually being done, I am not sure to what extent the infrastructure and industry is going to recover. Because there needs to be a huge demand side action, otherwise things may not pick up like what is projected in the economic survey or in the budget.

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Knowledge-based economy and union budget 2021-22

P J Christabell

The world is going through an unprecedented global pandemic, and not even a single country is out of that. It has become a health care crisis that is transformed into an economic and a social situation. Precisely, the COVID-19 has an impact more on economics than on the health of the people.

Even though the pandemic's impact on economic and social issues is tremendous, I am concentrating on education and skills, where we know that there are many challenges. Over the last year, the various sections of the students - primary, secondary or tertiary education - there has been a loss of opportunity in learning. As remote or virtual learning has become the rule of the day, a significant challenge is due to the vast digital divide in countries like India. As the feeding programs have been stopped in schools, lakhs of students got affected in terms of nutrition, and many others dropped off even in the tertiary sector. On the other hand, many opportunities emerged in the form of different online education models. New learning strategies have been developed in a very short time, and a lot of web-based products have come out. Likewise, in the case of skills, a lot of challenges have been brought out, the most prominent being the skill gap. People may need multiple skills, and they may have to concentrate on multiple careers than focus on one career.

The Knowledge-Based Economy (KBE) is the latest stage in the development of modern societies. The concept of the knowledge-based economy is that an economy where knowledge is the main engine of economic growth. This new phase of development is built on human knowledge, skills, information, and technology. The budget speech, as well as the economic survey, is stemmed from the importance of quality education, skill up-gradation, and innovation for imminent development. The future of a country like India is here envisioned upon knowledge, which is an intangible asset.

Knowledge-based Economy can be defined as an economy where the production, distribution, and use of knowledge is the primary driver of growth, wealth creation, and employment across all industries (OECD 1996, APEC 2000). The Knowledge Workers are those "Workers will require the ability to create, analyze and transform information and to interact effectively with others…. Learning will increasingly be a lifelong activity" (Alan 2000). They can create, distribute and exploit knowledge is increasingly central to competitive advantage, wealth creation, and better standards of living (OECD (2001).

In the Economic Survey 2021, the eighth chapter is titled "Innovation: Trending Up but needs thrust, especially from the Private Sector." India entered the top 50 innovating countries for the first time in 2020. According to the Global Innovation Index (GII), India ranked at 81 in 2015 but 48 in 2020. Among the seven pillars of the GII, India stands at 27th in knowledge and technology outputs (KTO), 31st in market sophistication, 55th in business sophistication, etc. Among the sub-pillars 10th in knowledge diffusion, 15th in trade, commerce, and market scale, 1st in ICT services exports, and so on. On the flip side, India ranks 107th on education sub-pillar, 118th on the pupil-teacher ratio in secondary education, 115th on new business per thousand population in ages 15-64, 108th on tertiary inbound mobility, 108th on ICT access as well as ICT use, 105th on ease of starting a business, 101st on females employed with advanced degrees. On the larger side, being the 5th largest economy, India aspires to compete on innovation with the top ten economies. Research and Development is concerned, the government is heavy-lifting on R&D with 56% of the gross expenditure on R&D. India's gross expenditure on R&D at 0.65% of GDP, Indian government sector contributes the highest share of total R&D personnel (36%) and researchers (23%) amongst the top 10 economies (9%). India must significantly ramp up investment in R&D if it is to achieve its aspiration to emerge as the third-largest economy in terms of GDP current US$.

Reinvigorating Human Capital is 4th Pillar in the Union Budget 2021-22. For school education, the budget says that more than 15,000 schools will be qualitatively strengthened to include all components of the National Education Policy. They shall emerge as exemplar schools in their regions, handholding and mentoring other schools. 100 new Sainik Schools will be set up in partnership with NGOs/private schools/states. In the case of higher education, setting-up up the Higher Education Commission of India is going to be a reality which is an umbrella body having four different vehicles for standard-setting, accreditation, regulation, and funding. In the case of skilling, in 2016 - the National Apprenticeship Promotion Scheme is launched. It is proposed to amend the Apprenticeship Act to enhance apprenticeship opportunities for our youth further. It is also proposed to realign the existing scheme of the National Apprenticeship Training Scheme (NATS) for providing post-education apprenticeship, training of graduates and diploma holders in Engineering with an outlay Rs. 3,000 crores. for Innovation and R&D, the finance minister has announced the setting up of the National Research Foundation in 2019. Not she says that the government has worked out the modalities, and the NRF outlay will be of Rs 50,000 crores over five years. The budget also ensures that the overall research ecosystem of the country is strengthened with a focus on identified national-priority thrust areas. The setting up of the National Language Translation Mission (NTLM) will enable the wealth of governance-and-policy-related knowledge on the Internet to be made available in major Indian languages.

To make a quick appraisal of the budget, we have to first look at the very meaning of the word used in the budget: reinvigorating. That means "to make someone feel healthier, and more energetic again" (Cambridge dictionary). Especially in the context of COVID and the context of a weakening economy over one or two years, we expected suggestions based on diversification, digitalization, E-Governance, Professionalism, and so on. In that context, this budget is quite depressing and found to be unimaginative. The 'new normal' is the word of the day, and the unskilled/untrained people working in the various fields lead to low productivity, and the commoner bears the entire cost. Nowadays, technology becomes indispensable for any area, whether Processing, Production, Service, and Delivery. Employability of the youth to be enhanced by improving today's various skills: industry 4.0 skills, digital skills, life skills, language skills, functional skills, domain skills, and fintech skills.

Hence, the policy frameworks are to be triggered to make waves in the economy. New tools and policy mixture are needed for the long-term human capital investment as they are having a long gestation period. In most cases, the trickling down takes time, and the base slips to negative. In the bleak pandemic scenario, humanity must be brought into the more prominent front - not the commercial interest. So life long learning must be encouraged, and borderless/ seamless envisioning is needed to enhance the country's knowledge-based economy.

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Sustainable development and climate change under union budget 2021-2022

V Anitha

India and the sustainable development goals

The World economies are in the fifth year of the 17 sustainable development goals(SDGs) to be achieved in 2030. India ranks 117th amongst 166 countries in terms of sustainable development goals in overall performance as per the Sustainable Development Report, 2020. According to the report, the short-term impact of the COVID-19 is highly negative in the case of SDGs such as poverty, zero hunger, good health and wellbeing, decent work and economic growth and inequality. Whereas mixed and moderately negative impact in the cases such as gender equality, clean water and sanitation, affordable and clean energy, industry, innovation and infrastructure, sustainable cities and communities, peace, justice and strong institutions and partnership for the goals. However, the impact is still unclear in the case of responsible consumption and production, climate action, life below water and life on land. All these goals are direct components of well-being as well as directly or indirectly related to environmental sustainability. Even though, the reduction in economic activity and all forms of transportation reduces the vulnerability of the environment, it reaches its previous level immediately after removing the lockdown. Studies show that the impact of climate change on the Earth system is clear recently and it's affecting across the world. Anthropogenic activity is the major cause of climate change and it affects not only human being but also the whole flora and fauna. If this situation continues, it would be difficult to achieve the philosophical solution of SDGs, balance among the three-dimension ecology, economy and society and the slogan "no one leave behind". So concerted efforts are needed to mitigate and adapt the situation of climate change.

In order to achieve a sustainable future, the Paris Agreement holds the rise in global average temperature within 2 degrees by 2100 and if possible, maintain the rise in temperature to 1.5 degree Celsius. Another highlight of the accord is the importance given to financial flows in encouraging adaptation and mitigation. Towards adaptation, shifting to cleaner and greener sources of energy such as wind, solar and tidal power are necessary. Also, the emission intensity of production is sought to be reduced. On the mitigation front, efforts to neutralise the rise in carbon dioxide emissions has been mooted. This includes the creation of carbon sinks and carbon sequestration methods which would allow natural avenues for capturing carbon. More effort is needed from the part of the government to expand green cover, afforestation, etc. For this the accord has called for actions spanning mitigation, adaptation, emission reduction and ensuring adequate financial flows to supplement the financing and budgetary requirements arising from this commitment. All these points towards the need for reforming the legal structure to have an efficient ex-post mechanism for dispute resolution and contract enforcement in India.

The Economic Survey stresses the importance of the Localization of the SDGs to achieve the 2030 agenda. It involves the process of adapting, planning, implementing and monitoring the SDGs from national to local levels by relevant institutions and stakeholders. Here the role of the State is very important in developmental activities based on the principles of cooperative and competitive federalism.

Climate change

India has set its own intended Nationally Determined Contributions (NDCs) keeping in mind the developmental imperatives of the country and is on a "best effort basis". The main aims are to achieve a reduction in the emissions intensity of GDP by at least 33-35% with reference to 2005 level, to achieve 40 per cent of cumulative electric power installed capacity from non-fossil fuel sources and enhance forest and tree cover to create an additional carbon sink equivalent to 2.5 to 3 billion tons of carbon dioxide by 2030. Besides, the State has to be achieved sustainable lifestyles based on traditional values of conservation and moderation, adaptation to climate change, clean economic development and environment friendly technology, etc. The National Action Plan on Climate Change (NAPCC) has actively taken initiatives to achieve these through eight national missions. India also has the Bureau of Energy Efficiency (BEE), an agency under the Ministry of Power to develop programs for conservation and efficient use of energy.

Climate change is a global issue and to a large extent requires co-ordinated and synchronised policy actions to reduce vulnerability within a limited time frame. If we do not control the rise in global average temperature, it would increase the risk to human health, livelihood, food production and economic growth. It is noted that financial stability is needed to balance livelihood and economic growth. In order to achieve financial stability, the three major actions to be strengthened are aligning finance with sustainability, augmenting finance for sustainable development and investing in resilience for sustainable development. Market failure is one of the major reasons for climate change which need ample budgetary allocations.

Union budget 2021-22

In the budget, 2021-22, the proposals in

Part A do not mention anything directly related to climate change. Out of the six pillars of budget, the expenditure on the first one health and well-being is directly promoted SDGs. Universal coverage of water supply and clean environment, as a pre requisite to achieving universal health is also a pre requisite for controlling climate change. The major recommendation in this regard is the Jal Jeevan Mission, which aims at a universal water supply in all 4,378 Urban Local Bodies with 2.86 crores household tap connections, as well as liquid waste management in 500 AMRUT cities, will be implemented over 5 years, with an outlay of Rs. 2,87,000 crores. Besides, the Urban Swachh Bharat Mission 2.0 will also be implemented with a total financial allocation of Rs.1,41,678 crores over a period of 5 years from 2021-2026. Clean Air to tackle the burgeoning problem of air pollution, the budget proposed to provide an amount of `2,217 crores for 42 urban centres with a million-plus population in this budget.

The other positive measures taken to control carbon dioxide emissions are the voluntary vehicle scrapping policy, to phase out old and unfit vehicles. This will help in encouraging fuel efficient, environment friendly vehicles, thereby reducing vehicular pollution and oil import bill. The budget also proposed to launch a Hydrogen Energy Mission in 2021-22 for generating hydrogen from green power sources, to provide an additional capital infusion of Rs.1,000 crores to Solar Energy Corporation of India and Rs. 1,500 crores to Indian Renewable Energy Development Agency. All these are a step towards to control climate change by giving a boost to the non-conventional energy sector. Moreover, to justify the SDG life below water and conservation of deep seas bio diversity the budget proposed a Deep Ocean Mission with an outlay of more than Rs. 4,000 crores, over five years.

India's SDG initiatives have been based on the Voluntary National Review (VNR), that is the report presented to the United Nations High-Level Political Forum (HLPF) on Sustainable Development. The focus of the report was the principle of "Leaving No One Behind", which lies at the heart of SDGs. The implementation of NDC has started on 1st January 2021. There is a huge gap between resource availability and the requirements and the implementation of wide-ranging NDC goals presents a major challenge. Therefore, a co-ordinated and planned approach is needed to break the "Tragedy of the Horizon", myopic policy actions taken by several stakeholders of the financial system that lacks clarity and inaction when it comes to eliminating climate change.

Maximum governance is suitable for the sustainable management of climate issues, because there are a number of institutions, rules and stakeholders within and outside the country involved in decision making. But it is seen that the state lost its control over the citizen, institutions and other participants. It's still a player because environmental governance need management across the local, national and international level. Since innovative new forms of organizations are developing at different stakeholders' levels, most of them need support and control, the slogan should be "maximum government with maximum governance" rather than "minimum government with maximum governance".

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Economic survey 2020-21 and budget 2021: A gender analysis

Nirmala Padmanabhan

Analysis of the economic survey 2020-2021 from a gender angle revealed positives as well as negatives. Volume one has a basic necessities index, which is estimated using 26 indicators, that includes housing, water, sanitation, electricity, clean cooking fuel and even micro environment that talks about whether your surroundings are free from mosquitoes. Thus an attempt has been made to calculate whether basic necessities are being met or not. Some of these have very important gender implications, particularly water. If tap water is made available within the house, it saves up to one hour of walking for women to access the same. The survey also reports that basic necessities index have improved disproportionately for the lower economic strata and for the less developed states in turn narrowing down such disparity in the country. The emphasis on water and sanitation in the budget is something that is favorable for the nation as a whole and in particular for women considering the fact that the world over is heading towards water shortage.

But what is upsetting is that while volume two chapter 10 on social infrastructure and unemployment etc mentions HDI, there is no mention of Gender Development Index (GDI) at all. It is asthough the GDI is not very significant as such. That chapter also discusses labor force participation and highlights that female labor force participation is around 26 percentage - very much lower compared to men. It discusses results of gender based time use survey which highlights that the time spent by women in productive age group on paid activity is only 1/5th of that by men while time spent on unpaid non-SNA activity - is eight times that of men. Subsequently the survey discusses reasons for women's low participation in the Labor force-primarily being their engagement in unpaid work and highlights the need for measures to increase female LFPR such as need for affordable and quality child care, health, elderly care, family-friendly work environment etc. However, when you compare the provisions for women in the budget, they do not reflect such pre requisites needed for addressing the root cause of low female workforce participation. Thus there is an apparent discord between identified issues in the economic survey and provisions in the budget to address them.

Union budget since 2005 has included gender responsive budgeting statement with its two parts, Part A, and Part B. Part A includes those schemes which have hundred percent funds allotted for women while Part B includes those schemes where at least 30% allocation is for women. If you analyze the total resources in the GRB statement 2021- 22 as a percentage of total expenditure or total budget outlay, you will find a clear decrease as compared to our expectations that there will be an increase in allocation due to the very obvious fact that Covid pandemic has had lots of gender implications including increasing gender violence, child violence etc. The budget estimate for GRB in 2021-22 was 4.4% which is significantly lower than the revised estimates for 2020-21 i.e. 6.0% and is even lower than the actual of 2019-20 i.e., 4.6 %. Thus, total resources being earmarked for women is clearly on the decrease.

Another worry is that allocation for MGNREGS - the umbrella, which provided a lot of comfort to rural people during the pandemic- is much less this year. Apart from the absolute decline in the quantum what is also alarming is that share of women in MGNREGS has dropped to a lowest in the last five to six years i.e., around 53%. That means not only has the absolute size of the cake or the pie declined, the share of women in the pie has also declined. Anganwadi workers and ASHA workers who actually played a very important role during this pandemic time, are not included in new code of social security 2020. Amidst this depressing scenario on labor front, one positive aspect is that allotment to the national rural livelihood mission, which offers a lot of hope for women has been increased quite substantially in 2020-21.

If you analyze some of the welfare measures such as National Social Assistance Programme (NSAP) where 59 percentage of the beneficiaries are women and transgender people, you find the allocation has remained stagnant over the years. The widow pension is just Rs. 300 and old age pension is Rs. 200 to 500 which is very low compared to Kerala.

Another concern is that total allotment for Ministry of women and child development also shows a decrease. Many schemes under this Ministry have been subsumed into 2 main projects that is SAMBAL and SAMARTYA which together has been termed as mission Shakti. SAMBAL subsumes a number of projects that is one stop centres which give protection to women in need who face abuse, mahila police volunteers, women's helpline, Swadhar Greh which offers temporary protection to women , Ujjwala scheme, widow homes, working women's hostels etc. All these together which had a budget estimate of Rs 655 cr in 2020 -21 has now a revised estimate of Rs 254.9 cr in 2020-21 which reveals that even allotted amount was not utilized despite reports of increasing violence faced by women during the pandemic. While many other expenditure heads increased in revised estimates as compared to allotment, here not even allotted funds were fully utilized. Schemes which offer protection to the women literally got squeezed and in the current budget provision all these schemes together are subsumed in this one scheme for which the allotment is Rs. 587 cr which is less than the allotment in 2020 -21.Same pattern is reflected in case of SAMARTYA another scheme for women. again, what we find is that the budget estimate in 2020-21 was Rs. 2828 cr, whereas the revised estimates are Rs.1,418 cr and, if you take this year it is around Rs. 2500 cr which is less than what was estimated in previous year.

Resources set apart for children reveals a similar pattern. While share in total budget in 2019-20 was 2.9 percentage, budget estimate for 20-21 was 3.15%, revised estimate for same period was only 2.33 percentage which again shows that, these were the critical segments that actually have faced a cut in expenditure during the pandemic and this year it's only 2.46 percentage. Funds for protection of children, which was Rs 1500 cr in 2020-2021 budget estimate declined to Rs 821 cr in the revised estimate. The entire Anganwadi services have been subsumed into another program called SAKSHAM Anganwadi and Poshan 2.0. Here also you find that budget estimate 2021-22 is only Rs 20,105 cr, which is much less than the budget estimate of 2020- 21.

Summarizing, despite the gender consequences of this pandemic year, many of the revised estimates for projects favoring women and children were actually much less compared to the budget estimates and the budget provisions this year are also much less compared to previous years.

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Whither the programmes for aspirational Indians?

U P Anilkumar

Union Finance Minister Smt. Nirmala Sitaraman in her budget speech for 2020-21 stated:

> "For today's youth born at the turn of the century, for every member of Scheduled Castes and Scheduled Tribes who seeks a better life, for every woman wishing to stand up and be counted, for every individual from the minority sections of our society - this Budget aims to have your aspirations and hopes addressed," (p.1)

Given that SC-ST people make up 25 per cent of India's population, it's vital to understand how the Union Budget has been oriented towards their deprivations, aspirations and entitlements. This issue assumes especially when the FM outlined a blueprint for inclusive development for aspirational India.

Aspirational India: A pillar

The budget proposals for the years 2021-2022 are based on six pillars; 1) health and well-being 2) physical and financial capital, and infrastructure 3) inclusive development for aspirational India 4) reinvigorating human capital 5) innovation and R&D, and 6) minimum government and maximum governance. It is assumed that under the pillar of inclusive development the aspirations of SC/STs and others for a better life will be protected. The major programmes under this pillar include agriculture and associated industries, farmers' welfare and rural India, migrant workers and labour, and financial inclusion. The budget announced specific schemes to facilitate credit flow under the Stand Up India scheme for SCs, STs, and women. This included a reduction in the margin money requirement from 25 per cent to 15 per cent and a scheme to provide loans for agriculture-related industries. The increased allocation for Ekalavya Model Residential Schools for Tribals and the revamping of the Post Matric Scholarship Scheme for the Scheduled Castes are the other notable announcements. For the above Rs. 35,219 crore have been set aside which is expected to benefit 4 crore SC students.

Allocation and distribution

Statements 10A and 10B of the expenditure budget detail the scheme-by-scheme allocations for the SCs and STs. As is evident from Table 1, the allocation for the SC for the current year is Rs.126259 crore, or 3.6 percent of the total budget. (Rs. 3483236 crore). This accounts for 8.8 per cent of the total scheme allocation (Rs. 1433008 crore) that includes Rs.1051703 crore for Central Sector Schemes and Rs.381305 Crore for Centrally Sponsored Schemes. The allocation for the welfare of ST is Rs. 79949.62 crore which constitutes 2.3 per cent of the total budget size and 5.6 per cent of the total scheme allocation. 330 schemes for SCs and 326 schemes for STs have been allocated under AWSC (Allocation for Welfare of Scheduled Castes) & AWST (Allocation for Welfare of Scheduled Tribes

For ease of understanding, the scheme-wise allocation for SC-ST can be divided into three categories; targeted schemes, non-targeted schemes, and obsolete schemes. Targeted initiatives have designated funds for a specific number of SC and ST beneficiaries who will directly benefit. Scholarships, for example. Non-targeted schemes, on the other hand, include 'General Schemes' that are not specifically designed to benefit the needs of SCs and STs (such as ICDS, PM Kisan Yojana, etc.) and 'Obsolete Schemes' that are notional allocations (such as the National Rural Health Mission Infrastructure Maintenance Scheme) based on erroneous/ambiguous assumptions of benefiting any community. Out of the total allocation to SC, Rs. 48,397 crore (38 per cent) and Rs. 77, 862 crore (62 per cent) are for targeted and non-targeted schemes respectively. For ST, the distinction of allocation for targeted and non-targeted schemes is Rs. 27, 830 crore (35 per cent) and 52,112 crore (65 per cent) respectively.[1]

Top funded schemes

Six departments have received 72.4 percent of the total allotment (Rs. 91393.49 crore) among the 38 departments/ministries for SC welfare. Similarly, six departments receive 68.9 percent (Rs.55049.1 crore) of the entire allocation for tribal development among the 44 departments/ministries for ST welfare. Similarly, six departments. The issue of relevance, however, is whether

Table 1. Allocation of fund for the welfare of SC/ST in union budgets during 2017-22

	Allocation (crore)				
Year	Scheme Total	SC Welfare	ST Welfare	SC%	ST%
2017-18	945077	52392.6	31919.5	5.5	3.4
2018-19	1014451	56618.5	39134.7	5.6	3.9
2019-20	1202404	81340.7	52884.8	6.8	4.4
2020-21	1171719	83256.6	53652.9	7.1	4.6
2021-22	1433008	126259.0	79949.6	8.8	5.6
	5766659	399867.41	257541.54	6.9	4.5

Source: Compiled from union budgets

these massive allocations will result in outcomes that help to improve the plight of SCs and STs? For example, the Jal Jeevan Mission has a total budget of Rs. 50,000 crore under the Ministry of Drinking Water and Sanitation which includes Rs. 11,002.42 crore for SC and Rs. 5001 crore for ST. Despite the enormous budget, this initiative does not provide direct benefits to the community. Similarly, the entire allocation under the Department of Higher Education both specified in 10A (Rs.3843 Crore for SC) and 10B (Rs. 1963.45 Cores for ST) is notional and almost paper allocation that they do not directly benefit the SC-ST students because of the general nature of the sub schemes formulated within this allocation such as improvement in salary scale of university and college teachers, national digital library, support to directorate of Hindi etc

Mismatches in the schemes

Unrealistic allocation is evident in top-funded systems, resulting in grey regions in the scheme's effectiveness. The Department of Agriculture, Cooperation, and Farmers' Welfare, for example, has set aside Rs. 20874.8 crore for SCs. According to NSSO statistics (70th round, Household Ownership and Operational Holdings in India, Statement 4.4), Scheduled Tribe has the lowest percentage (11.9 %) of estimated households, while Scheduled Caste had the lowest proportion (9.2 %) of land owned. The average area owned per household was the highest for others (0.816 ha) and the lowest for Schedules Caste (0.272 ha). This show SCs are mostly a non-cultivating class so that the allocated amount will not go for the welfare of SC and this huge allocation will not make any significant changes in their life.

Of the total SC households in India, only 0.7 per cent and 0.2 per cent have jobs in the government and public sector respectively whereas 5 per cent and 1.1 per cent of the of total households have government and Public sector jobs respectively (Socio-economic Caste Census 2011) and the number of SCs who are registered in employment exchanges has increased from 63,89,600 in 2001 to 71,66,300 in 2012 (Employment Exchange Statistics, 2014). Hence providing employment is the most important requirement of the SC/ST communities and requires immediate intervention of the government.

Regarding the economic growth through employment generating schemes, the budget announced Production Linked Incentive schemes (PLI) as the part of Atma Nirbhar Bharat, which have been announced for 13 sectors, which are expected to generate lakhs of job opportunities for Indian youth. But as far as the economic development of SC/ST is concerned, the allocations under Prime Minister Employment Generation Programme (PMEGP) for SC and ST are only Rs. 412.6 and Rs. 210.1 crore respectively. It is worth noting that the "Credit Guarantee Fund for SCs" received no funding in this year's Budget, while the "Credit Support Scheme for STs" received only one lakh rupees. The allocation of

Rs.100 crore for the 'Self Employment Programme for Rehabilitation of Manual Scavengers' scheme among SC, nevertheless, deserves to be noted.

The Venture Capital Fund for Scheduled Castes and Backward Classes received Rs. 40 crore the previous year, but there is no funding for this scheme in this budget. Furthermore, under the Pradhan Mantri Kaushal Vikas Yojana, the allocation for entrepreneurship development for SC/STs is just Rs. 7.5 crore and Rs. 3.9 crore which, needless to say, is grossly inadequate to given the objectives of the scheme.

The National Family Health Survey-4, 2015-16 observed that the under-five mortality rate for SCs (56 deaths per 1,000 live births) and STs (57 deaths per 1,000 live births) are considerably higher than other communities. (p.187). This is inter alia on account of their lack of nutrition and anemia is considerably higher in rural areas, among children of women with no education, among scheduled castes and tribes, and children in households in the lower wealth quintiles. (xxxiv and ix | Summary of Findings). Unfortunately, however, the budget hardly recognizes this hard reality and that no special allocation is provided for SC/ST under National Nutrition Mission.

Miles and miles to go

Although the budget 2021-22 was presented midst of the COVID-19 pandemic, it is regrettable that the budget has not announced any special packages for SC-ST people who have been the hardest hit by the pandemic crisis in terms of health, employment, income, and so on, and has completely ignored them in the announced Rs. 20 lakh crore economic stimulus package as an immediate relief measure and economic revival. In the face of the pandemic, however, some of the states have begun to dilute state labour regulations and introduce revisions in sync with federal legislation. It has a significant detrimental influence on the livelihood and survival of a vast number of poor and marginalized people, the majority of whom are low-wage earners. There are miles and miles to go to realise the dreams of aspirational Indians, as one would say.

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India's external sector during COVID-19

Kiran Kumar Kakarlapudi

India's external sector has been a key component of the economic survey and in the current context of COVID-19, this chapter assumes importance. This chapter broadly presents India's trade pattern, a detailed account of the balance of payments, followed by the foreign exchange reserves, exchange rate and external debt and so on. This article is divided into three parts. First part presents the major trends in India's external sector as discussed in the economic survey is disused. In the second part, present the budget 2021-22 response to the observed trends in the economic survey and in the last part, some critical observations which have been missed in the survey and raises a few questions.

Sharp decline in India's merchandise trade

The global trade for the last few years shows a downward trend. There has been a concern of rising protectionist environment and growing tensions between the US and China trade. The COVID induced restrictions, both in terms of movement of people and movement of goods across the countries, had severe impact on merchandise trade. The initial estimates of the World Trade Organization (WTO) suggests that the impact of COVID on world trade could be as high as minus 32 percent. As the countries gradually eased the restrictions, the revised estimates of WTO in October 2020 shows that the world trade is expected to decline by 9.2 percent in 2020. The survey highlights significant regional variation in the COVID impact of trade. The effect is much severe for the advanced countries, especially in the US and other advanced European countries where the impact on exports is minus 12.2 percent. The striking feature is the resilience exhibited by Southeast Asian countries where export growth declined to two percent on account of the impressive performance of Vietnam, Taiwan and Malaysia. India on the other hand is one of the worst affected countries as the exports fell down to minus 16 percent in the first three quarters of 2020-21 (April to December). However, decline in imports outweigh the slow down in exports thus improving India's trade balance briefly.

The sectoral analysis of trade impact indicates a steep decline in nonpetroleum oil and lubricants in the first two quarters of 2020-21 with some rebounding in Q3. Among all the traded commodities, drug and pharmaceutical products showed a favorable trade balance. The Survey carried out a very detailed analysis on the impressive performance of India's pharmaceuticals sector during the pandemic. It also shows that India's pharmaceutical sector's share in the world has doubled in the last three to four years. Other commodities with favorable trade balance are textile, cotton fabrics and other agricultural products. On the other hand, the products which had a negative trade balance are crude petroleum, gold and electronic items, particularly the computer hardware and peripherals, and other a high-tech industry good like a craft and spare spacecraft parts.

Resilient service trade

The service trade remained relatively more resilient during the pandemic. The comparison of net service trade with Q1 and Q2 of 2019 to 2020 shows no severe decline despite a drastic decline in travel and remittances due to closure of borders and lockdown restrictions. This is because India's compositional net service is largely driven by the software exports which has not been severely affected.

Improvement in balance of payments: A short respite

The faster deceleration in merchandise imports as compared to exports along with resilient service trade improved India's current account balance. India has been having a 2.2% current account deficit for the last 10 years. But for the first time in last 16 years India shows a current account surplus in Q1 and Q2 of 2020-21. India's capital account improved on account of remarkable increase in the FDI inflows during April 2019 April to October 2020. The net FDI recorded an inflow of $27.5 billion, which is 4.8% compared to the last like first seven months of the previous financial year. The policymakers are coming to the conclusion that India is emerging as a favorable destination for FDI when the world is in crisis. However, India is not the destination for FDI as countries like Vietnam received much higher FDI during this period. In fact, it is Vietnam, which is attracting a lot of investment that is going out of China during the pandemic period. Favorable trade balance coupled with inflow of foreign investments has increased India's foreign exchange reserves making the country the fifth largest country in the world in terms of foreign exchange after China, Japan, Switzerland and Russia. Huge foreign exchange reserves provide a space for the government to invest in building the economy back from the crisis.

Budget 2021-22: Steps towards protectionism?

The response from the union budget to build a vibrant external sector is crucial for many reasons. India could aim at sustaining favorable trade balance by aiming at a rebuilding strategy that helps build competitive export sector. Especially, a strategy towards promoting domestic manufacturing and helping India upgrade in global value chains is need of the hour. The budget document leaves the reader a bit confused about the ideology of the government. In the context of Aatma Nirbhar Bharat, the budget proposes to remove exemptions on a lot of commodities. It eliminated 80 outdated exemptions and 400 old exemptions are being considered for removal. At the same time, it also increased the customs duty, particularly on agricultural products like raw cotton, raw silk and yarn and it also increased customs duty on some of the products of MSME sector. This could have implications paying high prices. The SME sector, as it has already been widely discussed had been severely affected by the pandemic. The budget is silent on the measures towards building. export competitiveness of this particular sector. One of the things that India could do is strengthening the already existing product linked incentive scheme. Similarly, India's logistic sector is very poorly ranked by the World Bank's logistics index. Improving India's logistics sector could improve export competitiveness. But unfortunately, we don't see anyone any of these items in the budget speech.

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New studies on Kerala

Young Scholars' Forum, GIFT
Led by Aswathy M A

Economics

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This paper is intended to study the problems, prospects and post- inmigration issues in the domestic labour market of Kerala.

2. Bairagya, I., & Joy, B. (2021). What determines the quality of higher education? A study of commerce graduates in Kerala (India). Journal of the Asia Pacific Economy. Advance Online Publication. https://doi.org/10.1080/13547860.2020.1870067

The paper examines the quality of higher education in the Indian context in terms of subject knowledge (curriculum) coupled with analytical thinking and communication skills. The study identifies the factors that determine the quality of higher education and further explores whether there exists any difference in the quality of higher education based on the above three parameters between women and men and if so, in what way is this difference more revealing. In order to accomplish the aforementioned objectives, 416 students belonging to Commerce stream from 21 colleges affiliated under four universities in Kerala were selected as the respondents for an achievement test.

3. Karuna, & Ambily, R. (2021). A Study On Job Satisfaction Of Migrant Labourers In Kerala With Reference To Mavelikara Taluk. Turkish Journal of Computer and Mathematics Education, 12(10), 4162-4166. https://doi.org/10.17762/turcomat.v12i10.5138

The most valuable commodity in the economy sector is human resource, whether organised or unorganised. Work satisfaction is the feelings, behaviours or desire about work and culture of an individual. A happy worker is said to have a positive attitude toward their work, while a dissatisfied worker is said to have a negative attitude toward their work. The researcher looked at migrant workers' satisfaction in different aspects. Standard working hours, regularity of payments, overtime wages offered, safety measures, working conditions, employer-employee relationship, bonus given, relationship with local residents, and job satisfaction were all highly rated by the majority of respondents. The present study is limited at Mavelikkara Taluk of Alappuzha district of Kerala, India.

4. Nampoothiri S, A., Pravitha, N.R. (2021). Online Shopping Behaviour: A Study on Exploring the Dependence of Demographics of the People in Kerala on their Behaviour in Online Shopping. Turkish Journal of Computer and Mathematics Education, 12(10), 4153-4161. The goal of this study is to see how the sociodemographic factors (gender,age, income, education,region) affect people's attitudes

toward online shopping in Kerala.Consumers go through an online shopping process when they decide to shop on the internet.Shopping on the internet has become one of the most prominent uses of the Internet, along with looking for products and collecting knowledge about them.The necessity of evaluating and defining factors that affect a consumer's decision to buy something on the Internet cannot be overstated. Since the Internet is a modern medium, consumers have put forward new demands. Analyzing the actions that an online shopper takes to make a decision and buy on the internet reveals some of the considerations that they consider. In order to meet customer demands and compete in the online market, online retailers must identify and consider these factors.

5. Radhika, A. M., Thomas, K. J., & Raju, R. K. (2021). Geographical indications as a strategy for market enhancement?lessons from rice GIs in Kerala. The Journal of World Intellectual Property. Advance Online Publication. https://doi.org/10.1111/jwip.12189

The present study highlights the shortcomings in the institutional, technical and participatory aspects of GIs in the Indian context using the Institutional Analysis and Development framework.The objective of GI recognition was achieved from the protection point of view, but as the registered proprietors has not initiated participatory process with regard to marketing and promotion no effects in this regard is achieved except Kaipad rice. The average prices of all the rice GIs in Kerala have increased post GI registration. But the question is whether the price was sufficient to sustain the farming of these specialty rice. These products reach the end consumers at a very high price, but these benefits are not reaching the producer. Lack of focussed interventions from the institutional arrangements post GI recognition has camouflaged the potential outcomes.

6. Sivadas, H., & Priyanka,.K. (2021). The Impact of Covid-19 on Emigrants and Their Families of Kerala: A Comparative Study of Migrants to the Gulf and Other Countries. Annals of the Romanian Society for Cell Biology, 25(4), 14781-14796. http://annalsofrscb.ro/index.php/journal/article/view/4666

This paper is an attempt to present a rapid assessment of the impact on the emigrants from Kerala to the Middle East and other countries and their families due to the Covid-19. Based on a small survey of the emigrants and families, the paper traces the immediate impacts of the Covid-19 pandemic and its implications on their future job prospects and socio-economic status of the households. The study concludes that government support measures need proper streamlining in terms of addressing the challenges faced by the low-end migrant workers in the Middle East. In this regard, the state government of Kerala in collaboration with Non-Resident Keralites Affairs (NORKA) Department, should come out with a permanent institutional arrangement to address the teeming problems of the low-end migrant workers on a priority basis.

7. Hariharan, A., Thomas, S., & Viswanathan, P. K. (2021). Impact of COVID-19 on the Performance of Micro, Small and Medium Enterprises (Msmes) In India-A Case Study in Kerala. Annals of the Romanian Society for Cell Biology, 25(4), 14797-14816. http://annalsofrscb.ro/index.php/journal/article/view/4667

This article aims to assess the impact of Covid-19 outbreak on Kerala MSMEs from majorly affected 5 sectors, to understand the impact of immediate responses by the government and the reliefs it offered to finally end with major understandings from the data collected from 26 Kerala MSMEs through direct and telephone interviews. The data were analysed through case study approach.

Other Journal Articles

1.Siby, K.M. (2021). Wage Earnings: Does Experience outweigh Education? Evidence from Ernakulam district of Kerala. Mukt Shabd Journal, (4), 668-677.

The study empirically analyses the impacts of education, experience, days of work per month and gender on wage earnings. The study makes use of primary data and a cross sectional analysis is done via Karl Pearson's correlation and log level regression. Non-parametric tests like Mann-Whitney U test and Kruskal Wallis test are made use to test different hypotheses. The results of the study point to the positive impacts of education and experience on wage earnings and conclude the outweighing nature of experience than education on wage earnings.

2. Jacob, R. T., Sensarma, R., & Nair, G. (2021). Is Rural Household Debt Sustainable in a Financially Included Region? Evidence from Three Districts of Kerala, India. Indian Institute of Management, Kozhikode Working Paper 430.

This paper explores whether an institutional change brought about by financial inclusion has resulted in sustainable debt management by households. Towards this end, the paper analyses household indebtedness and its various dimensions using primary data collected from 600 households across 3 districts of rural Kerala in India. It finds that more than half of the sample households are indebted and this is quite high when compared to the national average. Using two distinct methods (flow and stock analysis), epayment capacity of households is also assessed .

3. Baiju, K. C., & Shamna, T. C. (2021). Work and employment protection measures of immigrant labourers in the construction sector of Kerala: An inclusive approach. IASSI-Quarterly, 40(1), 68-87.

This micro level study explores the incidence of gross violation of labour laws and regulations where the immigrant labourers have been put under inhumane working conditions tracing the intervention gaps and service delivery questions towards a sustainable and inclusive labour market. The situation warrants the need for multi pronged approaches on different levels including the concerted efforts by Construction Welfare Boards, LSGI's, Health Departments Supplemented with social auditing of the concerned institutional governance and revisiting of the existing labour laws.

History and Culture

Scopus Indexed Journal Articles

1. Kjosavik, D. J., & Shanmugaratnam, N. (2021). The Persistent Adivasi Demand for Land Rights and the Forest Rights Act 2006 in Kerala, India. Social Sciences, 10(5), 158. https://doi.org/10.3390/socsci10050158

This paper asks whether the Forest Rights Act (FRA) passed by the Government of India in 2006 could provide effective access and ownership rights to land and forests for the adivasi communities of Kerala, thereby leading to an enhancement of their entitlements. The study was conducted in Wayanad district using qualitative methods of data collection.

2. Paul, V.B. (2021). Dalit Conversion Memories in Colonial Kerala and Decolonisation of Knowledge. South Asia Research. Advance Online Publication. https://doi.org/10.1177/02627280211000166

This article seeks to decolonise knowledge of the conventional history of Dalits' Christian conversion and its implications in colonial Kerala. As the missionary archive is the only source of Dalit Christian history writing in Kerala, in this historiography social historians have been unable to include the memories of Protestant missionary work at the local level by the local people themselves. Their experiences and rich accounts are marked by dramatic actions to gain socio-economic freedom and to establish a safe environment with the scope for future development. This article identifies how Dalit Christians themselves, in a specific locality, remember their conversion history, suggesting thereby the scope for a valuable addition to the archive.

3. Burnett, M. T. (2021). Shakespeare and Keraliyatha: Romeo and Juliet, adaptation, and South Indian cinemas. Cahiers Élisabéthains. https://doi.org/10.1177/0184767821999984

This article discusses two Romeo and Juliet adaptations from Kerala, Annayum Rasoolum (dir. Rajeev Ravi, 2013) and Eeda (dir. B. Ajithkumar, 2018). Both films situate the lovers in a regional milieu which challenges notions of progress, as representations of political and religious contest suggest. Taking Ratheesh Radhakrishnan's claim that the Malayalam film prioritises Keraliyatha or 'Kerala-ness', I suggest that songs and rituals are crucial to the films' imagining of the lovers in relation to local cultures. Annayum Rasoolum and Eeda hold out the prospect of different futures, yet, ultimately, fall back on ambiguated conclusions and spectacles of separation and precarity.

Other Journal Articles

1. Paul, V.B. (2021). 'Onesimus to Philemon': Runaway Slaves and Religious Conversion in Colonial 'Kerala', India, 1816-1855. International Journal of Asian Christianity, 4(1), 50-71. https://doi.org/10.1163/25424246-04010004

This paper explores the history of slave caste conversion before the abolition period. From the colonial period, the missionary writings bear out that the slaves were hostile to and suspicious of new religions. They accepted Christianity only cautiously. It was a conscious choice, even as many Dalits refused Christian teachings.

2. Devika, J. (2020). Women's labour, patriarchy, and feminism in twenty-first-century Kerala: Reflections on the glocal present. Review of Development and Change, 24(1), 79-99. https://doi.org/10.1177%2F0972266119845940

This article focuses on two sites in late 20th-early 21st century Malayali society to examine the transformative effects of global flows on the gender dynamics of each - labour and feminist interventions - to reflect on the shape of, and resistance to, post-liberalisation patriarchy in Kerala.

3. Gopi, A. (2021). Gods and the Oppressed: A Study on Theyyam Performers of North Malabar. Contemporary Voice of Dalit. https://doi.org/10.1177/2455328X211008363

Related to the caste system in the Hindu religion is hierarchy in status, prevailing inequalities in power and wealth as well as imbalances in the religious sphere. This study explores such a case in which the famous religious ritual of kaliyattam in Northern Kerala is subjected to an ethnographic investigation. What resulted is the understanding of the harsh realities existing in the society in terms of caste and ritual authorities and exploitation. The different communities in the region that are a part of the ritual have to follow strict customs, which are mostly exploitative economically and unjustifiable and inhumane socially.

Health

Scopus Indexed Journal Articles

1. Gadha, T. R. (2021). Tale of Survival: Impact of Covid-19 on Kerala and Measures Adopted by the Government of Kerala. Annals of the Romanian Society for Cell Biology, 12723-12727. http://annalsofrscb.ro/index.php/journal/article/view/4205/3360

This paper explores the efforts of the Government of Kerala to control and prevent the spreading of the disease and the results so far till February 2021. The paper also analyses the functioning of the healthcare system in

Kerala and its effective role in balancing the physical and mental health of people. Impact of this disease in families, society and social institutions, measures taken by the Government of Kerala in accordance with the Central government to prevent the evil consequences of the disease, further preventive measures as well as the shortcomings, solutions etc are also illustrated here.
2. Kumar, A.V., & Velmurugan, V. P. (2021). A study on stress level of self-financing college teachers in South Kerala during the time of pandemic situation. Elementary Education Online, 20(5), 1753-1765. https://doi.org/10.17051/ilkonline.2021.05.193
This research study helps to analyze the various levels of stress among the self financing college teachers in Kerala during this pandemic situation. The study also aims to know the various factors to reduce the stress level among the college teachers. From this study self financing college teachers have to adopt the strategies for overcoming the stressful life in the work life.
3.Paul, A., Naseer, M. & Jaffer, N. M. (2021). Retreat of State and Expansion of Corporates in Healthcare Sector even during Pandemic Times-A Study on Kerala. PENSEE, 51(2), 1067-1076.
Karl Marx explains Lauderdale paradox as a contradiction between public wealth and private profit and how the latter increases as the former diminishes. The present paper argues that COVID-19 pandemic has been strengthening Lauderdale Paradox in healthcare sector, for example in the state of Kerala in India. The present study explains the increasing domination of private hospitals in the healthcare sector development in Kerala, against the backdrop of the Marxian theory. Health is treated like a commodity and offered for sale with mainly profit motive. This trend is strengthened during the pandemic times. A few suggestions for further research in this exciting area of study are given at the end of the paper.

Other Journal Articles

1.Punnapurath, S., Vijayakumar, P., Platty, P. L., Krishna, S., & Thomas, T. (2021). A study of medication compliance in geriatric patients with chronic illness. Journal of Family Medicine and Primary Care, 10(4), 1644. https://doi.org/10.4103/jfmpc.jfmpc_1302_20
The purpose of this study is to identify various factors responsible for low medication compliance. The study subjects were assessed by using 15 item structured questionnaires as per indigenously modified Morisky Medication Adherence Scale (MMAS). A total of 100 patients of geriatric age group were assessed for the level of compliance for long term medication. The compliance to medication is adversely affected by complicated regimes, ignorance about the disease and complications, physical and economic problems. Geriatric patients especially have a tendency to stop taking drugs off their own when they consider their symptoms have been ameliorated. This can hinder the expected improvement in adherence in the review visit.
2.Thilakan, V., Sivasubramoney, K., & Babu, M. (2021). Prevalence of major depressive disorder among wives of men with alcohol use disorder-a cross-sectional study from a tertiary care hospital. Kerala Journal of Psychiatry. Advance Online Publication. https://doi.org/10.30834/KJP.34.1.2021.238
The primary objective of this paper was to assess the prevalence of Major Depressive Disorder(MDD) among wives of men with Alcohol Use Disorder attending the Psychiatry Department in a tertiary care centre. The secondary objective was to assess the association of various sociodemographic and clinical variables with depressive disorder in the wives. A cross-sectional study was done on wives of men diagnosed with Alcohol Use

Disorder while attending the outpatient clinic or inpatient treatment at the Psychiatry Department. Consecutive sampling was done till the calculated sample size of 133 was reached. Statistical analysis was done using the Chi-square test. Odds Ratio and confidence intervals were calculated to determine the strength of associations.

3. Raj, R. R., Rajamohanan, R. R., Vrinda, V., Amin, A. A., Drisya, M., & Lakshmipriya, M. (2021). Prevalence of Stress among First Year Medical Students and Factors Influencing It: A Single Centre Questionnaire Based Study. International Journal of Health and Clinical Research, 4(8), 232-235. https://ijhcr.com/index.php/ijhcr/article/view/145

This study intends to find out the prevalence of stress in first year medical students in a medical college in Kerala.Methods:After obtaining Institutional ethical clearance, the study was conducted in 2018 among first year medical students of a medical college in Kerala.The students were asked to fill a predesigned and validated questionnaire, Medical Student Stress Questionnaire (MSSQ-40). Prevalence of stress among first year medical students is high in our setting. The most important domain of stress was academic stressors. Difficulty in understanding the content, heavy workload, large amount of content and lack of time to revise the topics are the major factors contributing to academic stress.

4. Karthikeyan, M. S., Vijaykumar, P., Chandana, L., & Paul, A. B. (2021). Impact of nutritional education in malnourished elderly patients with the comparison of Mini nutritional assessment (MNA) score. Journal of Family Medicine and Primary Care, 10(3), 1167-1170. 10.4103/jfmpc.jfmpc_1363_2

A sample of 30 patients, 60 years and above fulfilling the inclusion criteria are enrolled in the study. Malnutrition was assessed by MNA score. The score ranges from 0 to 30 points. The score above 24 shows patients that are healthy with no nutritional problem, scores within range 17-23.5 indicate patients vulnerable to malnutrition and score below 17 as malnourished. MNA scoring was repeated after 3 months giving the dietary education. 29 patients were found to be at risk of malnutrition and 1 patient was found to be malnourished After 3 months of dietary intervention, 23 attained normal.

5. Akhila, T. V., & Swarnalatha, A. (2021). A Study on Fats and Oils Consumption Pattern Among Selected Households in Kerala. International Journal of Recent Advances in Multidisciplinary Topics, 2(4), 164-167.

This paper represents the overview on the purchasing, usage, consumption pattern and knowledge about fats and oils among households in Kerala.

In edited volume

1. Lang, C. (2021). Ayurvedic Psychiatry and the Moral Physiology of Depression in Kerala. The Movement for Global Mental Health, 243-270. https://doi.org/10.1515/9789048550135-009

The GMH movement has not considered psychiatric traditions outside mainstream psychiatry. By highlighting the existence and significance of Ayurvedic mental health care, the study challenges the notion of a "treatment gap" in India. At the same time, focusing on Ayurvedic psychiatry as an alternative to globalised biomedical psychiatry and highly dynamic field, it goes beyond the usual dichotomy of global psychiatry and local traditional healing by showing how a (re)invented tradition assembles local bio-moral embodied minds, classic texts, vernacular practices, and globalised psychiatric and psychological knowledge to recognise and treat distressed, embodied minds. Against the narrative of traditional medicine as the epistemic "other" to Western psychiatry, the study will describe how Ayurvedic psychiatrists engage elements of globalised psychiatry and psychology while stressing Ayurveda's epistemic difference and embodied alterities.

Sociology

Scopus Indexed Journal Articles

1. Menon, V., Mani, A.M., Kurian, N., Sahadevan, S., Sreekumar, S., Venu, S., Kar, S.K., & Yasir Arafat, S.M. (2021). Newspaper Reporting of Suicide News in a High Suicide Burden State in India: Is It Compliant with International Reporting Guidelines? Asian Journal of Psychiatry 60,102647. https://doi.org/10.1016/j.ajp.2021.102647

The study assessed the quality of media reporting of suicide in Kerala, a high suicide burden state in India against the World Health Organization (WHO) reporting guidelines. Conducted a year-round content analysis of all suicide-related news articles in four (two local language and two English) of the most widely read daily newspapers in Kerala. Used a data extraction form, prepared a priori in accordance with the WHO reporting checklist, and coded each item based on the guidelines.A total of 377 suicide news articles were retrieved. Local language newspapers displayed more frequent violations in reporting compared to English newspapers.Media reporting of suicide in Kerala, India is poorly adherent to international reporting guidelines, with very little focus on educating the public. These findings point to the need for framing comprehensive media reporting guidelines for India and a collaborative approach to highlight the primary role of media in suicide prevention efforts.

2. Kurian, M. & Manoj, G. (2021). Transgenders in the Mainstream: Welfare Schemes in Kerala- Kochi Metro Rail Project, Education Programme, Health Clinics, and Old-Age Pension. Indian Journal of Gender Studies. Advance Online Publication. https://doi.org/10.1177/0971521521997961

This study is an attempt to critically explore the welfare schemes for transgender persons in Kerala amidst recent developments.

3.Kumar, A. V., & Velmurugan, V.P. (2021). Work-Life Stress Management Of Married Women Teachers From Trivandrum District In Kerala. Turkish Journal of Computer and Mathematics Education (TURCOMAT), 12(10), 3730-3738. https://doi.org/10.17762/turcomat.v12i10.5062

This research study focuses on the stress management practices among married women teachers from Government and Self Financing Colleges in Thiruvananthapuram District. The study has conducted, because of the need and significance of the situation. Indian constitution is providing equal rights to women and men, besides women have some extra role in their life than a man. Hence their stress level should be significantly different from a man. In this context, the study has conducted a research on family and work related causes which are increasing the stress level, what are the consequences, role and responsibilities of married women teachers, and the solution i.e., factors which are reducing the stress. Descriptive analytical research design was used in the study. Samples were identified through a random selection of government and self-financing colleges in Thiruvananthapuram District, Samples were also selected on the basis of simple random sampling method. Data were collected through a structured questionnaire consisting of 52 questions under above mentioned research questions. The study will be very helpful to the management and government to make an attention regarding the work life stress among married women teachers and clearly indicating what the root causes of work life stress.

4. Rushda, T.K., & Daisy, S. (2021). The Level of Social Support Perceived by the Parents of Children with Intellectually Disabled in Kozhikode District of Kerala, India. Elementary Education Online, 20(4), 1156-1163.

http://dx.doi.org/10.17051/ilkonline.2021.04.129
This study attempts to analyze the social support available among parents of children with intellectual disabilities and compare the perceived social support level between fathers and mothers of children with intellectual disabilities in the Kozhikode district of Kerala. Methodology: Primary data was gathered through a field survey, which was conducted during December 2019 to February 2020, and secondary data was collected from research papers, books, and internet websites etc. The interview schedule was used for the study prepared by the research scholar and supervisor. Both, the qualitative and quantitative method has been used during the data collection. Out of 370 respondents, 148 were selected through the purposive sampling technique.The parents' perceived social support in their environment is satisfied and makes it easy to manage stress. Suggestion: The parents should need to perceive formal social support also.

Other Journal Articles

1. Francis, T. B., & Rajesh, P. (2021). Prevalence and Patterns of Work-Life Balance among Women in the Information Technology Sector of Kerala, India. International Management Review, 17(1), 71-88.

This study aims to examine the prevalence of WLB among the women workforce in the information technology (IT) sector of Kerala, a state in India; the study examines the patterns of the WLB in terms of its size and a few important socio-demographic factors. The study is based on a cross-sectional data set collected from 360 women employees employed in the IT sector of Kerala. The study revealed that, albeit moderately, WLB prevails among the women employees in the IT sector of Kerala. The strength of their WLB was not different across their marital status, type of families in which they reside, age categories, and the designation level of the employees.

2. Vasu, D. P. Instructional Language Preference and Anxieties of Seasonal Migrant Parents in Kerala. International Journal of Research Publication and Reviews, 2(1), 635-639.

Kerala receives migrants from all over the country; this is much more complex for the state. Some of the languages spoken by migrant children in schools include Bengali, Assamese, Odiya, Hindi, Mundari, Tamil, Kannada and Dhivehi. With the increase in the number of migrant families from northern India, the odds of migrant children out of schools also increases as dropping out of school at young ages are perceived normal in many of their native states. But when these children are enrolled in schools in Kerala, they are taught in Malayalam or Tamil which are the instructional languages in Kerala schools. Due to the frequent migration, the instructional language plays a vital role in their learning path. Here, in this research researcher intends to find out the migration trends and language preference of immigrant parents.

Tourism

Other Journal Articles

1. George, J., & Babu, S. R. (2020, December 1-3).Farm tourism in the post covid-19: a quick assessment of Kerala scenario [Paper presentation]. 1 st Asian Tourism Research Conference, Kottayam, India.

The paper aims to assess the impact of Kerala farm tourism in the Post Covid19. A questionnaire survey is conducted among the stakeholders of Kerala Farm Tourism, which is directly or indirectly involved in Farm Tourism in Kerala. Through this survey, an attempt is made to assess the impact of Covid19 on Kerala Farm Tourism in the Post Covid19 period. The current Post Covid19 period, it seems, not an encumbrance but rather an opportunity for the farm tourism industry as far as Kerala is concerned

In edited volume

1. Bindumadhav, S., Sengupta, A., & Mahbubani, S. (2021). The Effectiveness of Elephant Welfare Regulations in India. In E. Laws, N. Scott, X. Font, & J. Koldowski (Eds.), The Elephant Tourism Business (pp 149-159). CABI. http://dx.doi.org/10.1079/9781789245868.0012

This chapter describes the current situation of elephants used in tourism in Kerala and Rajasthan in India and the effectiveness of existing welfare regulations.

2. George, A. T., Min, J., & Delacy, T. (2021). A Case Study on Impacts of Community Participation in Tourism Planning and Destination Management in Kerala, India. In D. Stylidis, & B. Seetanah (Eds.), Tourism Planning and Development in South Asia (pp 5-22). CABI. https://doi.org/10.1079/9781789246698.0001

This case study in Kerala, India explores the positive impacts of community participation on economic, socio-cultural and environmental factors through responsible tourism initiatives in Kumarakom destination. This research evaluates the effectiveness, fundamental elements and conceptual foundation of participatory design in the case study destination. The results of the case study indicate that participatory design can accelerate local community development, innovative initiatives, leadership, employment opportunities, demand for local products and sustainable development in the destination.

Environment

Scopus Indexed Journal Articles

1. Gopalan, R. B., Babu, B.V., Sugunan, A.P., Murali, A., Mohammed Shafi, M. A., Balasubramanian, R., & Philip, S. (2021). Community Engagement to Control Dengue and Other Vector-Borne Diseases in Alappuzha Municipality, Kerala, India. Pathogens and Global Health. Advance Online Publication. https://doi.org/10.1080/20477724.2021.1890886

This community-based implementation research was conducted during November 2016 - October 2018 in Alappuzha municipality in Kerala, India. It was conducted in two phases. In the first phase, formative research was conducted to know the community's profile and perceptions and thus to plan and develop an appropriate intervention. Baseline data on some entomological indicators were also collected. These data were used to assess the impact of the intervention by comparing with the post-intervention data. In the second phase, an intervention through the community's engagement was implemented in selected wards. The activities included the formation of community committees and the vector control and source reduction activities with the community engagement and inter-sectoral coordination. The intervention resulted in a positive change among the community to engage in vector control activities. The findings of this study suggest considering and including community engagement in public health policy as the main thrust to control VBDs.

2. Varughese, A. & Purushothaman, C. (2021). Climate Change and Public Health in India: The 2018 Kerala Floods. World Medical & Health Policy, 13(1), 16-35. https://doi.org/10.1002/wmh3.429

Situating the flood in the context of Kerala's state and society, this paper addresses three questions: What was the level of flood prevention preparedness? What were the public health effects and how were they managed? Finally, what policy lessons were learned? Drawing from reports of relevant national and state agencies responsible for disaster management as well as firsthand accounts of nongovernmental organizations and media coverage, this paper argues that while Kerala's flood prevention preparedness was far from ideal, its post flood response in mounting a rapid and effective rescue and relief operation as well as in preventing a public health crisis was commendable. The paper also shows that impressive achievements in climate disaster health management can be achieved through a decentralized and participatory public health system in which coordinated public action is managed by a capacious state with the active collaboration of civil society.

3. Udayakumar, J., Mufeed, V.T., Pranav, P.S., Joseph, S.C., Sooraj, A.R., & Viswajith, S. (2021). Implications of the solid waste management practices on the socio-economic status and quality of life of people: a case study from Kollam urban area, Kerala. Pollution Research, 40(1), 265-272. http://www.envirobiotechjournals.com/PR/v40i121/Poll%20Res-44.pdf

The type of solid waste management practiced by the urban holds were surveyed along with collection of data on the socio-economic status and quality of life related subjective attitudes of households on selected parameters. Open dumping of solid wastes on the earth's surface was the main type of solid waste management practice in Kollam urban area, irrespective of the educational qualifications, quality of housing, economic status and the satisfaction levels of households on the waste management facilities available to them.

Political Science

Scopus Indexed Journal Articles

1. Ajay, A. (2021). Engendering Political Labour: Findings from a Kerala Village. Studies in Indian Politics. Advance Online Publication. https://doi.org/10.1177/2321023021999142

This article contributes to the existing feminist analyses of Indian party politics by conceptualizing politics and political labour in a way that does not exclude the role of the family. It presents the case study of a village in northern Kerala, which has been witnessing heightened political conflicts to show how personal experiences and family disputes get politicized. As domestic and political spheres bleed into each other, political parties become hugely dependent on feminine ideals and women's everyday labour, affects and sociality to survive electoral competitions. Yet, the patriarchal family and masculinized local party leadership use gender ideologies to celebrate hypermasculine political participation, undervalue women's labour and limit their political aspirations.

2. Vijay, D., & Gekker, A. (2021). Playing Politics: How Sabarimala Played Out on TikTok. American Behavioral Scientist, 65(5), 712-734. https://doi.org/10.1177/0002764221989769

In this article, we analyze how politics is performed on TikTok and how the platform's design shapes such expressions and their circulation. What does the playful architecture of TikTok mean to the nature of its political discourse and participation? To answer this, we review existing academic work on play, media, and political participation and then examine the case of Sabarimala through the double lens of ludic engagement and platform-specific features. The efficacy of play as a productive heuristic to study political contention on social media platforms is demonstrated. Finally, we turn to ludo-literacy as a potential strategy that can reveal the structures that order playful political participation and can initiate alternative modes of playing politics.

Other Journal Articles

1. Vinod Kumar, T.K. (2021). Role of police in preventing the spread of COVID-19 through social distancing, quarantine and lockdown: An evidence-based comparison of outcomes across two districts. International Journal of Police Science and Management. Advance

Online Publication. https://doi.org/10.1177/14613557211004624

This research analyses data from two districts in the State of Kerala, India to examine whether police efforts had any impact on the outcome of reducing transmission of the disease by contact. Analysing the different methods used by the police across the two districts, this study concludes that police efforts at non-medical interventions reduce the spread of the disease. The study also concludes that, in contrast to mere enforcement of public health laws and regulations, the strategic use of resources is an important factor in achieving better outcomes.

2. Varghese, A. (2021). Combating Capitalism: A Case Study of Left Polity in Kerala. International Critical Thought. Advance Online Publication. https://doi.org/10.1080/21598282.2021.1886593

This paper traces the trajectory of left governments in Kerala, as against that of the government of India, in the context of Indian federalism, and Kerala government's more recent resistance to the political right-wing upsurge in the state, to draw out strategies and patterns through which left governments in Kerala have survived and persistently deployed socialist policies. In doing so, the paper tries to understand both twenty-first-century capitalism and modes of resistance, drawing from Kerala's vision and model of socialism. This trajectory is charted by tracing the class-nation-state interactions at the level of both the state and the federation. In this context, the paper tries to understand the democratic processes the state government engaged in, which shaped the political life, public sphere and popular culture of Kerala as such.

What is new(s) from GIFT

1.GIFT webinar series

Gulati Institute of Finance and Taxation [GIFT] and Kerala Institute of Local Administration [KILA] jointly organized the workshop on 25 years of People's planning programme in Kerala and Commemorative Book Release on April 10, 2021

Professor T M Thomas Isaac , Finance minister, Kerala and Chairman, GIFT inaugurated the day long international workshop on ' 25 years of people's planning in Kerala'. Director KILA, Dr. Joy Elamon made the welcome speech and Dr. K.J Joseph, director GIFT proposed the vote of thanks. Additional chief secretary Sharada Muraleedharan, IAS, delivered the keynote address.Shri T Taison Master, MLA and Dr. T. N Seema also spoke on the occasion. In the first session on ' why the gramasabhas did not rise up to the expectations'. Dr. Nirmala Sanu George, T. Gangadharan, Prof. Baby Antony,Sudardhanabai Teacher, Pappan Kuttamath, S. Jamal spoke . Prof. P. K Raveendran moderated the session. Shri.V. N Jithendran moderated the session on ' watershed level planning'. The speakers included James Mathew MLA, Baby Balakrishnan, Dr. Srikumar Chathopadhyay, Dr. R. Ajayakumar Varma, Nizamudeen , G. Sajan and Y. Kalyanakrishnan.

Planning Board member Professor Harilal moderated the session on district level planning. P.P Divya, Prof. N. Ramakanthan, Prof. M. N Sudhakaran, C.K. Shivaraman, S.R Sanalkumar, E.P Rathnakaran also spoke in the session. In the fourth session on ' Prevalence of corrupt practices' Dr. T N Seema was the moderator. Dr. P. V Unnikrishnan, Adv. Sindhu, K. Shivakumar, N. Jagjeevan, Dr A Shushruthkumar, K.K Janardhananan and V.G Gopinathan spoke.

Dr. K.P Kannan moderated the session on 'The implementation of SCP/TSP are from satisfactory;How do we overhaul these programme?' and Prof. P. Shivanandan, Prof. Jose Chathukulam, , Beena Govidnan, Prof. Thomas Uzhuvath, , Dr. U.P Anilkumar, and S.Sajith spoke in the session. The last session was on the health and education sectors. Dr. B Iqbal moderated this session. E. T Taison Master MLA, Dr. Ramankutty, Dr. K. P Aravidnan, Dr. K. R Thankappan, Dr. T. P Kunjikannan, Dr. Sairu Philip, Dr. Shahir Sha, Dr. C. Ramakrishnan and M. N. Shhul hameed spoke in the session.

Prof Richard Frankie was the chief guest in the symposium on ' Local democracy and Development'. He released the latest edition of a book on People's planning co-authored by Dr. T M Thomas Isaac and Prof Richard Frankie. Shri Manishankar Iyer, Prof. Patrick Heller, Prof. Jayati Ghosh, Prof. M.A Oommen, Prof . Gianpaolo, Baiocchi, Prof. Olle Tornquist, Prof. Michel Tharakan, T.R Ragunathan, S.M Vijayanand IAS, also spoke at the symposium.

Webinar on Empirical Analysis on Sustainability of Public Debt in Indian States by Dr P S Renjith, Assistant Professor, GIFT on 27-4-2021.

Abstract: As the share of sub-national debt in the country's total debt has been rising perceptibly in recent years, this study attempts to test whether the debt is sustainable in 20 major Indian states during 2007-08 to 2018-19. We innovatively employed the combination of a panel version of the Bohn model and the p-spline estimation procedure to examine it. The study results show that the primary surplus reacts positively to public debt in 4 states, indicating debt sustainability in these states. Interestingly, the reaction coefficients are time-varying in 8 states, of which four are sustainable. The remaining 16 states failed to sustain their debt levels during the study period. Further, we descriptively verified whether the sustainable debt is welfare-enhancing as well during the study period and found that debt is neither sustainable nor welfare-enhancing in the case of 11 states. This implies a need to take corrective actions. We hope that these results will be useful to policymakers and other stakeholders in such a way that their strategies will improve the debt position of these states and make them sustainable.

Seminar co ordinators: Smt Anitha Kumary L, Dr. Anoop S Kumar

Public Lecture Series on KERALA ECONOMY IN TRANSITION Jointly organised by Gulati Institute of Finance and Taxation (GIFT) & Kerala Economic Association (KEA).

The development agenda of Kerala has been taken forward through various interventions with notable outcomes. The human development indicators of Kerala are shown to be the highest among the Indian states and even comparable to developed countries. Further, the state has been much ahead of other states in her march towards Sustainable Development Goals. Yet, the state is confronted with various challenges that include; growing unemployment, especially of the educated, lowest female labour force participation, growing inequality, lack of vibrancy in the productive sectors and sustainability challenges in the sphere of ecology, economy and finance. Addressing these challenges calls for innovative interventions by harnessing our unique strengths to facilitate the transition of Kerala to a new development trajectory.

This lecture series, to be delivered by scholars of eminence, aims at facilitating an informed discourse, especially among the younger generation, on the performance challenges and future development trajectory of Kerala.

The fortnightly lecture series inaugurated by Prof T M Thomas Isaac, Hon'ble Finance Minister of Kerala, have the following themes with at least four lectures under each theme.

1.Perspectives in Kerala's development experience
2.Making of the 'Kerala model'
3.Sectoral performance: Primary sector
4.Sectoral performance: Secondary sector
5.Sectoral performance: Service sector and new economy
6.Social sector performance
7.Fiscal challenges in development
8.Response to development challenges
9.New development challenges
10. Towards building a 'new Kerala model'

Lectures on each theme will be followed a panel discussion involving faculty of economics from the universities in Kerala.

Inaugural Lecture on Public Lecture series on Kerala Economy held on April 29. 2021

Inaugural lecture was delivered by Prof T M Thomas Isaac, Honourable Minister for Finance and Chairman , GIFT on April 29, 2021. Kerala's development policy initiative will be based mainly on three pillars: democratic decentralization , infrastructure development through off budget funding and transforming to a knowledge economy. Increasing production of power, modernizing rural infrastructure especially roads and ensuring internet connectivity in every household would be the key initiatives in the transformation of Kerala. All these initiative are expected to be instrumental in enhancing the overall productivity of the economy.

Through skilling, re-skilling and up skilling the state would be a global hub for knowledge based services, skilled manpower and service based industries. The main objective would be to equip the educated youth to work from home or work near home. He also said the employment level among educated woman in Kerala is rather low. Knowledge economy can address this issue effectively. Women can work from their home. Kerala government is holding a series of discussion with the major global players for outsourcing manpower. The government will soon sign an agreement with a firm, Freelancer.com.

The government through KIIFB will invest Rs 15,000 crore to ensure uninterrupted power supply in the state. Low level of capital investment is a major handicap for the development and transition of Kerala economy to a higher plane . Investment in capital is hardly one per cent of GSDP which is too low when considering the future of Kerala. This is a major concern of Kerala and the government is committed to enhance it through off budget funding.

The serious fall in the revenue and increase in expenditure have affected the state lead redistribution of wealth as it happened in the past. So off budget funding is a better option to address these issues. Severe infrastructure deficit is also a major handicap, to be addressed quickly, he said.

GIFT Public Lecture Series

Speaker: R Mohan, IRS, Honorary Fellow, GIFT

Title : Fifteenth Finance Commission: An Overview

Abstract: The report of the 15th Finance Commission has come in the midst of the Covid 19 Pandemic. Some of the apprehensions which has been expressed when the Terms of Reference (ToR) were notified have not come true. The targets of the committee to Review FRBM Act have not found a place in the report. The major step backward in the report is the bringing back of a web of conditionalities for disbursement of grants to the states. This is especially so in the case of grants for augmenting resources of the local governments. The present discussion proposes to analyse the overall impact of the report on State finances.

Date: Monday 10 May, 2021.

Seminar co ordinators: Smt Anitha Kumary L, Dr. Anoop S Kumar

Indialics-GIFT Public Lecture Series 8:

Moderator: Prof Suma Athreya, Essex University.

Speaker: Prof Lorenz Edward Lorena (Distinguished Visiting Professor, University of Johannesburg)

Title: Digitalization, Renewables and Sustainable Development in Less Developed Countries.

Discussant : Prof Keshab Das (Gujarat Institute of Development Research)

Date: Friday 30 April , 2021.

2.Teaching and training programmes

1. PGDGST program Third Batch

Examinatioins for the third batch of the Post

Graduate Diploma in Goods and Service Tax (PGDGST) were held on 9 May, 23 May and 6 June, 13 June and 20 June respectively.

Admission for the fourth batch of PGDGST is announced.

Course Co ordinators: Dr N Ramalingam and Smt. L Anitha Kumary

For more details: https://www.gift.res.in/index.php/course/detail/14/PGD-GST

2. PhD programme

1. Evaluation of Foundation Course comprising of following components has been completed.

FC001: Mathematics for Applied Economic and Social Research on April 29, 2021 [Thursday]

FC002: Primer in Data Analysis and Statistics on May 3, 2021 [Monday]

FC003: Foundational Course on Economy: Institutions and Agents May 11, 2021 [Tuesday]

2. First batch PhD (2018-19) students presented their chapter plans for the core chapters for their thesis on April 12, 2021. Scholar's while presenting focused on following points while discussing the chapter Plans.

a) identification of genre of literature to which the particular chapter is responding, including justification of the objective chosen for a particular chapter.

b) identification of sources of data and information with details of variables that would be utilized for the research.

c) tentative listing of methods that may be used to complete the relevant analysis for chapters.

d) chapter's potential in contributing to existing knowledge base and/or policy insight.

e) target journal(s) for publishing proposed chapter's output

3. Special Lecture

Why do people pay taxes?

G R Gokul, IAS, Secretary, Finance (Expenditure)

Thursday 8 April, 2021

3.New Reports and Publications

1.Kerala Tax Reporter (KTR)

February and March issues of KTR published Online and offline.

https://www.gift.res.in/ktr

2.Innovation and Development

A Routledge journal from GIFT, Volume 11, No. 1 published, Editor in Chief, K J Joseph.

For details, please visit https://www.tandfonline.com/toc/riad20/current

3. Weekly update on the Indian Economy

This is an attempt by the Young Scholar' Forum in GIFT, led by Smt. Shency Mathew to update on important developments in the national economy. Latest issue: 22-28, May 2021.

For details, please visit https://www.gift.res.in/index.php/publish/publish_list/14/Weekly-Updates-on-Indian-Economy

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Gulati Institute of Finance and Taxation (GIFT), Thiruvananthapuram, Kerala, formerly Centre for Taxation Studies, has been conceived as a premier national institute to promote theoretically grounded and empirically based research in finance, taxation and related issues within an interdisciplinary perspective to aid policy making at the national and sub-national level. Affiliated to Cochin University of Science and Technology, GIFT is also mandated to facilitate research leading to PhD and undertake training programs for capacity building of different stakeholders, including government officials. It also offers a Post Graduate Diploma in Goods and Service Tax. Recently, GIFT joined hands with Kerala Financial Corporation (KFC) in training the new entrepreneurs being promoted under the Chief Minister's Entrepreneurship Development Programme (CMEDP).

The governance of the Institute is entrusted with a Governing Body and an Executive Committee, consisting of scholars of eminence and senior administrators representing both the Central and the State Governments. K. N. Balagopal, Minister of Finance, Government of Kerala, is the Chairperson of the Institute.

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